

**NOTICE OF SPECIAL MEETING**  
**to be held January 21, 2014**  
**and**  
**INFORMATION CIRCULAR AND PROXY STATEMENT**  
**with respect to a**  
**PLAN OF ARRANGEMENT**  
**involving**  
**COVENTRY RESOURCES INC.**  
**and**  
**CHALICE GOLD MINES LIMITED**  
**and**  
**WESTERN RIFT PTY LTD.**  
**and**  
**THE SHAREHOLDERS OF COVENTRY RESOURCES INC.**  
**December 17, 2013**

These materials are important and require your immediate attention. They require holders of common shares of Coventry Resources Inc. ("**Coventry Shareholders**") to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisors. The Board of Directors of Coventry Resources Inc. unanimously recommends that Coventry Shareholders vote **FOR** the plan of arrangement, as described in this Information Circular, at the Special Meeting of Coventry Shareholders.

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- Form of Proxy relating to the Meeting for Registered Holders of Coventry Shares
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**COVENTRY RESOURCES INC.**  
**LETTER TO SHAREHOLDERS**

December 17, 2013

TO: The holders of common shares of Coventry Resources Inc.

You are invited to attend a special meeting (the "**Meeting**") of the holders ("**Coventry Shareholders**") of common shares ("**Coventry Shares**") of Coventry Resources Inc. ("**Coventry**") to be held at Suite 1600, 609 Granville Street, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on January 21, 2014 for the purposes set forth in the accompanying Notice of Special Meeting of Shareholders.

At the Meeting, Coventry Shareholders will be asked to consider and vote upon a plan of arrangement (the "**Arrangement**") under the provisions of the *Business Corporations Act* (British Columbia) involving Coventry, Chalice Gold Mines Limited ("**Chalice**"), Western Rift Pty Ltd. ("**Western Rift**") and the Coventry Shareholders. Pursuant to the Arrangement, Chalice will directly or indirectly acquire all of the issued and outstanding shares of Coventry's subsidiaries, Coventry Resources Ontario Inc., Coventry Rainy Inc., 2235411 Ontario Inc. and Cameron Gold Operations Ltd., from Coventry in exchange for 46,000,000 fully paid ordinary shares in the capital of Chalice ("**Consideration Shares**"); and (ii) Coventry will distribute the Consideration Shares to the Coventry Shareholders on a pro rata basis as a return of capital.

For the Arrangement to proceed, it must be approved by not less than two-thirds (2/3) of the votes cast by Coventry Shareholders, in person or by proxy at the Meeting.

Coventry retained Primary Capital Inc. ("**Primary**") as its financial Advisor to provide a fairness opinion (the "**Fairness Opinion**") to the effect that, as of November 15, 2013 and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by Coventry and the Coventry Shareholders (other than Chalice) pursuant to the Arrangement is fair, from a financial point of view.

The Board of Directors of Coventry has unanimously concluded that the Arrangement is in the best interests of Coventry and the Coventry Shareholders and is fair to Coventry and the Coventry Shareholders and unanimously approved the Arrangement (with Steven Chadwick abstaining) and the entering into of the arrangement agreement dated November 15, 2013 between Coventry and Chalice. The Board of Directors of Coventry unanimously recommends (with Steven Chadwick abstaining) that Coventry Shareholders vote their Coventry Shares in favour of the Arrangement.

All of the directors and officers of Coventry and certain other Coventry Shareholders, who collectively hold approximately 28.28% of the outstanding Coventry Shares (on a non-diluted basis), have signed support agreements pursuant to which they have agreed to vote their respective Coventry Shares held by them in favour of the Arrangement.

The accompanying information circular and proxy statement dated December 17, 2013 provides a detailed description of the Arrangement, Coventry, Chalice, Western Rift and matters to come before the Meeting. Please give this material your careful consideration. If you require assistance, you should consult your financial, income tax or other professional advisor.

The Board of Directors of Coventry believes that the Arrangement provides a number of benefits primarily relating to an improved platform to enhance value to Coventry Shareholders. For further

particulars of such benefits see "The Arrangement - Reasons for Making the Recommendation" in the accompanying Information Circular.

Completion of the Arrangement is also subject to approval of the Supreme Court of British Columbia and receipt of all necessary regulatory approvals. If the requisite Coventry Shareholder, court and regulatory approvals are obtained and if all other conditions to the Arrangement becoming effective are satisfied or waived, it is expected that the Arrangement will become effective on or about February 4, 2014 (the "**Effective Date**").

Pursuant to the terms of the Arrangement, the distribution record date for determining Coventry Shareholders entitled to the distribution of Consideration Shares is the Effective Date. Subject to confirmation of and the issuance of a publication by the TSX Venture Exchange, the Coventry Shares are expected to commence trading ex-distribution on the TSXV on the second Business Day prior to the Effective Date, with Coventry's CDI's to trade on ASX ex-distribution on the fourth business day prior to the Effective Date. Additionally, the distribution of the Consideration Shares is expected to occur on or about the third Business Day following the distribution record date. Therefore, if the Effective Date is February 4, 2014, it is expected that the distribution record date will be February 4, 2014, the Coventry Shares will commence trading ex-distribution on the TSXV on January 31, 2014, and on the ASX on January 29, 2014 and the Consideration Shares will be distributed to the Coventry Shareholders on or about February 7, 2014. Following the Effective Date and until such time as the Consideration Shares are distributed to the Coventry Shareholders, such Consideration Shares will be held in trust for such Coventry Shareholders by a trustee to be appointed by Coventry and Chalice. The dates above will change accordingly if the Effective Date is not February 4, 2014. Coventry will issue a press release upon closing of the Arrangement to announce the Effective Date, the ex-distribution date and the distribution record date.

To be represented at the Meeting, registered Coventry Shareholders must either attend the Meeting in person or complete and sign the enclosed form of proxy and forward it so as to reach or be deposited with Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, by fax at (416) 263-9524 or by toll free fax at 1-866-249-7775, no later than 10:00 a.m. (Vancouver time) on January 17, 2014, or on the second to last business day prior to the time fixed for any adjournment of the Meeting. An envelope addressed to Computershare Investor Services Inc. is enclosed for your convenience.

If you are a holder of CHES Depositary Interests and wish to be represented at the meeting, then, date, sign and deliver the accompanying notice of direction and deposit it with the Company c/o Computershare Investor Services Pty Ltd. at GPO Box 242, Melbourne, Australia VIC 3001 not later than 5:00 p.m. (Perth time) on January 16, 2014, or on the second to last business day prior to the time fixed for any adjournment of the Meeting.

**If you are a non-registered holder of Coventry Shares and have received these materials from your broker or another intermediary, please complete and return the proxy or voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided with it. Failure to do so may result in your Coventry Shares not being eligible to be voted at the Meeting.**

Yours very truly,

(signed) "*Steven Chadwick*"

Steven Chadwick  
Interim President and Chief Executive Officer  
Coventry Resources Inc.

**COVENTRY RESOURCES INC.****NOTICE OF SPECIAL MEETING**

**NOTICE IS HEREBY GIVEN** that, pursuant to an order of the Supreme Court of British Columbia dated December 16, 2013, a special meeting (the "**Meeting**") of holders ("**Coventry Shareholders**") of common shares ("**Coventry Shares**") of Coventry Resources Inc. ("**Coventry**" or the "**Corporation**") will be held at Suite 1600, 609 Granville Street, Vancouver British Columbia, on January 21, 2014 at 10:00 a.m. (Vancouver time) for the following purposes:

1. to consider, and if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix "C" to the accompanying Information Circular and Proxy Statement dated December 17, 2013 (the "**Information Circular**"), to approve a plan of arrangement (the "**Arrangement**"), pursuant to section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), all as more particularly described in the Information Circular;
2. to approve the re-pricing of stock options as a result of the Arrangement;
3. to transact such further and other business as may properly be brought before the Meeting or any adjournment thereof.

Specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular, which accompanies this Notice.

The record date for the Meeting has been fixed at the close of business on December 17, 2013 (the "**Record Date**"). Only Coventry Shareholders of record as at the Record Date are entitled to receive notice of the Meeting. Coventry Shareholders of record will be entitled to vote those Coventry Shares included in the list of Coventry Shareholders, prepared as at the Record Date. The directors have fixed the close of business on December 17, 2013 as the record date for holders of CHES Depository Instruments ("**CDIs**") who are entitled to attend and vote at the Meeting. **If you are a registered holder of Coventry Shares and are unable to attend the Meeting or any adjournment thereof in person, please complete, sign and mail the enclosed form of proxy to, or deposit it with, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, by fax at (416) 263-9524 or by toll free fax at 1-866-249-7775 so that it is received no later than 10:00 a.m. (Vancouver time) on January 17, 2014 or on the second to last business day prior to the time fixed for any adjournment of the Meeting or if you are a holder of CDIs, complete and sign the accompanying notice of direction and deposit it with the Company c/o Computershare Investor Services Pty Ltd. at GPO Box 242, Melbourne, Australia VIC 3001, not later than 5:00 p.m. Perth time on January 16, 2014 or on the second to last business day prior to the time fixed for any adjournment of the Meeting. If you are not a registered holder of Coventry Shares and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided therein.**

As modified and supplemented by an order of the Supreme Court of British Columbia granted on December 16, 2013 (the "**Interim Order**"), each registered Coventry Shareholder is entitled the right to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of such Coventry Shareholder's Coventry Shares in accordance with the provisions of Sections 237 – 247 of the BCBCA, as modified and supplemented by the Interim Order. To exercise such right, (a) a written objection to the Arrangement Resolution must be received by Coventry c/o its legal

counsel Anfield Sujir Kennedy & Durno, LLP, Suite 1600 – 609 Granville Street, Vancouver, British Columbia V7Y 1C3, Attention: Michael Kennedy, not later than 4:00 p.m. (Vancouver time) on January 17, 2014; (b) the Coventry Shareholder shall not have voted in favour of the Arrangement Resolution; and (c) the Coventry Shareholder must have otherwise complied with the provisions of sections 237 – 247 of the BCBCA, as modified and supplemented by the Interim Order. The right to dissent is described in the Information Circular and the texts of the Interim Order and sections 237 - 247 of the BCBCA are set forth in Appendices "B" and "D", respectively, to the Information Circular. **Persons who are holders of CDIs beneficial owners of Coventry Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered Coventry Shareholders are entitled to dissent. Accordingly, a beneficial owner of Coventry Shares desiring to exercise this right must make arrangements for the Coventry Shares beneficially owned by such person to be registered in his, her or its name prior to the time the written objection to the Arrangement Resolution is required to be received by Coventry or, alternatively, make arrangements for the registered Coventry Shareholders to dissent on his, her or its behalf. A holder of CDIs desiring to exercise this right must notify CDI Depository to dissent on his, her or its behalf. Failure to strictly comply with the requirements set forth in Sections 237 – 247 of the BCBCA, as modified and supplemented by the Interim Order, will result in the loss of any right of dissent.**

**BY ORDER OF THE BOARD OF DIRECTORS  
OF COVENTRY RESOURCES INC.**

Vancouver, British Columbia  
December 17, 2013

(signed) "*Steven Chadwick*"

Steven Chadwick

Interim President and Chief Executive Officer  
Coventry Resources Inc.

## INTRODUCTION

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Coventry for use at the Meeting of Coventry Shareholders to be held on January 21, 2014, and any adjournment thereof. No person has been authorized to give any information or make any representations in connection with the Arrangement or other matters to be considered at the Meeting other than those contained in this Information Circular and if given or made, any such information or representation must not be relied upon as having been authorized.**

**The information concerning Chalice in the documents incorporated by reference and contained in this Information Circular has been provided by Chalice. Although Coventry has no knowledge that would indicate that any of such information is untrue or incomplete, Coventry does not assume any responsibility for the accuracy or completeness of such information or the failure by Chalice to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Coventry.**

The Meeting has been called for the purpose of considering and, if deemed advisable, passing the Arrangement Resolution. All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Schedule "A" to the Arrangement Agreement which is attached as Appendix "A" to this Information Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth herein under "Glossary of Terms" or the meanings ascribed to such terms in the Arrangement Agreement, which is attached as Appendix "A" to this Information Circular, or the Plan of Arrangement which is attached as Schedule "A" to the Arrangement Agreement.

Information contained in this Information Circular is given as of December 17, 2013, unless otherwise specifically stated.

Details of the Arrangement are set forth below under the heading "The Arrangement".

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Information Circular (including the Appendices and the documents incorporated by reference herein) constitute forward-looking statements. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions.

In particular, this Information Circular contains forward-looking statements pertaining to:

- the perceived benefits of the Arrangement;
- the timing of the Meeting and the Final Order;
- the anticipated Effective Date and Distribution Record Date;

- the consideration to be received pursuant to the Arrangement;
- the distribution of Consideration Shares to the Coventry Shareholders pursuant to the Arrangement;
- the treatment of Coventry Shareholders under Canadian tax laws; and
- treatment under government regulatory regimes.

Forward-looking statements respecting:

- the perceived benefits of the Arrangement are based upon a number of facts, including the Fairness Opinion, the terms and conditions of the Arrangement Agreement and current industry, economic and market conditions (see "The Arrangement – Reasons for Making the Recommendation" and "The Arrangement – Conclusion and Recommendation to Vote in Favour of the Arrangement");
- the structure and effect of the Arrangement are based upon the terms of the Arrangement Agreement and the Plan of Arrangement and the transactions contemplated thereby (see "The Arrangement - Details of the Arrangement" and "The Arrangement Agreement");
- the consideration to be received by Coventry and Coventry Shareholders as a result of the Arrangement is based upon the terms of the Arrangement Agreement and the Plan of Arrangement (see "The Arrangement - Details of the Arrangement" and "The Arrangement Agreement");
- certain steps in, and timing of, the Arrangement are based upon the terms of the Arrangement Agreement and advice received from counsel to Coventry relating to timing expectations (see "The Arrangement - Details of the Arrangement" and "The Arrangement Agreement"); and
- the effects of the Arrangement on Coventry are based on management's current expectations regarding the intentions of Chalice and management's current expectations regarding the operations of the Coventry Targets following the completion of the sale of the Coventry Targets pursuant to the Arrangement.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Coventry believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Information Circular should not be unduly relied upon. These statements speak only as of the date of this Information Circular.

Some of the risks that could cause results to differ materially from those expressed in the forward-looking statements include:

- inability to obtain required consents, permits or approvals, including Court approval of the Arrangement, stock exchange and Coventry Shareholder approval of the Arrangement;
- the failure of Coventry or Chalice to realize anticipated benefits of the Arrangement;

- the conditions to completion of the Arrangement may not be satisfied or waived which may result in the Arrangement not being completed; and
- the other factors discussed under "Risk Factors" in this Information Circular, including Appendix "F" - Information Concerning Coventry Resources Inc. and Appendix "G" - Information Concerning Chalice Gold Mines Limited, and in the documents incorporated by reference therein, including the Chalice AIF.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Information Circular are expressly qualified by this cautionary statement. Certain of the documents incorporated by reference herein also include forward looking information warnings, which warnings remain applicable to such information. Except as required by law, Coventry does not undertake any obligation to publicly update or revise any forward-looking statements and readers should also carefully consider the matters discussed under the heading "Risk Factors" in this Information Circular, including Appendix "F" - Information Concerning Coventry Resources Inc. and Appendix "G" - Information Concerning Chalice Gold Mines Limited, and the documents incorporated by reference therein, including the Chalice AIF.

### **INFORMATION FOR UNITED STATES SHAREHOLDERS**

The issuance of Consideration Shares to Coventry and the distribution of Consideration Shares to Coventry Shareholders under the Arrangement have not been and will not be registered under the U.S. Securities Act, and such Consideration Shares will be issued on the basis of the approval of the Court, which will consider, among other things, the fairness of the terms and conditions of the Arrangement to Coventry Shareholders as further described under "*Securities Law Matters – United States*", in reliance on the exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act. The solicitation of proxies for the Meeting by means of this Information Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, the solicitations and transactions contemplated in this Information Circular are being made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Coventry Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act.

Specifically, information concerning assets and operations of Coventry and Chalice contained or incorporated by reference herein has been prepared in accordance with Canadian standards and Australian standards, respectively, and is not comparable in all respects to similar information for United States companies. In particular, and without limited the foregoing, information included or incorporated by reference in this Circular regarding mining operations and properties and estimates of mineral resources have been prepared in accordance with Canadian disclosure standards, which differ in certain respects from the disclosure standards applicable to information included in reports and other materials filed with the SEC by issuers subject to SEC reporting and disclosure requirements.

The financial statements of Coventry and Chalice and other financial information included or incorporated by reference, as applicable, in this Circular have been prepared in Canadian dollars and Australian dollars, respectively. The financial statements of Coventry and Chalice included or incorporated by reference in this Circular have been prepared in accordance with IFRS, and are subject to International auditing and auditor independence standards which differ from United States generally accepted accounting principles and United States auditing and auditor independence standards in certain material respects, and thus are not directly comparable to financial statements of companies prepared in

accordance with United States generally accepted accounting principles and that are subject to United States auditing and auditor independence standards.

Consideration Shares distributed to Coventry Shareholders pursuant to the Arrangement will be freely transferable under United States federal securities laws, except by persons who are "affiliates" of Chalice, after the completion of the Arrangement or within 90 days prior to the completion of the Arrangement. See "Procedure for the Arrangement to Become Effective - Securities Law Matters - United States".

**The enforcement by Coventry Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that both Chalice and Coventry are organized under the laws of a jurisdiction outside the United States, that some or all of their officers and directors are residents of countries other than the United States, that the experts named in this Information Circular are residents of countries other than the United States, and that all or a substantial portion of the assets of Chalice, Coventry and such persons are located outside the United States. As a result it may be difficult or impossible for Coventry Shareholders in the United States to effect service of process within the United States upon Chalice or Coventry, their respective directors or officers, or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the U.S. federal securities laws or "blue sky" laws of any state within the United States.**

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Information Circular and, if given or made, such information or representation must not be relied upon as having been authorized by Chalice or Coventry.

See "Certain Canadian Federal Income Tax Considerations – Non-Residents of Canada" in this Information Circular for certain information concerning tax consequences of the Arrangement for Coventry Shareholders who are not resident in Canada.

**THE CONSIDERATION SHARES ISSUABLE PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR THE STATE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

## CURRENCY AND EXCHANGE RATES

All references in this Information Circular to \$ or to CDN\$ are to Canadian dollars unless otherwise stated. All references to A\$ are to Australian dollars unless otherwise stated.

The following table sets forth the average rates of exchange for the last three years ended June 30, 2013, 2012 and 2011 in effect during the periods noted and the rates of exchange at the end of such periods, in each case based on the Bank of Canada average noon spot rate of exchange for conversion of Canadian dollars into Australian dollars.

|                            | Year Ended June 30, |          |          |
|----------------------------|---------------------|----------|----------|
|                            | 2013                | 2012     | 2011     |
| Rate at end of period      | \$1.0378            | \$0.9587 | \$0.9664 |
| Average rate during period | \$1.0273            | \$0.9742 | \$0.9644 |

On December 17, 2013, the exchange rate for one Australian dollar expressed in Canadian dollars, based upon the noon buying rates provided by the Bank of Canada, was CDN\$0.9444 (CDN\$1.00 = A\$1.0589).

## GLOSSARY OF TERMS

Unless the context indicates otherwise, the following terms shall have the meanings set out below when used in this Information Circular, including the Summary. Unless the context indicates otherwise, capitalized terms which are used in this Information Circular and not otherwise defined below or elsewhere in this Information Circular shall have the meanings ascribed to such terms in the Arrangement Agreement which is attached as Appendix "A" to this Information Circular or the Plan of Arrangement which is attached as Schedule "A" to the Arrangement Agreement. Terms and abbreviations used in the Appendices to this Information Circular, except Appendix "F" - Information Concerning Coventry Resources Inc. and Appendix "G" - Information Concerning Chalice Gold Mines Limited, are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

"**ACA**" means the *Corporations Act 2001* (Cth) (Australia), as amended;

"**Acquisition Proposal**" means, other than the transactions contemplated by the Arrangement Agreement, any offer, proposal, expression of interest, or inquiry from any Person (other than Chalice or any of its affiliates) relating to: (i) any acquisition or sale, direct or indirect, of: (a) the assets of Coventry or any of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Coventry and its subsidiaries taken as a whole; or (b) 20% or more of any voting or equity securities of Coventry or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Coventry and its subsidiaries taken as a whole; (ii) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of Coventry; or (iii) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Coventry or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Coventry and its subsidiaries taken as a whole;

"**affiliate**" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to "**control**" another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term "**controlled**" shall have a similar meaning;

"**Arrangement**" means the arrangement under the provisions of section 288 of the BCBCA, on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith or at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the agreement dated November 15, 2013, between Coventry, Chalice and Western Rift, with respect to the Arrangement, a copy of which is set forth in Appendix "A" to this Information Circular, pursuant to which Coventry, Chalice and Western Rift have proposed to implement the Arrangement, and includes any subsequent amendments or restatements thereto;

"**Arrangement Announcement**" means the announcement by Coventry and Chalice on November 1, 2013 that they intend to implement the Plan of Arrangement;

"**Arrangement Resolution**" means the special resolution approving the Arrangement to be considered at the Meeting, the full text of which is set forth in Appendix "C" to this Information Circular;

"**ASIC**" means the Australian Securities and Investment Commission.

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

"**ASX Listing Rules**" means the listing rules of ASX and "**Listing Rule**" means any one of them;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended;

"**Business Day**" means a day other than a Saturday, Sunday or a statutory or civic holiday in Perth, Western Australia or Vancouver, British Columbia;

"**Cameron Gold**" means Cameron Gold Operations Ltd., a company incorporated pursuant to the laws of the Province of Ontario and a wholly owned subsidiary of Coventry;

"**CDI**" means a CHESSE depository interest, being a unit of beneficial ownership in a Coventry Share registered in the name of the CDI Depository.

"**CDI Depository**" means Chess Depository Nominees Pty Ltd (ACN 071 346 506).

"**CDI Holder**" means the holder of a CDI.

"**Chalice**" means Chalice Gold Mines Limited;

"**Chalice AIF**" means the annual information form of Chalice for the year ended June 30, 2013 dated September 27, 2013;

"**Chalice Employee Long Term Incentive Plan**" means the employee long term incentive plan that was approved by Chalice Shareholders on November 22, 2011;

"**Chalice Options**" means the outstanding options to purchase Chalice Shares granted under the Chalice Share Option Plan;

"**Chalice Performance Rights**" means the outstanding performance rights exercisable into Chalice Shares under the Chalice Employee Long Term Incentive Plan.

"**Chalice Shareholders**" means the holders of Chalice Shares;

"**Chalice Shares**" means the fully paid ordinary shares in the capital of Chalice;

"**Chalice Share Option Plan**" means the share option plan of Chalice approved by the holders of Chalice Shares on November 25, 2010;

"**CHESSE**" means Clearing House Electronic Subregister System operated by ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

"**Competition Act**" means the *Competition Act* (Canada), as amended from time to time;

"**Consideration**" means the Consideration Shares to be delivered to Coventry and distributed *pro rata* to the Coventry Shareholders pursuant to the Plan of Arrangement plus the Effective Date Working Capital

Adjustment (to be paid by Western Rift to Coventry if such amount is positive) or minus the Effective Date Working Capital Adjustment (to be paid by Coventry to Western Rift if such amount is negative);

"**Consideration Shares**" means the 46,000,000 Chalice Shares to be issued by Chalice to Coventry, and distributed by Coventry to the Coventry Shareholders as a return of capital, pursuant to the terms of the Arrangement;

"**Court**" means the Supreme Court of British Columbia;

"**Coventry**" or the "**Corporation**" means Coventry Resources Inc.;

"**Coventry Mining Permits**" means the Mining Permits which the Coventry Targets own or have a right or option to acquire or use;

"**Coventry Annual Financial Statements**" means the audited annual consolidated financial statements for Coventry as at and for the years ended June 30, 2013 and 2012, together with the notes thereto and the auditor's report thereon.

"**Coventry Board**" or "**Board of Directors**" means the board of directors of Coventry as it may be comprised from time to time;

"**Coventry Dissenting Shareholders**" means registered holders of Coventry Shares who validly exercise and do not, prior to the Effective Date, withdraw or otherwise relinquish, the right of dissent available to such holders in respect of the Arrangement Resolution pursuant to Article 4 of the Plan of Arrangement and the Interim Order;

"**Coventry Interim Financial Statements**" means the unaudited interim consolidated financial statements for Coventry as at September 30, 2013 together with the notes thereon.

"**Coventry Ontario**" means Coventry Resources Ontario Inc., a company incorporated pursuant to the laws of Ontario and a wholly-owned subsidiary of Coventry;

"**Coventry Option Plan**" means the Coventry share option plan and the agreements thereunder pursuant to which the Coventry Options were issued;

"**Coventry Optionholders**" means the holders of Coventry Options;

"**Coventry Options**" means the outstanding stock options of Coventry granted pursuant to the Coventry Option Plan, whether or not vested, entitling the holders thereof to acquire Coventry Shares;

"**Coventry Rainy**" means Coventry Rainy Inc., a company incorporated pursuant to the laws of the Province of Ontario and a wholly-owned subsidiary of Coventry;

"**Coventry Securityholders**" means collectively the Coventry Shareholders, the Coventry Optionholders and the Coventry Warrantholders;

"**Coventry Shareholders**" means holders of Coventry Shares;

"**Coventry Shares**" means common shares in the capital of Coventry;

"**Coventry Targets**" means collectively Coventry Ontario, Coventry Rainy, 2235411 Ontario and Cameron Gold and "**Coventry Target**" means any one of them;

**"Coventry Warrantholders"** means the holders of Coventry Warrants;

**"Coventry Warrants"** means the 9,374,991 outstanding share purchase warrants of Coventry, of which 5,275,000 warrants entitle the holders to purchase up to 5,275,000 Coventry Shares at a price of \$0.45 per share on or before October 19, 2014 and of which 4,099,991 warrants entitle the holders to purchase up to 4,099,991 Coventry Shares at a price of A\$0.43 per share on or before October 19, 2014;

**"Coventry Warrant Indenture"** means the warrant indenture dated April 19, 2013 between Coventry and Computershare Trust Company of Canada which governs the terms and conditions of the Coventry Warrants;

**"Depository"** means any trust company, bank or financial institution agreed to in writing between Chalice and Coventry for the purpose of, among other things, distributing the Consideration Shares;

**"Dissent Rights"** means the right of a registered Coventry Shareholder to dissent with respect to the Arrangement Resolution and to be paid the fair value of the Coventry Shares in respect of which the holder dissents, all in accordance with Sections 237 - 247 of the BCBCA, as modified and supplemented by the Interim Order;

**"Distribution Record Date"** means the date as of which Coventry Shareholders of record will be entitled to participate on a pro rata basis in the distribution of the Consideration Shares by Coventry and which will be the same date as the Effective Date;

**"Effective Date"** means the date agreed to by Chalice and Coventry in writing as the effective date of the Arrangement, after all of the conditions precedent to the completion of the Arrangement as set out in the Arrangement Agreement and the Final Order have been satisfied or waived;

**"Effective Date Balance Sheet"** means, for each Coventry Target, the balance sheet as at 12:01 a.m. on the Effective Date, prepared in accordance with generally accepted accounting principles, consistently applied with those used in the preparation of the Coventry Annual Financial Statements, as finally determined in accordance with the provisions of Sections 2.5 or 2.6 of the Arrangement Agreement, as the case may be;

**"Effective Date Working Capital"** means, for each Coventry Target, the amount, whether positive or negative, equal to the total of its current assets less the total of its current liabilities as shown on the Effective Date Balance Sheet and, for these purposes, "current assets" and "current liabilities" shall consist of assets and liabilities so classified on the Effective Date Balance Sheet;

**"Effective Date Working Capital Adjustment"** means the amount, whether positive or negative, equal to the sum of the Effective Date Working Capital of the Targets;

**"Effective Time"** means the time when the Arrangement will be deemed to have been completed which shall be 12:01 a.m. (Vancouver time), on the Effective Date or such other time Coventry and Chalice may agree;

**"Ex-Distribution Date"** means the date that is two (2) Business Days prior to the Distribution Record Date;

**"Fairness Opinion"** means the opinion of Primary dated November 18, 2013, a copy of which is set forth in Appendix "E" to this Information Circular, that, as of November 15, 2013 and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by

Coventry and the Coventry Shareholders (other than Chalice) pursuant to the Arrangement Agreement is fair, from a financial point of view;

"**Final Order**" means the final order of the Court approving the Arrangement pursuant to the BCBCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Governmental Entity**" means (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, board or authority of any of the foregoing; (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) any stock exchange, including, with respect to Coventry, the ASX and TSXV, and with respect to Chalice, the ASX and TSX;

"**IFRS**" means International Financial Reporting Standards;

"**Information Circular**" means this information circular and proxy statement dated December 17, 2013, together with all appendices hereto and documents incorporated herein by reference and including the summary hereof, distributed by Coventry in connection with the Meeting;

"**Interim Order**" means the interim order of the Court concerning the Arrangement under the BCBCA in respect of Coventry and Coventry Shareholders, containing declarations and directions with respect to the Arrangement and the holding of the Coventry Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction, a copy of which is attached as Appendix "B" to this Information Circular;

"**JORC Code**" means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, as amended;

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence of any Governmental Entity or self-regulatory authority (including, with respect to Coventry, the ASX and TSXV, and with respect to Chalice, the ASX and TSX), and the term "**applicable**" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

"**Material Adverse Effect**" means in respect of any Person, any change, effect, event or occurrence that individually or in the aggregate with other such changes, effects, events or occurrences, is or would reasonably be expected to be, material and adverse to the business, results of operations or financial condition of that Person and its subsidiaries, taken as a whole, except any change, effect, event or occurrence resulting from or relating to: (i) the announcement of the execution of the Arrangement Agreement or the transactions contemplated thereby and, in the case of Coventry and/or the Coventry Targets, the communication by Chalice of its plans or intentions with respect to Coventry; (ii) changes in general economic, securities, financial, banking or currency exchange markets; (iii) any change in IFRS; (iv) any natural disaster provided that it does not have a materially disproportionate effect on that Person relative to comparable exploration and/or mining companies; (v) changes affecting the mining industry generally or the price of gold, provided that such changes do not have a materially disproportionate effect

on that Person relative to comparable mining and/or exploration companies; (vi) generally applicable changes in applicable Law; (vii) changes in political or civil conditions in Canada that do not disproportionately affect that Person relative to comparable mining and/or exploration companies; or (viii) any decrease in the market price or any decline in the trading volume of that Person's common or ordinary shares on the principal stock exchange for such securities (it being understood that the causes underlying such change in market price or trading volume (other than those in items (i) to (vii) above) may be taken into account in determining whether a Material Adverse Effect has occurred);

"**Merger Announcement**" means the announcement by Coventry and Chalice on September 30, 2013 that they intended to complete a merger by plan of arrangement;

"**Meeting**" means the special meeting of the Coventry Shareholders to be held on or about January 21, 2014, and any adjournment(s) or postponement(s) thereof, to consider and vote on the Arrangement Resolution and such other matters set out in the Notice of Meeting;

"**Mining Permit**" means any mining permit claim, concession, lease, licence or other right to explore for, exploit, develop, mine or produce minerals or any interest therein;

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

"**Notice of Meeting**" means the notice of the Meeting which accompanies this Information Circular;

"**Outside Date**" means February 28, 2014 or such other date as may be agreed to in writing by Coventry and Chalice;

"**Permit**" means any licence, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Entity, other than Mining Permits;

"**Person**" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means the plan of arrangement set out in Schedule "A" to the Arrangement Agreement, as amended or supplemented from time to time;

"**Pre-Closing Reorganization**" has the meaning ascribed thereto in Section 2.1 of the Arrangement Agreement;

"**Prescribed Occurrence**" has the meaning ascribed thereto in Section 1.1 of the Arrangement Agreement;

"**Primary**" means Primary Capital Inc., financial advisor to Coventry with respect to providing the Fairness Opinion;

"**Record Date**" means the close of business on December 17, 2013;

"**Registrar**" means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;

**"Regulatory Authorizations"** means licences, permits, authorizations, approvals, registrations and consents of any Governmental Entity;

**"Representative"** when used with respect to a party to the Arrangement Agreement means each director, officer, employee, agent, consultant, advisor and other representative of that party who is involved in the transactions contemplated by the Arrangement Agreement;

**"SEC"** means the United States Securities and Exchange Commission;

**"Securities Authority"** means the securities regulatory authorities in the jurisdictions of Canada in which Coventry or Chalice, as applicable, is a reporting issuer and Australia where each of Coventry and Chalice is quoted on ASX and **"Securities Authority"** means any one of them;

**"Securities Laws"** means the Canadian provincial and territorial securities laws, regulations and rules issued under such laws, and the published regulations, rules, policy statements, orders, instruments (including national and applicable multilateral instruments), notices and rulings of the securities commissions or equivalent securities regulatory bodies in the provinces and territories of Canada and the securities laws and regulations applicable in Australia, including the applicable rules and policies of, with respect to Coventry, the ASX and TSXV, and with respect to Chalice, the ASX and TSX;

**"subsidiary"** means a subsidiary, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary;

**"Superior Proposal"** means any *bona fide*, unsolicited, written Acquisition Proposal made after the date of the Arrangement Agreement by a Person who is an arm's length third party (and not obtained in violation of Section 7.2 of the Arrangement Agreement) that relates to the acquisition of 50% of the outstanding Coventry Shares (other than Coventry Shares owned by the Person making the Superior Proposal) or all, or substantially all, of the consolidated assets of Coventry and its subsidiaries and (i) that the Coventry Board has determined in good faith is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal; (ii) that is made available to all Coventry Shareholders on the same terms and conditions; (iii) is not subject to a due diligence or access condition; (iv) which is fully financed; and (v) in respect of which the Coventry Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors, that (a) failure to recommend such Acquisition Proposal to the holders of Coventry Shares would be inconsistent with its fiduciary duties under applicable Law; and (b) having regard for all of its terms and conditions and the Person making such Acquisition Proposal, such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the holders of Coventry Shares from a financial point of view than the Arrangement, after taking into account any change to the Arrangement proposed by Chalice pursuant to Section 7.3 of the Arrangement Agreement;

**"Support Agreements"** means agreements entered into between each of the Support Shareholders, Chalice and Western Rift, pursuant to which the Support Shareholders have agreed, among other things, to vote Coventry Shares, as the case may be, in favour of the Arrangement, subject to the terms and conditions thereof;

"**Support Shareholders**" means all of the directors, officers and certain Coventry Shareholders who have entered into Support Agreements with Chalice and Western Rift;

"**2235411 Ontario**" means 2235411 Ontario Inc., a company incorporated pursuant to the laws of the Province of Ontario and a wholly-owned subsidiary of Coventry;

"**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, C.1. (5th Supp), as amended, including the regulations promulgated thereunder;

"**Termination Fee**" means the sum of A\$350,000;

"**TSX**" means the Toronto Stock Exchange;

"**TSXV**" means the TSX Venture Exchange;

"**U.S.**" or "**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended; and

"**Western Rift**" means Western Rift Pty Ltd., a corporation incorporated pursuant to the laws of Australia and a wholly owned subsidiary of Chalice.

## SUMMARY

*This summary is provided for convenience of reference only and is qualified in its entirety by the more detailed information appearing elsewhere in the Notice of Meeting, and this Information Circular, including the Appendices hereto and the information incorporated by reference herein. Terms with capital letters in this Summary are defined in the Glossary of Terms, Arrangement Agreement or Plan of Arrangement or set out elsewhere in, or attached to, this Information Circular.*

### **Coventry**

Coventry is a corporation incorporated under the BCBCA engaged in the business of mineral exploration and development. The Coventry Shares trade on the TSXV under the symbol "CYY" and on the ASX under the symbol "CYY". See Appendix "F" – Information Concerning Coventry Resources Inc.

### **Chalice**

Chalice is a mineral exploration and development company incorporated under the ACA. The Chalice Shares trade on the ASX under the symbol "CHN" and on the TSX under the symbol "CXN". See Appendix "G" – Information Concerning Chalice Gold Mines Limited.

### **The Meeting**

The Meeting will be held at Suite 1600, 609 Granville Street, Vancouver, British Columbia, on January 21, 2014 at 10:00 a.m. (Vancouver time), for the purposes set forth in the accompanying Notice of Meeting. At the Meeting, Coventry Shareholders will be asked to consider and, if deemed advisable, pass, with or without variation, the Arrangement Resolution.

### **The Arrangement**

The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, on the Effective Date, each registered holder of issued and outstanding Coventry Shares, other than those held by Coventry Shareholders who have validly exercised their rights of dissent, shall be entitled to receive, as a return of capital from Coventry, a pro rata distribution of the Consideration Shares issued to Coventry pursuant to the Arrangement. The Plan of Arrangement contemplates the acquisition of all of the issued and outstanding shares of the Coventry Targets by Western Rift in exchange for the 46,000,000 Consideration Shares plus the cash amount of the Effective Date Working Capital Adjustment if such amount is positive. Coventry shall pay such amount to Western Rift if such amount is negative. The Plan of Arrangement also contemplates the distribution by Coventry of such Consideration Shares to the Coventry Shareholders. For other terms and conditions of the Arrangement, including the effects of the Arrangement on Coventry Shareholders, see "The Arrangement Agreement – Conditions to the Arrangement" and "Effect of the Arrangement Upon Coventry Shareholders".

### **Benefits of the Arrangement**

The Coventry Board has carefully considered the Arrangement. Based on advice from legal advisors and the fairness opinion of Primary, the Coventry Board has unanimously determined (with Steven Chadwick abstaining) that the consideration to be received under the Arrangement is fair, from a financial point of view, to Coventry and the Coventry Shareholders and is in the best interests of Coventry and the Coventry Shareholders. The Coventry Board unanimously (with Steven Chadwick abstaining) approved the Arrangement and the entering into of the Arrangement Agreement and unanimously (with Steven Chadwick abstaining) recommends that Coventry Shareholders vote in favour of the Arrangement.

In making the recommendation that the Coventry Shareholders vote in favour of Arrangement and in reaching the decision to enter into the Arrangement Agreement and recommend the Arrangement, the Coventry Board extensively analyzed and considered a number of factors, including those set out below.

1. **Opportunity for Coventry Shareholders to Continue to Realize Value for Assets of the Coventry Targets through Ownership of Chalice Shares or Obtain Liquidity.** Subject to completion of all necessary conditions, the Arrangement will result in Coventry Shareholders receiving Consideration Shares on a pro rata basis, providing Coventry Shareholders with the ability to realize value for the assets of the Coventry Targets through ownership in Consideration Shares or by selling the Consideration Shares received under the Arrangement. Chalice will issue 46,000,000 Consideration Shares pursuant to the Arrangement. As of the date of this Information Circular, Coventry had 91,012,182 Coventry Shares outstanding. As of the date of this Information Circular, Chalice had 251,528,310 Chalice Shares outstanding. It is expected that following the Arrangement, Chalice will have 297,528,310 Chalice Shares outstanding and Coventry Shareholders will hold approximately 15.46%% of the outstanding Chalice Shares.
2. **Going it alone.** In its present position Coventry has limited financial ability to advance the Cameron Gold Project with a feasibility study, additional geotechnical and permitting costs anticipated to cost in excess of CDN\$5M. All Coventry could achieve with its current financial resources would be to survive as a going concern, albeit dormant for a year or two. Coventry would be unable to replace/retain management and technical staff to further advance the Cameron Gold Project. Its ability to retain all exploration tenures would begin to be compromised.
3. **Liquidity.** Chalice is listed on both the ASX and TSX and may provide Coventry Shareholders with greater liquidity being part of a larger company.
4. **Retain a Current Shareholding in Coventry.** Coventry Shareholders will still retain their current Coventry Shares and thus have the potential to participate in any recapitalisation and any future appreciation in the value of Coventry Shares that may occur.
5. **Support of Directors, Officers and Significant Shareholders.** The directors and officers of Coventry and certain Coventry Shareholders have each entered into a Support Agreement pursuant to which they have agreed to vote their Coventry Shares (including Coventry Shares issuable on the exercise of Coventry Options or Coventry Warrants) in favour of the Arrangement, which Coventry Shares represent, in the aggregate, approximately 28.28%% of the outstanding Coventry Shares on a non-diluted basis.
6. **Opinion of Advisor.** The opinion of Primary to the Coventry Board stating that the consideration to be received by Coventry and the Coventry Shareholders (other than Chalice) under the Arrangement is fair, from a financial point of view.
7. **Industry Conditions.** The Coventry Board considered, and was influenced by, the following factors while reaching the decision to unanimously recommend the Arrangement: (i) the available alternatives with respect to the assets of the Coventry Targets and the exploration and development costs associated with exploiting those assets (ii) Chalice is well capitalized thereby improving the chance of development of the assets of the Coventry Targets in a timely and efficient manner (iii) the current state of the capital markets for junior exploration companies makes financing extremely challenging; investors tend to seek deep discounts and dilutive warrant positions in negotiating financing, thereby presenting significant dilution risk to Coventry Shareholders.

8. **Superior Proposal Permitted.** The terms of the Arrangement enable the Coventry Board to respond, in accordance with its fiduciary duties, to unsolicited Superior Proposals made prior to the approval of the Arrangement Resolution by Coventry Shareholders on the terms set out in the Arrangement Agreement. The ability to respond is subject to the restrictions and conditions contained in the Arrangement Agreement.

See "The Arrangement - Reasons for Making the Recommendation".

### **Fairness Opinion**

Primary has provided an opinion to the Board of Directors to the effect that, as of the date thereof and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by Coventry and the Coventry Shareholders (other than Chalice) pursuant to the Arrangement Agreement is fair, from a financial point of view. A copy of the Fairness Opinion is attached to this Information Circular as Appendix "E" and should be read carefully and in its entirety. See "The Arrangement – Fairness Opinion".

### **Recommendation of the Board of Directors of Coventry**

The Board of Directors has unanimously (with Steven Chadwick abstaining) concluded that the Arrangement is in the best interests of Coventry and the Coventry Shareholders and is fair to Coventry and to the Coventry Shareholders and unanimously (with Steven Chadwick abstaining) approved the Arrangement and the entering into of the Arrangement Agreement. The Board of Directors unanimously (with Steven Chadwick abstaining) recommends that Coventry Shareholders vote their Coventry Shares in favour of the Arrangement.

See "The Arrangement - Conclusion and Recommendation to Vote in Favour of the Arrangement".

### **Conditions to the Arrangement**

The respective obligations of Coventry and Chalice to complete the transactions contemplated by the Arrangement are subject to a number of conditions as set forth in the Arrangement Agreement that must be satisfied in order for the Arrangement to become effective. A copy of the Arrangement Agreement is attached to this Information Circular as Appendix "A". See "The Arrangement Agreement – Conditions to the Arrangement".

### **Procedure for the Arrangement to Become Effective**

#### ***Procedural Steps***

The Arrangement is proposed to be carried out pursuant to section 288 of the BCBCA. The following procedural steps must be taken in order for the Arrangement to become effective:

1. the Arrangement must be approved by the Coventry Shareholders in the manner set forth in the Interim Order;
2. the Court must grant the Final Order approving the Arrangement; and
3. all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party.

See "Procedure for Arrangement to Become Effective – Procedural Steps".

### **Resignations of Directors and Officers of Coventry Targets**

In accordance with the terms of the Arrangement Agreement, all of the directors and officers of the Coventry Targets will resign from their positions and will be replaced by nominees of Chalice, on the Effective Date.

### **Coventry Shareholder Approval**

Pursuant to the terms of the Interim Order, the Arrangement Resolution must, subject to further order of the Court, be approved by at least two-thirds (2/3) of the votes cast by Coventry Shareholders present in person or by proxy at the Meeting. See "Procedure for the Arrangement to Become Effective – Coventry Shareholder Approval" and "General Proxy Matters". In the event that the requisite approval of the Coventry Shareholders is not received, the Arrangement will not proceed. See Appendix "C" to this Information Circular for the full text of the Arrangement Resolution.

### **Court Approval**

On December 16, 2013, Coventry obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. The Interim Order is attached as Appendix "B" to this Information Circular.

Subject to the terms of the Arrangement Agreement, if the Arrangement Resolution is approved at the Meeting, Coventry will make application to the Court for the Final Order at 9:45 a.m. (Vancouver time) on January 24, 2014 or as soon thereafter as counsel may be heard, at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, Canada. The Notice of Hearing for the Final Order is attached as Appendix H to this Information Circular. On application, the Court will consider the fairness of the Arrangement. See "Procedure for the Arrangement to Become Effective – Court Approval".

### **Securities Law Matters**

#### ***Canada***

The Consideration Shares to be issued to Coventry under the Arrangement and distributed to Coventry Shareholders will be issued and distributed in reliance on exemptions from registration and prospectus requirements of applicable Canadian securities laws. The Consideration Shares issued under the Arrangement will, once distributed to Coventry Shareholders, generally be "freely tradable" in Canada and the resale of such Consideration Shares will be exempt from the prospectus requirements (other than as a result of any "control block" restrictions which may arise by virtue of the ownership thereof) under applicable Canadian securities laws of the provinces of Canada. See "Procedure for the Arrangement to Become Effective - Securities Law Matters".

#### ***United States***

The Consideration Shares issuable to Coventry and distributed to Coventry Shareholders under the Arrangement will be "freely tradable" under the U.S. Securities Act, except by persons who are "affiliates" of Chalice after the completion of the Arrangement or within 90 days prior to the completion of the Arrangement. Persons who may be deemed to be "affiliates" of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, Chalice, whether through the ownership of voting securities, by contract or otherwise, and generally include executive

officers and directors of Chalice as well as principal shareholders of Chalice. Coventry Shareholders are urged to consult their legal advisers to determine the extent of all applicable resale provisions. See "Procedure for the Arrangement to Become Effective - Securities Law Matters".

### ***Australia***

The Consideration Shares to be issued to Coventry and distributed to Coventry Shareholders under the Arrangement are being issued by an Australian incorporated company (Chalice) under Australian Securities Laws. At the time that the Consideration Shares are distributed to Coventry Shareholders, those Consideration Shares will be quoted on the ASX and be "freely tradable" under relevant Australian Securities Laws.

### **Regulatory Approvals**

The Arrangement Agreement provides that receipt of all regulatory approvals, including, without limitation, receipt of approval from the ASX for official quotation of, and receipt of conditional approval of the TSX for the listing of, the Consideration Shares to be issued pursuant to the Arrangement, are conditions precedent to the Arrangement becoming effective. See "Procedure for the Arrangement to Become Effective - Regulatory Approvals".

### **Treatment of Fractional Chalice Shares**

No certificates representing fractional Consideration Shares shall be distributed to Coventry Shareholders under the Arrangement. If the aggregate number of Consideration Shares to which a registered Coventry Shareholder would otherwise be entitled would include a fractional share, then the number of Consideration Shares that such Coventry Shareholder is entitled to receive shall be rounded down to the next whole number. In calculating such fractional interests, all Coventry Shares registered in the name of or beneficially held by such Coventry Shareholder, or their nominee shall be aggregated. See "Procedure for the Arrangement to Become Effective - Fractional Chalice Shares".

### **Timing**

Subject to all conditions precedent to the Arrangement as set forth in the Arrangement Agreement being satisfied or waived by the appropriate party, the Arrangement will become effective at the Effective Time on the Effective Date. If the Meeting is held on January 21, 2014 and the Arrangement Resolution is approved by Coventry Shareholders as required by the Interim Order, Coventry will apply to the Court for the Final Order. If the Final Order is obtained on January 24, 2014, in form and substance satisfactory to Coventry and Chalice, and all other conditions specified in the Arrangement Agreement are satisfied or waived, Coventry and Chalice expect the Effective Date will be February 4, 2014.

The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court in the hearing of the application for the Final Order. See "Procedure for the Arrangement to Become Effective – Timing".

### **Stock Exchange Listings**

The outstanding Coventry Shares are listed and posted for trading on the TSXV and Coventry's CDIs are quoted on the ASX. The outstanding Chalice Shares are quoted on the ASX and are listed and posted for trading on the TSX. On September 24, 2013, the last day the Coventry Shares traded on the TSXV prior to the Merger Announcement, the closing price of the Coventry Shares on the TSXV was CDN\$0.09. On September 26, 2013, the last day the Coventry Shares traded on the ASX prior to the Merger

Announcement, the closing price of the Coventry Shares on the ASX was A\$0.08. On September 27, 2013, the last day the Chalice Shares traded on the ASX prior to the Merger Announcement, the closing price of the Chalice Shares on the ASX was A\$0.17. On September 5, 2013, the last day the Chalice Shares traded on the TSX prior to the Merger Announcement, the closing price of the Chalice Shares on the TSX was CDN\$0.155. On October 30, 2013, the last day the Coventry Shares traded on the TSXV prior to the Arrangement Announcement, the closing price of the Coventry Shares on the TSXV was CDN\$0.075. On October 31, 2013, the last day the Coventry Shares traded on the ASX prior to the Arrangement Announcement, the closing price of the Coventry Shares on the ASX was A\$0.07. On October 31, 2013, the last day the Chalice Shares traded on the ASX prior to the Arrangement Announcement, the closing price of the Chalice Shares on the ASX was A\$0.16. On October 11, 2013, the last day the Chalice Shares traded on the TSX prior to the Arrangement Announcement, the closing price of the Chalice Shares on the TSX was CDN\$0.16. On December 17, 2013, the date hereof, the closing price of the Coventry Shares on the TSXV was CDN\$0.65. On December 16, 2013, the last day the Coventry Shares traded on the ASX prior to the date hereof, the closing price was A\$0.06. On December 17, 2013, the closing price of the Chalice Shares on the ASX was A\$0.14. On December 10, 2013, the last day the Chalice Shares traded on the TSX prior to the date hereof, the closing price was CDN\$0.125. See "Appendix "F" - Information Concerning Coventry Resources Inc. – Price Range and Trading Volume of the Coventry Shares", "Appendix "G" - Information Concerning Chalice Gold Mines Limited - Price Range and Trading Volume of Chalice Shares", and "Risk Factors - Volatility of Equity Prices".

Chalice has applied for and has received conditional approval from the TSX to have the Consideration Shares issuable under the Arrangement listed on the TSX. Listing is subject to Chalice fulfilling all of the listing requirements of the TSX. Chalice will require, and will apply for, approval of the ASX for the quotation of the Consideration Shares on the ASX. See "Procedure for the Arrangement to Become Effective - Stock Exchange Listings".

#### ***Procedure for Receipt of Consideration Shares***

As soon as practicable after the Effective Date, the transfer agent of Coventry will forward to each registered Coventry Shareholder and CDI Holder of record at the Distribution Record Date who has not dissented to the Arrangement, share certificates and/or holding statements evidencing ownership of Consideration Shares to which they are entitled to receive under the Arrangement.

#### **Coventry Shareholders should not deliver certificates for Coventry Shares as certificates representing Coventry Shares are not being exchanged pursuant to this Arrangement.**

Pursuant to the terms of the Arrangement, the Distribution Record Date for determining Coventry Shareholders entitled to the distribution of Consideration Shares is the Effective Date. Subject to confirmation of and the issuance of a publication by the TSXV, the Coventry Shares are expected to commence trading ex-distribution on the TSXV on the second Business Day prior to the Effective Date with Coventry's CDIs to trade on ASX ex-distribution on the fourth business day prior to the Effective Date. Additionally, the distribution of the Consideration Shares is expected to occur on or about the third Business Day following the Distribution Record Date. Therefore, if the Effective Date is February 4, 2014, the Distribution Record Date will be February 4, 2014, the Coventry Shares will commence trading ex-distribution on the TSXV on January 31, 2014, and on the ASX on January 29, 2014 and the Consideration Shares will be distributed to the Coventry Shareholders on or about February 7, 2014. Following the Effective Date and until such time as the Consideration Shares are distributed to the Coventry Shareholders and CDI Holders, such Consideration Shares will be held in trust for such Coventry Shareholders by a trustee to be appointed by Coventry and Chalice. The dates above will change accordingly if the Effective Date is not February 4, 2014. Coventry will issue a press release upon

closing of the Arrangement to announce the Effective Date, Ex-Distribution Date and the Distribution Record Date.

See "Procedure for the Arrangement to Become Effective - Procedure for Receipt of Consideration Shares".

## **Effect of the Arrangement Upon Coventry Shareholders**

### ***Treatment of Coventry Shares***

If the Arrangement is completed as currently contemplated, Coventry's assets will consist of cash and its 100% interest in the Uncle Sam Project located in Alaska. Coventry Shareholders will continue to have an interest in the assets of the Coventry Targets as a result of the distribution of Consideration Shares to the Coventry Shareholders pursuant to the terms of the Arrangement.

As of the date of this Information Circular, Coventry had 91,012,182 Coventry Shares issued and outstanding. If this number does not change prior to the Distribution Record Date, it is expected that if the Arrangement is implemented, each Coventry Shareholder as of the Distribution Record Date will be entitled to receive approximately 0.5054 Consideration Shares for each one (1) Coventry Share held by such shareholder (subject to rounding). As 46,000,000 Consideration Shares will be issued pursuant to the Arrangement (if implemented) regardless of the number of Coventry Shares issued and outstanding, any increase in the number of issued and outstanding Coventry Shares prior to the Distribution Record Date would result in a decrease in the number of Consideration Shares to be received by a Coventry Shareholder pursuant to the Arrangement.

Coventry Shareholders should refer also to "Procedure for the Arrangement to Become Effective – Fractional Consideration Shares".

Please refer to Appendix "G" for information regarding Chalice, and the pro forma effects of the Arrangement on Chalice's financial position.

For information concerning the effects of the discontinuation of the operations of the Coventry Targets on Coventry's financial position refer to the Coventry Pro Forma Statement of Financial Position as at September 30, 2013 which is included in Appendix "F". Coventry Shareholders should also refer to "Consolidated Capitalization" in Appendix "F" for the anticipated effects of the Arrangement on Coventry's share capitalization.

### ***Treatment of Coventry Options***

The outstanding Coventry Options are not affected by the Arrangement, provided, however, that pursuant to Section 3.10(d) of the Coventry Option Plan, the Coventry Board may in its discretion make an equitable adjustment to the exercise prices of the currently outstanding Coventry Options in order to ensure that the Coventry Option Plan participants are neither favoured nor penalized by the impact of the reduction of capital of the Coventry Shares contemplated by the Arrangement. Additionally, any such options which have not already vested will vest on the Effective Date.

Any such equitable adjustment to the outstanding Coventry Options shall not result in an exercise price of less than \$0.01 per Coventry Option and would be subject to the final approval of the TSXV, approval of disinterested Coventry Shareholders, receipt of a waiver from ASX of ASX Listing Rule 6.23.3 and would be calculated for each Coventry Option as follows:



## **Certain Canadian Federal Income Tax Considerations**

Certain Canadian federal income tax considerations for Coventry Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary herein entitled "Certain Canadian Federal Income Tax Considerations".

## **Non-Canadian and Income Tax Considerations**

**This Information Circular does not contain a summary of the non-Canadian tax considerations of the Arrangement on Coventry Shareholders who are subject to income tax outside of Canada. Such holders should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions.**

## **Termination Fees**

The Arrangement Agreement provides that, upon the occurrence of certain events, Coventry shall pay the Termination Fee of A\$350,000 to Chalice, and upon the occurrence of certain events, Chalice shall pay the Termination Fee of A\$350,000 to Coventry, all as determined by the Arrangement Agreement. See "The Arrangement Agreement - Termination Fee Payable by Coventry" and "The Arrangement Agreement - Termination Fee Payable by Chalice".

## **Right of Dissent**

Pursuant to the BCBCA and the Interim Order, a registered Coventry Shareholder will have the right to dissent with respect to the Arrangement Resolution. To exercise such right, the Coventry Dissenting Shareholder must send to Coventry a written objection to the Arrangement Resolution, which written objection in respect of Coventry Shares must be received by Coventry c/o Anfield Sujir Kennedy & Durno LLP, Suite 1600 – 609 Granville Street, Vancouver, British Columbia V7Y 1C3 Attention: Michael Kennedy, by 4:00 p.m. (Vancouver time) on January 17, 2014 and the Coventry Dissenting Shareholder must otherwise comply with Sections 237 – 247 of the BCBCA, as modified and supplemented by the Interim Order. Provided the Arrangement becomes effective, each Coventry Dissenting Shareholder will be entitled to be paid the fair value of the Coventry Shares, in respect of which the Coventry Dissenting Shareholder dissents in accordance with Sections 237 – 247 of the BCBCA, as modified and supplemented by the Interim Order. See Appendices "B" and "D" for a copy of the Interim Order and the provisions of Sections 237 – 247 of the BCBCA, respectively.

The statutory provisions covering the right of dissent are technical and complex. Failure to strictly comply with the requirements set forth in Sections 237 – 247 of the BCBCA, as modified and supplemented by the Interim Order, will result in the loss of any right of dissent. A person who is a CDI Holder or who is a beneficial holder of Coventry Shares registered in the name of a broker, custodian, nominee or other intermediary who wishes to dissent, should be aware that only the registered holder of such Coventry Shares is entitled to dissent. Accordingly, a beneficial holder of Coventry Shares desiring to exercise the right of dissent must make arrangements for such Coventry Shares beneficially owned to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Coventry or, alternatively, make arrangements for the registered holder of such Coventry Shares to dissent on such holder's behalf. A CDI Holder who desires to exercise the right of dissent must notify CDI Depository to dissent on such holder's behalf. Pursuant to the Interim Order, a Coventry Shareholder may not exercise the right of dissent in respect of only a portion of such holder's Coventry Shares and may not vote any Coventry Shares in favour of the Arrangement. See "Right of Dissent" and Appendix "D".

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Special Meeting of shareholders. However, if any other matter properly comes before the Meeting, the management designees, if named as proxy, will vote on such matter in accordance with the best judgment of the person or persons voting the proxy.

### **Approval of the Arrangement Agreement, the Arrangement and the Transactions Contemplated Thereby**

At the Meeting, Coventry Shareholders will be asked to consider, and if deemed advisable, approve with or without variation, a special resolution to approve, among other things: (i) the Arrangement Agreement between Coventry, Chalice and Western Rift whereby Western Rift will acquire all of the issued and outstanding shares of the Coventry Targets from Coventry in exchange for the 46,000,000 Consideration Shares plus the cash amount of the Effective Date Working Capital Adjustment (to be paid by Western Rift to Coventry if such amount is positive), or minus the cash amount of the Effective Date Working Capital Adjustment (to be paid by Coventry to Western Rift if such amount is negative) and Coventry will distribute the Consideration Shares to the Coventry Shareholders on a pro rata basis as a return of capital; and (ii) the Arrangement and the consummation of the transactions contemplated thereby.

A special resolution is defined under the BCBCA as requiring the approval of not less than two-thirds (2/3) of the votes cast in person or by proxy at the Meeting. Consequently, the Arrangement will be approved when the Arrangement Resolution has been passed, with or without variation, by at least two-thirds (2/3) of the votes cast in respect of the Arrangement Resolution by the holders of Coventry Shares, present in person or voting by proxy, at the Meeting. The management designees, if named as proxy, unless specified otherwise, intend to vote the Coventry Shares represented by any such proxy in favour of the Arrangement Resolution. See "*General Proxy Matters – Proxy Voting*".

See "*The Arrangement*" and "*The Arrangement Agreement*" for further details regarding the Arrangement and the Arrangement Agreement, respectively.

A copy of the Arrangement Agreement is attached hereto as Appendix "A". A copy of the Arrangement Resolution is attached hereto as Appendix "C". A copy of the Plan of Arrangement is attached hereto as Schedule "A" to the Arrangement Agreement.

### **Re-pricing of Coventry Options**

At the Meeting, disinterested Coventry Shareholders will be asked to approve the re-pricing of Coventry Options as a result of the Arrangement. See "*Re-Pricing of Coventry Options*".

### **Additional Business**

At the Meeting, the Coventry Shareholders will also transact such further or other business as may properly come before the Meeting or any adjournments or postponements thereof.

## **THE ARRANGEMENT**

### **The Effect of the Arrangement**

The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, on the Effective Date; (i) Western Rift will acquire all of the issued and outstanding shares of the

Coventry Targets from Coventry in exchange for the 46,000,000 Consideration Shares plus the cash amount of the Effective Date Working Capital Adjustment. Coventry shall pay such amount to Western Rift if such amount is negative; and (ii) Coventry will distribute the Consideration Shares to the Coventry Shareholders.

As of the date of this Information Circular, Coventry had 91,012,182 Coventry Shares issued and outstanding. If this number does not change prior to the Distribution Record Date, it is expected that if the Arrangement is implemented, each Coventry Shareholder (including CDI Holders in relation to their beneficial interest in Coventry Shares) as of the Distribution Record Date will be entitled to receive approximately 0.5054 Chalice Shares for each one (1) Coventry Share held by such shareholder (subject to rounding). As 46,000,000 Consideration Shares will be issued pursuant to the Arrangement (if implemented) regardless of the number of Coventry Shares issued and outstanding, any increase in the number of issued and outstanding Coventry Shares prior to the Distribution Record Date would result in a decrease in the number of Consideration Shares to be received by a Coventry Shareholder pursuant to the Arrangement.

Coventry Shareholders should refer also to "Procedure for the Arrangement to Become Effective – Fractional Chalice Shares".

The Plan of Arrangement is attached as Exhibit "A" to the Arrangement Agreement. Readers are encouraged to carefully review the Plan of Arrangement, as it contains the specific terms and conditions governing the Arrangement. The disclosure of the principal features of the Arrangement described in this Information Circular is qualified in its entirety by the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement.

Please refer to Appendix "G" for information regarding Chalice, and the pro forma effects of the Arrangement on Chalice's financial position.

For information concerning the effects of the discontinuation of the operations of the Coventry Targets on Coventry's financial position refer to the Coventry Pro Forma Statement of Financial Position at September 30, 2013 which is included in Appendix "F". Coventry Shareholders should also refer to "Consolidated Capitalization" in Appendix "F" for the anticipated effects of the Arrangement on Coventry's share capitalization.

### **Details of the Arrangement**

**The following is a summary only and reference should be made to the full text of the Arrangement Agreement and the Plan of Arrangement set forth in Appendix "A" to this Information Circular.**

Pursuant to the provisions of Section 3.01 of the Plan of Arrangement, at the Effective Time, the following shall occur and shall be deemed to occur in the following order without any further act or formality:

- (a) All of the issued and outstanding shares of the Coventry Targets shall be transferred by Coventry to Western Rift (free and clear of any liens, charges and encumbrances of whatsoever nature) and Coventry shall receive the Consideration Shares in exchange therefor and the name of Coventry will be removed from the central securities register of each Coventry Target with respect to such Coventry Target shares and, in consideration therefor, Western Rift shall cause to be delivered the Consideration Shares.

- (b) Concurrently with the step in (a) above Chalice shall deliver on behalf of, and at the direction of, Western Rift the Consideration Shares to Coventry which delivery by Chalice shall be in full satisfaction of Western Rift's obligation to deliver such Consideration Shares under the step contemplated above and, as consideration therefor, Western Rift shall enter into a loan with Chalice equal the value of such Consideration Shares.
- (c) Immediately following the step in (b) above, the stated capital maintained for the Coventry Shares shall be reduced by an amount equal to the fair market value of the Consideration Shares and Coventry shall distribute the Consideration Shares to the Coventry Shareholders (other than any Coventry Dissenting Shareholders) by way of a distribution equal to the amount of such reduction of capital and not as a dividend, such that each Coventry Shareholder will be entitled to receive a *pro rata* number of the Consideration Shares issued to Coventry pursuant to (b) above and as a result thereof:
  - (i) Coventry shall be removed as the holder of such Consideration Shares from the register of Chalice Shares maintained on or behalf of Chalice; and
  - (ii) such Coventry Shareholders' names shall be entered into the register of Chalice Shares maintained on or on behalf of Chalice.

Following the receipt of the Final Order and prior to the Effective Date, Western Rift shall cause Chalice to deliver to the Depository in escrow pending the Effective Time, sufficient certificates representing the Consideration Shares (or other appropriate evidence of such Consideration Shares) to be distributed to the Coventry Shareholders in accordance with the provisions of Section 3.01 of the Plan of Arrangement, and the Consideration Shares shall be held by the Depository as agent and nominee for such Coventry Shareholders for distribution to such Coventry Shareholders in accordance with the provisions of Article 5 of the Plan of Arrangement.

Subject to the provisions of Article 5 of the Plan of Arrangement, on or after the Effective Date Coventry Shareholders shall be entitled to receive certificates representing the Consideration Shares (or other appropriate evidence of such Consideration Shares).

No fractional Chalice Shares (or certificates representing same) shall be distributed to Coventry Shareholders pursuant to the Plan of Arrangement. All fractional Chalice Shares otherwise distributable shall be rounded down to the nearest number of whole shares and no compensation shall be payable in respect of such fractional shares.

Pursuant to the Interim Order, registered holders of Coventry Shares may exercise rights of dissent under Sections 237 - 247 of the BCBCA, as modified and supplemented by the Arrangement Agreement, the Interim Order and the Final Order, provided that the written objection to the special resolution to approve the Arrangement is received by Coventry by 4:00 p.m. (Vancouver time) on January 17, 2014 or at least two days before any date to which the Coventry Meeting may be postponed or adjourned. See "Rights of Dissent" and Appendix "D".

Upon the Effective Time, each Coventry Shareholder shall be entitled to receive, and the Depository shall deliver to such Coventry Shareholder following the Effective Time, the certificates representing the Consideration Shares that such Coventry Shareholder is entitled to receive in accordance with Section 3.01 of the Arrangement Agreement. It is expected that the Chalice Shares will be distributed to the Coventry Shareholders on or about the third Business Day after the Distribution Record Date.

Chalice, Western Rift, Coventry and the Depository shall be entitled to deduct and withhold from any Consideration Shares payable, or otherwise deliverable to any Coventry Shareholder, such amounts as

Chalice, Western Rift, Coventry or the Depositary is required or permitted to deduct and withhold with respect to such payment under the Tax Act or any provision of any Laws in respect of taxes. To the extent that amounts are so deducted, withheld and remitted such amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. Chalice, Coventry or the Depositary, as applicable, may sell or otherwise dispose of any portion of the Consideration Shares otherwise payable to a Coventry Shareholder as is necessary to provide sufficient funds to enable Chalice, Coventry, Western Rift or the Depositary, as applicable, to comply with such deduction and/or withholding requirements.

### **Background to the Offer**

The Coventry Board has periodically reviewed Coventry's strategic alternatives with respect to the assets of the Chalice Targets with a view to enhancing shareholder value.

Coventry's principal asset and focus is its 100% interest in the Cameron Gold Project. Coventry also owns mineral rights and options to acquire mineral rights in the Rainy River Project located in north-western Ontario and a 51% interest in the Ardeen Gold Project located in Ontario. All three projects are held through the Coventry Targets. Refer to Appendix F – Information Concerning Coventry Resources Inc. – Business of Coventry.

2012 and 2013 has represented an extremely difficult time, a point of dislocation and disruption for the mining and metals industry and particularly the junior equity markets. On the TSXV, more than half of the 839 mining-focused companies for which Thomson Reuters data is available had less than C\$500,000 in cash and short-term investments at the end of the first quarter of 2013. Most are micro-cap companies exploring for minerals or aiming to develop early-stage projects around the world.

In April 2013, Coventry received final notice from its then President and CEO that he would not be continuing due to medical reasons. Coventry's Exploration Manager based in Australia was also not able to move to Canada for personal reasons. The current market situation combined with a lack of full time management to drive Coventry forward made it all but impossible for Coventry to raise further capital.

In May of 2013, Coventry appointed Mr. Steven Chadwick as Interim President and CEO and embarked on a campaign of cost cutting and survival. Coventry became a target for other companies making opportunistic asset purchases in a difficult market and as a result Coventry evaluated a number of opportunistic proposals.

The role of Coventry's Board is to continually assess Coventry's strategic alternatives with regard to its principal asset, the Cameron Gold Project, with a view to enhancing shareholder value. As part of this process the Board has, since June of 2013, been forced into a narrow band of strategic alternatives:

- Do nothing and hope to survive not knowing when Coventry would be able to raise further funds;
- Consider a potential sale of Coventry's principle assets for cash or some other form of consideration; or
- Consider potential mergers for equity to maintain shareholder value.

It was against this backdrop that on September 16, 2013 (September 17, 2013 in Australia), Coventry received an approach with a view to a potential merger from Chalice.

On September 27, 2013 (September 28, 2013 in Australia), after a review process and in consultation with its two major shareholders, the Board concluded that the Chalice offer was an acceptable offer and it provided the opportunity to receive and evaluate Superior Proposals if others materialised. No other proposals or approaches have been made to Coventry to date.

On September 29, 2013 (September 30, 2013 in Australia), based on negotiations with Chalice, Coventry and Chalice entered into a binding term sheet and announced their intention to complete a merger by way of statutory plan of arrangement. In this regard, Coventry agreed to a 14 day due diligence period, working exclusively with Chalice in an effort to negotiate a transaction, subject to the right of the Coventry Board to respond during this period to an unsolicited Superior Proposal from a third party. The due diligence period was extended to November 1, 2013 (November 2, 2013 in Australia), and during this period both Coventry and Chalice completed satisfactory due diligence except for an outstanding contingent liability. The previously disclosed contingent liability was associated with a 2007 drilling contract in Paraguay, the subject of planned arbitration proceedings remaining unresolved, despite Coventry's concerted efforts to resolve the issue. Refer to Appendix F – Information Concerning Coventry Resources Inc. – Other Material Facts.

Negotiations continued with Chalice and on October 31, 2013 (November 1, 2013 in Australia) Coventry and Chalice entered into a binding term sheet in respect of the Arrangement and the Arrangement was publicly announced.

The scope of the Arrangement was subsequently modified as set out in the Arrangement Agreement to reflect Chalice's desire to acquire only Coventry's Ontario interests. The proposed Arrangement was given the unanimous support of the Board of Directors of Coventry (with Steven Chadwick abstaining) and was given unanimous support of the board of Chalice. The Board of Directors of Coventry advised Chalice that, in the absence of an unfavourable fairness opinion or a Superior Proposal, it would unanimously recommend that the Coventry Shareholders vote in favour of the proposed Arrangement.

On November 8, 2013 (November 9, 2013 in Australia) Coventry engaged Primary to prepare the Fairness Opinion in respect of the Arrangement.

On November 14, 2013 (November 15, 2013 in Australia), Coventry, at a Board meeting, received a presentation from Primary on the Fairness Opinion for the Arrangement and also reviewed the final draft of the Arrangement Agreement. The Board was unanimous (with Steven Chadwick abstaining) in its approval of the Arrangement Agreement for execution.

On November 14, 2013 (November 15, 2013 in Australia), the Arrangement Agreement and Support Agreements were finalized and executed. Each of Coventry and Chalice issued a news release on November 15, 2013 announcing the execution of the Arrangement Agreement and Support Agreements.

On November 28, 2013 (November 29, 2013 in Australia), Primary delivered the Fairness Opinion, dated November 18, 2013 to the Coventry Board.

### **Reasons for Making the Recommendation**

The Coventry Board has carefully considered the Arrangement. Based on advice from legal advisors and the fairness opinion of Primary, the Coventry Board has unanimously (with Steven Chadwick abstaining) determined that the consideration to be received under the Arrangement is fair, from a financial point of view, to Coventry and the Coventry Shareholders and is in the best interests of Coventry and the Coventry Shareholders. In making the recommendation that the Coventry Shareholders vote in favour of Arrangement and in reaching the decision to enter into the Arrangement Agreement and recommend the

Arrangement, the Coventry Board extensively analyzed and considered a number of factors, including those set out below.

1. **Opportunity for Coventry Shareholders to Continue to Realize Value for Assets of the Coventry Targets through Ownership of Chalice Shares or Obtain Liquidity.** Subject to completion of all necessary conditions, the Arrangement will result in Coventry Shareholders receiving Consideration Shares on a pro rata basis, providing Coventry Shareholders with the ability to realize value for the assets of the Coventry Targets through ownership in Consideration Shares or by selling the Consideration Shares received under the Arrangement. Chalice will issue 46,000,000 Consideration Shares pursuant to the Arrangement. As of the date of this Information Circular, Coventry had 91,012,182 Coventry Shares outstanding. As of the date of this Information Circular, Chalice had 251,528,310 Chalice Shares outstanding. It is expected that following the Arrangement, Chalice will have 297,528,310 Chalice Shares outstanding and Coventry Shareholders will hold approximately 15.46% of the outstanding Chalice Shares.
2. **Going it alone.** In its present position Coventry has limited financial ability to advance the Cameron Gold Project with a feasibility study, additional geotechnical and permitting costs anticipated to cost in excess of CDN\$5M. All Coventry could achieve with its current financial resources would be to survive as a going concern, albeit dormant for a year or two. Coventry would be unable to replace/retain management and technical staff to further advance the Cameron Gold Project. Its ability to retain all exploration tenures would begin to be compromised.
3. **Liquidity.** Chalice is listed on both the ASX and TSX and may provide Coventry Shareholders with greater liquidity being part of a larger company.
4. **Retain a Current Shareholding in Coventry.** Coventry Shareholders will still retain their current Coventry Shares and thus have the potential to participate in any recapitalisation and any future appreciation in the value of Coventry Shares that may occur.
5. **Support of Directors, Officers and Significant Shareholders.** The directors and officers of Coventry and certain Coventry Shareholders have each entered into a Support Agreement pursuant to which they have agreed to vote their Coventry Shares (including Coventry Shares issuable on the exercise of Coventry Options or Coventry Warrants) in favour of the Arrangement, which Coventry Shares represent, in the aggregate, approximately 28.28% of the outstanding Coventry Shares on a non-diluted basis.
6. **Opinion of Advisor.** The opinion of Primary to the Coventry Board stating that the consideration to be received by Coventry and the Coventry Shareholders (other than Chalice) under the Arrangement is fair, from a financial point of view.
7. **Industry Conditions.** The Coventry Board considered, and was influenced by, the following factors while reaching the decision to unanimously recommend the Arrangement: (i) the available alternatives with respect to the assets of the Coventry Targets and the exploration and development costs associated with exploiting those assets (ii) Chalice is well capitalized thereby improving the chance of development of the assets of the Coventry Targets in a timely and efficient manner (iii) the current state of the capital markets for junior exploration companies makes financing extremely challenging; investors tend to seek deep discounts and dilutive warrant positions in negotiating financing, thereby presenting significant dilution risk to Coventry Shareholders.

8. **Superior Proposal Permitted.** The terms of the Arrangement enable the Coventry Board to respond, in accordance with its fiduciary duties, to unsolicited Superior Proposals made prior to the approval of the Arrangement Resolution by Coventry Shareholders on the terms set out in the Arrangement Agreement. The ability to respond is subject to the restrictions and conditions contained in the Arrangement Agreement.

The foregoing summary of the information and factors considered by the Coventry Board is not intended to be exhaustive of the factors considered by the Coventry Board in reaching its conclusions and making its recommendations, but includes the material information, factors and analysis considered in reaching such conclusions and recommendations. The members of the Coventry Board evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of Coventry, and based upon the advice of financial and legal advisors. In view of the numerous factors considered in connection with their evaluation of the Arrangement, the Coventry Board did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its conclusions and recommendations. In addition, individual members of the Coventry Board may have given different weight to different factors. The conclusions and unanimous recommendations of the Coventry Board were made after considering all of the information and factors involved.

### **Conclusion and Recommendation to Vote in Favour of the Arrangement**

For the reasons outlined above, the Coventry Board unanimously (with Steven Chadwick abstaining) determined that the Arrangement is fair, from a financial point of view, to Coventry and the Coventry Shareholders and is in the best interests of Coventry and the Coventry Shareholders, unanimously (with Steven Chadwick abstaining) approved the Arrangement and the entering into of the Arrangement Agreement and unanimously (with Steven Chadwick abstaining) recommends that Coventry Shareholders **VOTE IN FAVOUR of the Arrangement.**

Notwithstanding the recommendation of the Coventry Board that Coventry Shareholders vote in favour of the Arrangement, Coventry Shareholders should make their own decision whether to vote their Coventry Shares in favour of the Arrangement and, if appropriate, should consult their own legal and/or financial advisors in making that decision.

### **Fairness Opinion**

On November 28, 2013 (November 29, 2013 in Australia), Primary provided the Fairness Opinion to the Coventry Board, which provides that, as of November 15, 2013 and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by Coventry and the Coventry Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view.

The full text of the Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Fairness Opinion, is attached as Appendix "E" to this Information Circular. The summary of the Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the Fairness Opinion. The Fairness Opinion is not a recommendation as to whether or not Coventry Shareholders should vote in favour of the Arrangement Resolution. The Fairness Opinion was one of a number of factors taken into consideration by the Coventry Board in making its unanimous (with Steven Chadwick abstaining) determination that the Arrangement is in the best interests of Coventry and the Coventry Shareholders and, as such, authorizing submission of the Arrangement to Coventry Shareholders for approval and to the Court for the Final Order.

Pursuant to the terms of its engagement letter with Coventry, Primary is to be paid a fee for its services as financial advisor with respect to the delivery of the Fairness Opinion. Coventry has also agreed to indemnify Primary against certain liabilities.

**The Coventry Board urges Coventry Shareholders to read the Fairness Opinion in its entirety. See Appendix "E" to this Information Circular.**

## **THE ARRANGEMENT AGREEMENT**

The Arrangement Agreement provides for the implementation of the Plan of Arrangement. The following is a summary only and reference should be made to the full text of the Arrangement Agreement set forth in Schedule "A", to this Information Circular and the Plan of Arrangement set forth in Schedule "A" to the Arrangement Agreement.

### **Conditions to the Arrangement**

The respective obligations of Coventry and Chalice to complete the transactions contemplated by the Arrangement Agreement are subject to a number of conditions that must be satisfied or waived in order for the Arrangement to become effective. These conditions are described in the Arrangement Agreement and include the following:

#### ***Mutual Conditions***

Section 6.1 of the Arrangement Agreement provides for certain specific mutual conditions in favour of each of Coventry and Chalice, which include:

- (a) the Arrangement Resolution shall have been approved and adopted by the Coventry Shareholders at the Meeting in the manner required by Coventry's constating documents or applicable Laws and in accordance with the Interim Order;
- (b) the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement, and shall not have been set aside or modified in a manner unacceptable to Coventry and Chalice, acting reasonably, on appeal or otherwise and the Final Order will contain a statement to the following effect:

*"This Order will serve as a basis of a claim to an exemption pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that Act, regarding the distribution of securities of Chalice Gold Mines Limited pursuant to the Plan of Arrangement."*

- (c) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation, against Chalice or Coventry which shall prevent the consummation of the Arrangement;
- (d) all required approvals under the BCBCA, the ACA, the Competition Act and the rules of the TSXV, the TSX and the ASX shall have been obtained including (i) receipt of approval from ASX for official quotation of, and receipt of approval for listing on the TSX of, the Consideration Shares; (ii) the receipt of a waiver from the ASX of the requirement of Chalice to comply with ASX Listing Rules 7.1 and 10.11 from ASX or otherwise the receipt of approval of Chalice's shareholders to the issue of the

Consideration Shares under the Plan of Arrangement in accordance with the ASX Listing Rules and the ACA; and (iii) the receipt of relief from ASIC of the requirement of Chalice to comply with the prospectus and secondary share sale requirements of Parts 6D.2 and 6D.3 of the ACA from ASIC or otherwise the issue by Chalice of a prospectus for the Consideration Shares;

- (e) the Arrangement Agreement shall not have been terminated in accordance with its terms;
- (f) the distribution by Chalice of the Consideration Shares to Coventry and the distribution by Coventry of the Consideration Shares to the Coventry Shareholders pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable Canadian Securities Laws either by virtue of exemptive relief from the Securities Authorities of each of the provinces of Canada or by virtue of applicable exemptions under Canadian Securities Laws and shall not be subject to resale restrictions under applicable Canadian Securities Laws (other than as applicable to control persons);
- (g) any further conditions which may be imposed by the Interim Order or the Final Order shall have been satisfied; and
- (h) the Effective Date shall have occurred on or before the Outside Date.

The foregoing conditions are for the mutual benefit of Chalice on the one hand and Coventry on the other hand and may be waived, in whole or in part, jointly by the parties at any time. If any of the foregoing conditions are not satisfied or waived, then a party may terminate the Arrangement Agreement as provided in Article 8 of the Arrangement Agreement by written notice to the other party in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating party's breach of the Arrangement Agreement.

See section 6.1 of the Arrangement Agreement which is attached as Appendix "A" to this Information Circular for the full text of the specific mutual conditions.

### ***Chalice Conditions***

Section 6.2 of the Arrangement Agreement provides for certain specific conditions in favour of Chalice, which include:

- (a) all covenants of Coventry under the Arrangement Agreement to be performed on or before the Effective Time which have not been waived by Chalice shall have been duly performed by Coventry in all material respects;
- (b) the Pre-Closing Reorganization shall have been consummated;
- (c) all representations and warranties of Coventry set forth in the Arrangement Agreement shall be true and correct in all respects, without regard to any materiality or Material Adverse Effect qualifications contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where any failure or failures of any such representations and warranties (other than those contained in Sections 3.1(c), 3.1(d), 3.1(q), 3.1(t) and 3.1(gg) of the

Arrangement Agreement) to be so true and correct in all respects would not reasonably be expected to have a Material Adverse Effect on Coventry (it being a separate condition that the representations and warranties of Coventry made in Sections 3.1(c), 3.1(d), 3.1(q), 3.1(t) and 3.1(gg) of the Arrangement Agreement must be accurate in all respects when made and, except as contemplated by the Arrangement Agreement, on and as of the Effective Time, as though made on and as of the Effective Time);

- (d) since the date of the Arrangement Agreement, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect on any Coventry Target;
- (e) since the date of the Arrangement Agreement, there shall not have occurred any Prescribed Occurrence in respect of Coventry;
- (f) Chalice shall have received a certificate of Coventry addressed to Chalice and dated the Effective Date, signed on behalf of Coventry by the Chief Executive Officer of Coventry, confirming that the conditions in Sections 6.2(a), (b), (c), (d) and (e) of the Arrangement Agreement have been satisfied;
- (g) there shall not be any action taken, any applicable Law enacted, entered, enforced or deemed applicable by any Governmental Entity or pending or threatened any suit, action or proceeding by any Governmental Entity in connection with the grant of any appropriate Regulatory Authorizations or otherwise (i) seeking to prohibit or restrict the acquisition by Chalice of any of the share of the Coventry Targets, (ii) challenging or seeking to restrain or prohibit the consummation of the Plan of Arrangement or seeking to obtain from Coventry, the Coventry Targets or Chalice any damages that are material in relation to the Coventry Targets taken as a whole, (iii) seeking to prohibit or materially limit the ownership or operation by Chalice of any material portion of the business or assets of Chalice or the Coventry Targets or to compel Chalice to dispose of or hold separate any material portion of the business or assets of Chalice or the Coventry Targets, as a result of the Plan of Arrangement, (iv) seeking to impose limitations on the ability of Chalice to acquire or hold, or exercise full rights of ownership of, any shares of the Coventry Targets, including the right to vote the shares of the Coventry Targets purchased by it, (v) seeking to prohibit Chalice from effectively controlling in any material respect the business or operations of the Coventry Targets or (vi) imposing any condition or restriction that in the judgment of Chalice, acting reasonably, would be materially burdensome to the future operations or business of any business unit of Chalice or the Coventry Targets after the Effective Time;
- (h) the Coventry Board shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Coventry to permit the consummation of the Arrangement; and
- (i) receipt by Chalice of any requested legal opinions respecting the business or assets of the Coventry Targets, including title opinions in respect of the Coventry Mining Permits, in form and substance satisfactory to Chalice, acting reasonably.

The conditions in section 6.2 of the Arrangement Agreement are for the exclusive benefit of Chalice and may be asserted by Chalice regardless of the circumstances or may be waived by Chalice in its sole

discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Chalice may have. If any of the foregoing conditions are not satisfied or waived, Chalice may, in addition to any other remedies it may have at law or equity, terminate the Arrangement Agreement as provided in Article 8 thereof, provided that, prior to the Effective Time, Chalice has delivered a written notice to Coventry, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which Chalice is asserting as the basis for the non-fulfillment of the applicable conditions precedent. More than one such notice may be delivered by Chalice.

### ***Coventry Conditions***

Section 6.3 of the Arrangement Agreement provides for certain specific conditions in favour of Coventry, which include:

- (a) all covenants of Chalice and Western Rift under the Arrangement Agreement to be performed on or before the Effective Time shall have been duly performed by Chalice or Western Rift, as appropriate, in all material respects;
- (b) all representations and warranties of Chalice and Western Rift set forth in the Arrangement Agreement shall be true and correct in all respects, without regard to any materiality or Material Adverse Effect qualifications contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties (other than those contained in Sections 4.1(a), (b), (c), (cc) and 4.2(a) of the Arrangement Agreement) to be so true and correct in all respects would not reasonably be expected to have a Material Adverse Effect on Chalice or Western Rift (it being a separate condition that the representations and warranties of Chalice and Western Rift made in Section 4.1(a), (b), (cc) and 4.2(a) of the Arrangement Agreement must be accurate in all respects when made and, except as contemplated by the Arrangement Agreement, on and as of the Effective Time, as though made on and as of the Effective Time);
- (c) since the date of the Arrangement Agreement, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect on Chalice;
- (d) Coventry shall have received a certificate from Chalice addressed to Coventry and dated the Effective Date, signed on behalf of Chalice by the Managing Director of Chalice, confirming that the conditions in Sections 6.3(a), (b), (c) and (e) of the Arrangement Agreement have been satisfied;
- (e) since the date of the Arrangement Agreement, there shall not have occurred any Prescribed Occurrence in respect of Chalice or Western Rift;
- (f) the boards of directors of Chalice and Western Rift shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Chalice and Western Rift to permit the consummation of the Arrangement; and
- (g) holders of no more than 5% of the Coventry Shares shall have exercised Dissent Rights.

The conditions in section 6.3 of the Arrangement Agreement are for the exclusive benefit of Coventry and may be asserted by Coventry regardless of the circumstances or may be waived by Coventry in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Coventry may have. If any of the foregoing conditions are not satisfied or waived, Coventry may, in addition to any other remedies it may have at law or equity, terminate the Arrangement Agreement as provided in Article 8 thereof, provided that, prior to Effective Time, Coventry has delivered a written notice to Chalice, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which Coventry is asserting as the basis for the non-fulfillment of the applicable conditions precedent. More than one such notice may be delivered by Coventry.

### **Resignations of Directors and Officer of Coventry Targets**

In accordance with the terms of the Arrangement Agreement, all of the directors and officer of the Coventry Targets will, on the Effective Date, resign from their positions and will be replaced by nominees of Chalice.

### **Amendment to and Termination of Arrangement Agreement**

The Arrangement Agreement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by written agreement of the parties thereto, and any such amendment may, subject to the Interim Order and the Final Order and applicable laws, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties;
- (b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; and/or
- (d) waive compliance with or modify any mutual conditions precedent contained in the Arrangement Agreement.

The Arrangement Agreement may be terminated at any time prior to the Effective Date:

- (a) by mutual written consent of Chalice and Coventry;
- (b) if the mutual conditions precedent, the conditions in favour of Coventry or the conditions in favour of Chalice are not satisfied, and not capable of being satisfied by the Outside Date;
- (c) by either Coventry or Chalice if:
  - (i) the Effective Time shall not have occurred by the Outside Date, provided that this right to terminate will not be available to any party whose failure to fulfill any of its obligations or breach of any of its representations or warranties under the Arrangement Agreement has been the cause of, or resulted in the failure of, the Effective Time to occur by the Outside Date;

- (ii) if the Arrangement Resolution shall have failed to obtain the requisite approval of Coventry Shareholders at the Meeting, being at least 2/3 of the votes cast in person or by proxy at the Meeting;
  - (iii) if there shall be enacted or made any applicable law that makes consummation of the Arrangement Agreement illegal or otherwise prohibits or enjoins any of the parties from consummating the Arrangement; or
  - (iv) Chalice is required by any Governmental Entity or Securities Authority to call or hold a meeting of its shareholders to obtain their approval for the issuance of the Consideration Shares or any other aspect of the Arrangement and such approval is not obtained at that meeting.
- (d) by written notice from Chalice to Coventry, if:
- (i) prior to obtaining the approval of the Coventry Shareholders for the Arrangement, the Coventry Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to Chalice or fails to reaffirm its recommendation of the Arrangement within five (5) Business Days (and in any case prior to the Meeting) after having been requested in writing by Chalice to do so, in a manner adverse to Chalice, it being understood that the taking of a neutral position or no position with respect to an Acquisition Proposal beyond a period of five (5) Business Days (or beyond the date which is one (1) day prior to the Meeting, if sooner) shall be considered an adverse modification (a "**Change in Recommendation**");
  - (ii) the Coventry Meeting has not occurred on or before January 31, 2014 or such other date as the parties may agree upon, each acting reasonably, provided that this right to terminate the Arrangement Agreement shall not be available to Chalice if the failure by Chalice to fulfill any obligation under the Arrangement Agreement is the cause of, or results in, the failure of the Coventry Meeting to occur on or before such date;
  - (iii) the Coventry Board authorizes Coventry to enter into a binding written agreement relating to a Superior Proposal;
  - (iv) any person or group of persons acting jointly or in concert acquires ownership of, or control or direction over, that number of Coventry Shares which represent 50% or more of the issued and outstanding Coventry Shares;
  - (v) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Coventry set forth in the Arrangement Agreement shall have occurred that would cause the mutual conditions precedent or the conditions in favour of Chalice not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date; provided that Chalice is not then in breach of the Arrangement Agreement so as to cause any of the mutual conditions precedent or the conditions in favour of Coventry not to be satisfied; or
  - (vi) Coventry is in breach or in default of any of its obligations or covenants with respect to non-solicitation set forth in Section 7.2 of the Arrangement Agreement;

- (e) by written notice from Coventry to Chalice, if:
- (i) the Coventry Board authorizes Coventry, subject to complying with the terms of the Arrangement Agreement, to enter into a legally binding agreement with respect to a Superior Proposal; provided that concurrently with such termination, Coventry pays the Termination Fee; or
  - (ii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Chalice set forth in the Arrangement Agreement shall have occurred that would cause the mutual conditions precedent or the conditions in favour of Coventry not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date; provided that Coventry is not then in breach of the Arrangement Agreement so as to cause any of the mutual conditions or the conditions in favour of Chalice not to be satisfied.

In the event of any such termination, neither Coventry nor Chalice shall have any liability or further obligation to the other party under the Arrangement Agreement except with respect to the payment of the Termination Fee, as applicable, certain confidentiality matters and the provisions of the Arrangement Agreement relating to costs and expenses, which shall survive such termination.

See section 8.2 of the Arrangement Agreement which is attached as Appendix "H" to this Information Circular for the full text of the specific instances in which the parties may terminate the Arrangement Agreement.

### **Non-Solicitation**

Pursuant to the terms of the Arrangement Agreement, Coventry agreed that prior to the Effective Time, it would not, directly or indirectly, through any Representative, (i) solicit, initiate, knowingly encourage or facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries or proposals regarding an Acquisition Proposal, (ii) participate in any discussions or negotiations with any person (other than Chalice or any of its affiliates) regarding an Acquisition Proposal, (iii) approve, accept, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal, (iv) accept or enter into or publicly propose to accept or enter into, any agreement, understanding or arrangement or other contract in respect of an Acquisition Proposal or (v) make a Change in Recommendation.

Coventry also agreed in the Arrangement Agreement that it would, and would cause its Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any person with respect to any Acquisition Proposal, and, in connection therewith, discontinue access to any of its confidential information and enforce all confidentiality, use, standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it has entered into prior to the date of the Arrangement Agreement.

Coventry has agreed that it will promptly communicate to Chalice the terms of any Acquisition Proposal which it may receive.

However, the terms of the Arrangement Agreement enable the Coventry Board to respond, in accordance with its fiduciary duties, to an unsolicited Superior Proposal, made prior to obtaining the approval of Coventry Shareholders for the Arrangement. The Arrangement Agreement further enables the Coventry Board to take any action or make a Change in Recommendation or make any disclosure to Coventry Securityholders prior to the Effective Time, if, in the good faith judgment of the Coventry Board, after

obtaining written advice from outside legal counsel, failure to take such action or make such disclosure, would be inconsistent with the Coventry Board's exercise of its fiduciary duties or such action or disclosure is otherwise required under applicable law. The ability to respond is subject to the restrictions and conditions contained in the Arrangement Agreement.

### **Right to Match**

Coventry has covenanted in the Arrangement Agreement that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal (other than a confidentiality agreement permitted by Section 7.2(c) of the Arrangement Agreement) unless:

- (a) Coventry has complied with its non-solicitation obligations under Section 7.2 of the Arrangement Agreement and has provided Chalice with a copy of the Superior Proposal; and
- (b) a period (the "**Response Period**") of five (5) Business Days has elapsed from the date that is the later of (i) the date on which Chalice receives written notice from the Coventry Board that the Coventry Board has determined, subject only to compliance with Section 7.3 of the Arrangement Agreement, to accept, approve, endorse, recommend or enter into a definitive agreement with respect to such Superior Proposal, and (ii) the date Chalice receives a copy of the Superior Proposal.

During the Response Period, Chalice will have the right, but not the obligation, to offer to amend the Arrangement Agreement and the Plan of Arrangement, including an increase in, or modification of, the aggregate consideration. The Coventry Board shall review in good faith any such offer by Chalice to amend the Arrangement Agreement and the Plan of Arrangement to determine whether the Acquisition Proposal to which Chalice is responding would continue to be a Superior Proposal when assessed against the Arrangement as it is proposed in writing by Chalice to be amended. If the Coventry Board determines that the Acquisition Proposal no longer constitutes a Superior Proposal, the Coventry Board will cause Coventry to enter into an amendment to the Arrangement Agreement with Chalice incorporating the amendments to the Arrangement Agreement and Plan of Arrangement as set out in the written offer to amend, and will promptly reaffirm its recommendation of the Arrangement and by the prompt issuance of a press release to that effect. If the Coventry Board determines that the Acquisition Proposal continues to be a Superior Proposal, Coventry may approve and recommend that Coventry Shareholders accept such Superior Proposal and may terminate the Arrangement Agreement in order to accept or enter into an agreement, understanding or arrangement to proceed with the Superior Proposal, provided it pays Chalice the Termination Fee.

Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Coventry Shareholders shall constitute a new Acquisition Proposal and Chalice shall be afforded a new Response Period and the right to match in respect of each such Acquisition Proposal.

### **Access to Information; Confidentiality**

Coventry has agreed that from the date of the Arrangement Agreement until the earlier of the Effective Time and the termination of the Arrangement Agreement, subject to compliance with applicable Law and the terms of any existing contracts, Coventry shall, and shall cause its Representatives to, afford to Chalice and to its Representatives such access as Chalice may reasonably require at all reasonable times, including for the purpose of facilitating integration business planning, to their officers, employees, agents,

properties, books, records and contracts, shall furnish Chalice with all data and information as Chalice may reasonably request and shall cooperate with Chalice in securing access for Chalice to any documents, agreements, corporate records or minute books not in the possession or under the control of Coventry. Chalice and Coventry have agreed that such information furnished to Chalice shall be treated confidentially, and not be disclosed other than to Chalice's Representatives or as otherwise required under applicable Law.

### **Insurance and Indemnification**

In the Arrangement Agreement, Chalice has agreed to maintain in effect without any reduction in scope or coverage for six years from the Effective Date customary policies of directors' and officers' liability insurance providing protection no less favourable to the protection provided by the policies maintained by Coventry in relation to the Coventry Targets which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date.

Chalice has also agreed that it shall directly honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of the Coventry Targets to the extent that they are disclosed to Chalice, and acknowledges that such rights, to the extent that they are disclosed to Chalice, shall survive the completion of the Plan of Arrangement and shall continue in full force and effect for a period of not less than six years from the Effective Date.

Coventry has agreed in the Arrangement Agreement to indemnify Western Rift and Chalice and their respective Representatives and save them fully harmless against, and will reimburse them for all actions, causes of action, losses, costs, claims, damages, penalties, fines, assessments, charges, expenses or other liabilities whatsoever, whether contractual, tortious, statutory or otherwise that are brought against or that are otherwise suffered, sustained, paid or incurred by them ("**Indemnity Losses**") as a direct result of any act, omission, circumstance or other matter arising out of, resulting from, attributable to, or connected with (i) any misrepresentation or breach of a representation, warranty or covenant of Coventry contained in the Arrangement Agreement; or (ii) any taxes payable by a Coventry Target in respect of a period prior to the Effective Time except to the extent such taxes were specifically taken into account in computing the Effective Date Working Capital of such Coventry Target or arose directly as a result of the Pre-Closing Reorganization, except any Indemnity Losses insofar as they are caused by a breach of Western Rift or Chalice's representations, warranties or covenants, respectively, contained in the Arrangement Agreement or by the gross negligence, fraud or willful misconduct of Western Rift or Chalice or any of their respective Representatives. In the absence of fraud, no claim in respect of Indemnity Losses shall be made or be enforceable whether by legal proceedings, indemnification or otherwise howsoever unless a notice of Indemnity Losses is given by the claimant to Coventry within the period of 24 months from the Effective Date.

Chalice has agreed in the Arrangement Agreement to indemnify Coventry and its Representatives and save them fully harmless against, and will reimburse them for all actions, causes of action, losses, costs, claims, damages, penalties, fines, assessments, charges, expenses or other liabilities whatsoever, whether contractual, tortious, statutory or otherwise that are brought against or that are otherwise suffered, sustained, paid or incurred by them ("**Indemnity Losses**") as a direct result of any act, omission, circumstance or other matter arising out of, resulting from, attributable to, or connected with (i) any misrepresentation or breach of a representation, warranty or covenant of Chalice contained in the Arrangement Agreement; or (ii) any taxes payable by the Coventry Targets as a result of the Pre-Closing Reorganization, except any Indemnity Losses insofar as they are caused by a breach of Coventry's representations, warranties or covenants, respectively, contained in the Arrangement Agreement or by the gross negligence, fraud or willful misconduct of Coventry or any of their respective Representatives. In

the absence of fraud, no claim in respect of Indemnity Losses shall be made or be enforceable whether by legal proceedings, indemnification or otherwise howsoever unless a notice of Indemnity Losses is given by the claimant to Chalice within the period of 24 months from the Effective Date.

### **Termination Fee**

Coventry has agreed to pay Chalice the Termination Fee of A\$350,000 in certain specific instances, including:

- (a) if the Coventry Board makes a Change in Recommendation;
- (b) if the Coventry Board authorizes Coventry to enter into a binding written agreement relating to a Superior Proposal;
- (c) any person or group of persons acting jointly or in concert acquires ownership of, or control or direction over, that number of Coventry Shares which represent 50% or more of the issued and outstanding Coventry Shares;
- (d) a breach of any representation or warranty, or failure to perform any covenant or agreement on the part of Coventry set forth in the Arrangement Agreement shall have occurred that would cause the mutual conditions precedent or conditions in favour of Chalice not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date, provided that Chalice is not then in breach of the Arrangement Agreement so as to cause any of the mutual conditions precedent or conditions in favour of Coventry not to be satisfied; and
- (e) if the Arrangement Agreement is terminated because the Effective Time shall not have occurred on or before the Outside Date, the Arrangement Resolution shall have failed to obtain the requisite approval at the Coventry Meeting or the Coventry Meeting shall not have occurred on or before January 31, 2014, but only if prior to the earlier of termination of the Arrangement Agreement or the holding the Meeting, a bona fide Acquisition Proposal, or the intention to make an Acquisition Proposal, with respect to Coventry shall have been made to Coventry or publicly announced by any person (other than Chalice or any of its affiliates) and within six (6) months following the date of such termination:
  - (i) such Acquisition Proposal is consummated by Coventry; or
  - (ii) Coventry and/or one or more of its subsidiaries enter into a definitive agreement in respect of, or the Coventry Board approves or recommends such Acquisition Proposal which is subsequently consummated anytime thereafter provided that, for purposes of this paragraph all references to "20%" in the definition of "Acquisition Proposal" shall be read as "50%".

Chalice has agreed to pay Coventry the Termination Fee of A\$350,000 if there is breach of any representation or warranty or failure to perform any covenant or agreement on the part of Chalice set forth in the Arrangement Agreement that would cause the mutual conditions precedent or the conditions in favour of Coventry not to be satisfied and such conditions are incapable of being satisfied by the Outside Date provided that Coventry is not then in breach of the Arrangement Agreement so as to cause any of the mutual conditions precedent or conditions in favour of Chalice not to be satisfied.

Each of the parties has acknowledged that payment of the Termination Fee is an integral part of the transactions contemplated in the Arrangement Agreement and that, without the agreements in respect of the Termination Fee, the parties would not enter into the Arrangement Agreement. Each party has acknowledged that all of the Termination Fee payment amounts are payments of liquidated damages which are a genuine pre-estimate of the damages, which the party entitled to such damages will suffer or incur as a result of the event giving rise to such payment and the resultant termination of the Arrangement Agreement and are not penalties. For greater certainty, each party has agreed that, upon any termination of the Arrangement Agreement under circumstances where any party is entitled to the Termination Fee and such Termination Fee is paid in full, the party paying the Termination Fee shall be precluded from any other remedy against the other party or any of its subsidiaries at law or in equity or otherwise (including, without limitation, an order for specific performance), and shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against such party or any of its directors, officers, employees, partners, managers, members, shareholders or affiliates in connection with the Arrangement Agreement or the transactions contemplated hereby.

Nothing shall relieve or have the effect of relieving any party in any way from liability for damages incurred or suffered by a party as a result of an intentional or wilful breach of the Arrangement Agreement.

Nothing shall preclude a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in the Arrangement Agreement or otherwise to obtain specific performance of any such covenants or agreement, without the necessity of posting bond or security in connection therewith.

See Section 8.3 of the Arrangement Agreement which is attached as Appendix "A" to this Information Circular for the full text of the specific instances in which the termination fee will be payable by either Coventry or Chalice.

## **Covenants**

### ***Covenants of Coventry Regarding the Conduct of Business***

In the Arrangement Agreement, Coventry has covenanted and agreed that, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as required or permitted by the Arrangement Agreement, applicable Laws or any Governmental Entities or consented to by Chalice in writing, Coventry shall cause each of the Coventry Targets to, conduct its business in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as required or permitted by the Arrangement Agreement, Coventry has covenanted that it shall not, directly or indirectly, cause any Coventry Target to, without the prior written consent of Chalice (which consent shall not be unreasonably withheld or delayed):

- (a) take any action except in the ordinary course of business of the Coventry Target and Coventry shall cause each Coventry Target to use reasonable efforts to maintain and preserve the business organization, assets, employees, goodwill and business relationships of such Coventry Target;

- (b) other than in connection with the Pre-Closing Reorganization, (i) amend its articles, charter or by-laws or other comparable organizational documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, securities or property or any combination thereof) in respect of the Coventry Target's securities; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any securities of the Coventry Targets or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of the Coventry Targets, other than as required under applicable Law; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of the Coventry Targets, (v) amend the terms of any of its securities; (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of the Coventry Targets; or (vii) enter into any agreement with respect to any of the foregoing;
- (c) except in the ordinary course of business consistent with past practice or in connection with the Pre-Closing Reorganization, (i) sell, pledge, hypothecate, lease, licence, sell and lease back, mortgage, dispose of or encumber or otherwise transfer, any assets, securities, properties, interests or businesses of the Coventry Targets; (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, businesses, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other Person; (iii) incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person, or make any loans, capital contributions, investments or advances; (iv) pay, discharge or satisfy any material liabilities or obligations; (v) waive, release, grant or transfer any rights of material value; or (vi) authorize or propose any of the foregoing, or enter into any agreement to do any of the foregoing;
- (d) other than as is necessary to comply with applicable Laws: (i) grant to any officer, employee or director of the Coventry Targets an increase in compensation in any form, or grant any general salary increase; (ii) make any loan to any officer, employee, or director of Coventry or any of its subsidiaries; (iii) take any action with respect to the grant of any severance, change of control, bonus or termination pay to, or enter into any employment agreement, deferred compensation or other similar agreement (or amend any such existing agreement) with, or hire or terminate employment (except for just cause) of, any officer, employee or director of the Coventry Targets; (iv) increase any benefits payable under any existing severance or termination pay policies or employment agreements, or adopt or materially amend or make any contribution to any employee benefit plan or other bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers or employees or former directors, officers, employees of the Coventry Targets; (v) increase bonus levels or other benefits payable to any director, executive officer or employee of the Coventry Targets; (vi) provide for accelerated vesting, removal of restrictions or an exercise of any stock based or stock related awards (including stock options, stock appreciation rights, deferred share units, performance units and restricted share awards) upon a change of control (other than in connection with the Arrangement) occurring on or prior to the Effective Time; or (vii) establish, adopt or amend (except as required by applicable Law) any collective bargaining agreement or similar agreement;

- (e) settle, pay, discharge, satisfy, compromise, waive, assign or release (i) any material action, claim or proceeding brought against the Coventry Targets; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by the Arrangement Agreement or the Plan of Arrangement;
- (f) enter into, or cause any subsidiary to enter into, any agreement or arrangement that limits or otherwise restricts in any material respect the Coventry Targets or any successor thereto, or that would, after the Effective Time, limit or restrict in any material respect the Coventry Targets from competing in any manner;
- (g) waive, release or assign any material rights, claims or benefits of the Coventry Targets;
- (h) except in the ordinary course of business consistent with past practice, (i) enter into any agreement that if entered into prior to the date hereof would be a Coventry material contract; (ii) modify, amend in any material respect, transfer or terminate any Coventry material contract, or waive, release or assign any material rights or claims thereto or thereunder;
- (i) change any method of tax accounting (except as required in accordance with IFRS), make or change any tax election, file any materially amended return, settle or compromise any tax liability, agree to an extension or waiver of the limitation period with respect to the assessment, reassessment or determination of taxes, enter into any closing agreement with respect to any tax or surrender any right to claim a material tax refund;
- (j) take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under, any Coventry Mining Permits or any material Permits from any Governmental Entity necessary to conduct its businesses as now conducted or as proposed to be conducted; or fail to prosecute with reasonable due diligence any pending applications to any Governmental Entities for Coventry approvals;
- (k) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Coventry to consummate the Arrangement or the other transactions contemplated by the Arrangement Agreement; or
- (l) agree, resolve or commit to do any of the foregoing.

Coventry has agreed that it will use its reasonable efforts to cause the current insurance (or re-insurance) policies maintained by each of the Coventry Targets, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductions and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; provided that, subject to Section 7.5 of the Arrangement Agreement, Coventry shall not obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months.

Subject to compliance with applicable competition or anti-trust Laws, Coventry has agreed to promptly notify Chalice and Western Rift in writing of any circumstance or development that, to the knowledge of Coventry, is or could reasonably be expected to constitute a Material Adverse Effect.

***Covenants of Coventry Relating to the Arrangement***

In the Arrangement Agreement, Coventry has agreed that it will, and shall cause the Coventry Targets to, perform all obligations required or desirable to be performed by Coventry or any of the Coventry Targets under the Arrangement Agreement, co-operate with Chalice in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective the transactions contemplated in the Arrangement Agreement and, without limiting the generality of the foregoing, Coventry has agreed that it will and will cause the Coventry Targets to:

- (a) subject to obtaining confirmation that insurance coverage is maintained as contemplated in Section 7.5(a) of the Arrangement Agreement, and provided that the Effective Date has occurred, use its reasonable commercial efforts to cause such members of the board of each Coventry Target to resign as Chalice may require, at the time and in the manner requested by Chalice, as of the Effective Date, with a nominee of Chalice to be appointed to the board of the relevant Coventry Target immediately after each such resignation;
- (b) apply for and use its best efforts to obtain all Regulatory Authorizations relating to Coventry or any of the Coventry Targets which are typically applied for by an offeree and, in doing so, keep Chalice reasonably informed as to the status of the proceedings related to obtaining such approvals;
- (c) use its best efforts to obtain as soon as practicable following execution of the Arrangement Agreement all third party consents, approvals and notices required under any of the Coventry material contracts;
- (d) defend all lawsuits or other legal, regulatory or other proceedings against Coventry or any of the Coventry Targets challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated and hereby; and
- (e) allow Representatives of Chalice (including legal and financial advisors) to attend the Meeting and allow officers of Chalice to speak to any motion relating to the Arrangement Resolution.

***Covenants of Chalice Regarding the Conduct of Business***

In the Arrangement Agreement, Chalice has covenanted and agreed that, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as required or permitted by the Arrangement Agreement, applicable Laws or any Governmental Entities or consented to by Coventry in writing, Chalice shall conduct its business in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as required or permitted by the Arrangement Agreement, Chalice has agreed that it shall not, directly or indirectly, without the prior written consent of Coventry (which consent shall not be unreasonably withheld or delayed):

- (a) take any action except in the ordinary course of business of Chalice and Chalice shall use reasonable efforts to maintain and preserve the business organization, assets, employees, goodwill and business relationships of Chalice (notwithstanding the foregoing, Coventry has acknowledged that Chalice is reviewing other business opportunities and confirms that this provision is not intended to limit Chalice's activities in this regard, provided such activities or transactions would not materially impact upon Chalice's ability to complete the Arrangement and to advance the business of the Coventry Targets after completion of the Arrangement);
- (b) amend its constitution; (ii) split, combine or reclassify any shares in the capital of Chalice, or declare, set aside or pay any dividend or other distribution or payment (whether in cash, securities or property or any combination thereof) in respect of the Chalice Shares owned by any Person or the securities of any subsidiary owned by a Person other than Chalice; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares of Chalice, or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of Chalice, other than: (A) the issuance of Chalice Shares pursuant to the terms of the outstanding Chalice Options; (B) the issuance of Chalice Shares pursuant to the terms of the outstanding Chalice Performance Rights; (C) as required under applicable Law; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of Chalice, (v) amend the terms of any of its securities; (vi) deregister Chalice or resolve to wind up Chalice in voluntary liquidation pursuant to the ACA other than where Chalice is insolvent; or (vii) enter into any agreement with respect to any of the foregoing; or
- (c) agree, resolve or commit to do any of the foregoing.

Subject to compliance with applicable competition or anti-trust Laws, Chalice has agreed to promptly notify Coventry in writing of any circumstance or development that, to the knowledge of Chalice, is or could reasonably be expected to constitute a Material Adverse Effect on Chalice.

***Covenants of Chalice Regarding the Performance of Obligations***

In the Arrangement Agreement, Chalice has agreed that it will, and will cause its subsidiaries to, perform all obligations required to be performed by Chalice or any of Chalice's subsidiaries under the Arrangement Agreement, co-operate with Coventry in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in the Arrangement Agreement and, without limiting the generality of the foregoing, Chalice has agreed that it will and where appropriate will cause its subsidiaries to:

- (a) apply for and use its best efforts to obtain all Regulatory Authorizations relating to Chalice or any of Chalice's subsidiaries which are typically applied for by an offeror including a waiver of Securities Laws providing that Chalice requires the approval of its shareholders to the issue of the Chalice Shares under the Plan of Arrangement (or otherwise obtaining the approval of its shareholders pursuant to the ASX Listing Rules) and a waiver of compliance with Part 6D.2 and Part 6D.3 of the ACA from ASIC in issuing the Chalice Shares under the Plan of Arrangement, and, in doing so, keep Coventry reasonably informed as to the status of the proceedings related to obtaining such approvals;

- (b) subject to the terms and conditions of the Arrangement Agreement and of the Plan of Arrangement and applicable Laws, deliver the aggregate Consideration pursuant to the Arrangement at the time provided in the Arrangement Agreement pursuant to and in accordance with the Plan of Arrangement;
- (c) not take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Chalice to consummate the Arrangement or the other transactions contemplated by the Arrangement Agreement.

### ***Mutual Covenants***

Each of the parties to the Arrangement Agreement has covenanted and agreed that, except as contemplated in the Arrangement Agreement, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms:

- (a) it shall, and shall cause its subsidiaries to, use reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations as set forth in Article 6 of the Arrangement Agreement to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Plan of Arrangement, including using its reasonable efforts to: (i) obtain all Regulatory Authorizations required to be obtained by it; (ii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Plan of Arrangement; (iii) oppose, lift or rescind any injunction or restraining order against it or other order or action against it seeking to stop, or otherwise adversely affecting its ability to make and complete, the Plan of Arrangement; and (iv) co-operate with the other parties in connection with the performance by it and its subsidiaries of their obligations under the Arrangement Agreement; in addition, subject to the terms and conditions of the Arrangement Agreement, none of the Parties shall knowingly take or cause to be taken any action which would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated under the Arrangement Agreement hereby; and
- (b) it shall not take any action, refrain from taking any reasonable action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to significantly impede the making or completion of the Plan of Arrangement except as permitted by the Arrangement Agreement.

### ***Chalice Guarantee***

In the Arrangement Agreement, Chalice has unconditionally and irrevocably guaranteed the due and punctual performance by Western Rift of each and every obligation of Western Rift arising under the Arrangement. Chalice has also agreed that Coventry shall not have to proceed first against Western Rift before exercising its rights under such guarantee.

## **PROCEDURE FOR THE ARRANGEMENT TO BECOME EFFECTIVE**

### **Procedural Steps**

The Arrangement is proposed to be carried out pursuant to section 288 of the BCBCA. The following procedural steps must be taken in order for the Arrangement to become effective:

1. the Arrangement must be approved by the Coventry Shareholders in the manner set forth in the Interim Order;
2. the Court must grant the Final Order; and
3. all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party.

### **Coventry Shareholder Approval**

Pursuant to the terms of the Interim Order, the Arrangement Resolution must, subject to further order of the Court, be approved by two-thirds (2/3) of the votes cast by Coventry Shareholders present in person or by proxy at the Meeting. See "General Proxy Matters". In the event that the requisite approval of the Coventry Shareholders is not received, the Arrangement will not proceed.

Notwithstanding the foregoing, the Arrangement Resolution authorizes the Coventry Board, without further notice to or approval of the Coventry Shareholders, subject to the terms of the Arrangement Agreement, to amend or terminate the Arrangement Agreement or the Plan of Arrangement or, to decide not to proceed with the Arrangement and to revoke such Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the BCBCA. See Appendix "C" to this Information Circular for the full text of the Arrangement Resolution.

In addition, pursuant to the ASX Listing Rules, Coventry must seek approval of the Coventry Shareholders under ASX Listing Rule 11.2 which mandates that a company must seek approval of its shareholders prior to disposing of its main undertaking. For ASX purposes, the disposal of the Coventry Targets pursuant to the Arrangement is considered to be the disposal of Coventry's main undertaking.

### **Court Approval**

Under the BCBCA and the Interim Order, Coventry is required to obtain the approval of the Court to the calling of the Meeting and to the Arrangement. As set out in the Interim Order, Coventry obtained the Interim Order on December 16, 2013 providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order and the Notice of Hearing for the Final Order are attached as Schedule "B" and Schedule "H" respectively, to this Information Circular. As set out in the Notice of Hearing, the Court hearing in respect of the Final Order is scheduled to take place at 9:45 a.m., Vancouver time, on January 24, 2014, or as soon after that date as the Court may direct counsel for the Company may be heard, at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, subject to the approval of the Arrangement Resolution at the Meeting. Coventry Shareholders who wish to participate in or be represented at the Court hearing should consult with their legal advisors as to the requirements for doing so.

Coventry Shareholders who wish to participate in, or to be represented or present evidence or argument at, the Court hearing may do so, subject to the Supreme Court Civil Rules and the Interim Order. Although the authority of Court is very broad under the BCBCA, the Company has been advised by its

Canadian counsel, Taylor Veinotte Sullivan, Barristers, that the Court will consider, among other things, the fairness and reasonableness of the terms and conditions of the Arrangement and the rights and interests of every person affected. The Court may approve the Arrangement as proposed or as amended in any manner that the Court may direct. The Court's approval is required for the Arrangement to become effective. The Court will be informed before the hearing that if Court approval is obtained, the Company will be able to rely upon an exemption from the registration requirements of the U.S. Securities Act related to, among other things, the distribution of Consideration Shares to Coventry and the distribution by Coventry of Consideration Shares to Coventry Shareholders as a return of capital, as described below under "Securities Law Matters". In addition, it is a condition of the Arrangement that the Court will have determined, before approving the Final Order, that the Arrangement is fair to Coventry and the Coventry Shareholders.

Under the terms of the Interim Order, each Coventry Shareholder will have the right to appear and make representations at the Court hearing of the application for the Final Order. Any person who wishes to appear at the Court hearing to approve the Arrangement as contained in the Notice of Hearing for Final Order must file with the Court and serve upon the Company a Response to Petition, including his or her address for service, together with any evidence or materials which are to be presented to the Court. The Response to Petition and supporting materials must be delivered on or before 4:00 p.m., Vancouver time on January 17, 2014, to the Company's counsel at the following address:

Taylor Veinotte Sullivan, Barristers  
Suite 300 – 1168 Hamilton Street  
Vancouver, BC V6B 2S2

Attn: Christopher M. Dafoe

### **Regulatory Approvals**

The Arrangement Agreement provides that receipt of all regulatory approvals, including, without limitation, receipt of approval from ASX for official quotation of, and conditional approval of the TSX for the listing of, the Consideration Shares to be issued to Coventry and distributed to Coventry Shareholders pursuant to the Arrangement, is a condition precedent to the Arrangement becoming effective. Listing is subject to Chalice fulfilling all of the listing requirements of the TSX.

Approval of the TSXV and the ASX on behalf of Coventry for the Arrangement to become effective is also required under the Arrangement Agreement.

Coventry Shareholders should be aware that certain of the foregoing approvals have not yet been given by the regulatory authorities, and there is no assurance that Coventry and Chalice will obtain all regulatory approvals.

### **Securities Law Matters**

#### *Canada*

All Consideration Shares to be issued under the Arrangement will be issued in reliance on exemptions from prospectus requirements of applicable Canadian securities laws. The Consideration Shares issued under the Arrangement, once distributed to Coventry Shareholders, will generally be "freely tradable" in Canada and the resale of such Consideration Shares by Coventry Shareholders will be exempt from the prospectus requirements (other than as a result of any "control block" restrictions which may arise by virtue of the ownership thereof) under applicable Canadian securities laws of the provinces of Canada.

*United States*

The issuance of the Consideration Shares to Coventry and the distribution of the Consideration Shares to Coventry Shareholders under the Arrangement have not been and will not be registered under the U.S. Securities Act. Such securities will be issued and distributed in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act. Section 3(a)(10) exempts the issuance of securities issued in exchange for one or more bona fide outstanding securities from registration under the U.S. Securities Act where the terms and conditions of the issuance and exchange of such securities have been approved by any court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court granted the Interim Order on December 16, 2013 and, subject to the approval of the Arrangement by Coventry Shareholders, a hearing on the Arrangement will be held on January 24, 2014 by the Court. See "Procedure for the Arrangement to Become Effective – Court Approval" above.

The Consideration Shares distributed to Coventry Shareholders will be freely tradable under U.S. federal securities laws, except by persons who are "affiliates" of Chalice after the Arrangement or within 90 days prior to the Arrangement. Persons who may be deemed to be "affiliates" of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

Any resale of such Consideration Shares by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom. Subject to certain limitations, such affiliates may immediately resell such Consideration Shares outside the United States without registration under the U.S. Securities Act pursuant to Regulation S. If available, such affiliates (and former affiliates) may also resell such Consideration Shares pursuant to Rule 144 under the U.S. Securities Act. However, unless certain conditions in Rule 144 are satisfied, Rule 144 is not available for resale of securities of an issuer that has ever had (i) no or nominal operations and (ii) no or nominal assets other than cash (a "Shell Company"). If Chalice were ever to be deemed to be, or to have ever previously been, such an issuer in its past, Rule 144 under the U.S. Securities Act would be unavailable for resale of Consideration Shares unless and until Chalice has satisfied the applicable conditions. In general terms, the satisfaction of such conditions would require Chalice to have been a registrant under the U.S. Exchange Act for at least 12 months, to be in compliance with its reporting obligations thereunder, and to have filed certain information with the SEC at least 12 months prior to the intended resale, after having ceased to be a Shell Company.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale of the Consideration Shares received upon completion of the Arrangement. **All holders of such securities are urged to consult with their own counsel to ensure that the resale of their securities complies with applicable securities legislation.**

*Australia*

The Consideration Shares to be issued to Coventry and distributed to Coventry Shareholders under the Arrangement Agreement are being issued by an Australian incorporated company (Chalice) under Australian Securities Laws. At the time that the Consideration Shares are distributed to Coventry Shareholders, those Consideration Shares will be quoted on ASX and will be "freely tradable" under relevant Australian Securities Laws.

## **Fractional Consideration Shares**

No certificates representing fractional Consideration Shares shall be distributed to Coventry Shareholders under the Arrangement. If the aggregate number of Consideration Shares to which a registered Coventry Shareholder would otherwise be entitled would include a fractional share, then the number of Consideration Shares that such Coventry Shareholder is entitled to receive shall be rounded down to the next whole number. In calculating such fractional interests, all Consideration Shares, registered in the name of or beneficially held by such Coventry Shareholder, or their nominee, shall be aggregated.

## **Timing**

Subject to all conditions precedent to the Arrangement as set forth in the Arrangement Agreement being satisfied or waived by the appropriate party, the Arrangement will become effective at the Effective Time on the Effective Date. If the Meeting is held and the Arrangement Resolution is approved by Coventry Shareholders as required by the Interim Order, Coventry will apply to the Court for the Final Order approving the Arrangement. If the Final Order is obtained on January 24, 2014, in form and substance satisfactory to Coventry and Chalice, and all other conditions specified in the Arrangement Agreement are satisfied or waived, Coventry and Chalice expect the Effective Date to be February 4, 2014. The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court in the hearing of the application for the Final Order.

## **Stock Exchange Listings**

The outstanding Coventry Shares are listed and posted for trading on the TSXV and Coventry's CDIs are quoted on the ASX. The outstanding Chalice Shares are quoted on the ASX and are listed and posted for trading on the TSX. On September 24, 2013, the last day the Coventry Shares traded on the TSXV prior to the Merger Announcement, the closing price of the Coventry Shares on the TSXV was CDN\$0.09. On September 26, 2013, the last day the Coventry Shares traded on the ASX prior to the Merger Announcement, the closing price of the Coventry Shares on the ASX was A\$0.08. On September 27, 2013, the last day the Chalice Shares traded on the ASX prior to the Merger Announcement, the closing price of the Chalice Shares on the ASX was A\$0.17. On September 5, 2013, the last day the Chalice Shares traded on the TSX prior to the Merger Announcement, the closing price of the Chalice Shares on the TSX was CDN\$0.155. On October 30, 2013, the last day the Coventry Shares traded on the TSXV prior to the Arrangement Announcement, the closing price of the Coventry Shares on the TSXV was CDN\$0.075. On October 31, 2013, the last day the Coventry Shares traded on the ASX prior to the Arrangement Announcement, the closing price of the Coventry Shares on the ASX was A\$0.07. On October 31, 2013, the last day the Chalice Shares traded on the ASX prior to the Arrangement Announcement, the closing price of the Chalice Shares on the ASX was A\$0.16. On October 11, 2013, the last day the Chalice Shares traded on the TSX prior to the Arrangement Announcement, the closing price of the Chalice Shares on the TSX was CDN\$0.16. On December 17, 2013, the date hereof, the closing price of the Coventry Shares on the TSXV was CDN\$0.65. On December 16, 2013, the last day the Coventry Shares traded on the ASX prior to the date hereof, the closing price was A\$0.06. On December 17, 2013, the closing price of the Chalice Shares on the ASX was A\$0.14. On December 10, 2013, the last day the Chalice Shares traded on the TSX prior to the date hereof, the closing price was CDN\$0.125. See "Appendix "F" - Information Concerning Coventry Resources Inc. – Price Range and Trading Volume of the Coventry Shares", "Appendix "G" - Information Concerning Chalice Gold Mines Limited - Price Range and Trading Volume of Chalice Shares", and "Risk Factors - Volatility of Equity Prices".

Chalice has applied for and has received conditional approval from the TSX to have the Consideration Shares issuable under the Arrangement listed on the TSX. Listing is subject to Chalice fulfilling all of the

listing requirements of the TSX. Chalice will require, and it will apply for, approval of the ASX for the quotation of the Consideration Shares on the ASX.

### **Procedure for Receipt of Consideration Shares**

As soon as practicable after the Effective Date, the transfer agent of Chalice will forward to each registered Coventry Shareholder and CDI Holder of record at the Distribution Record Date who has not dissented to the Arrangement, share certificates and/or holding statements evidencing ownership of Consideration Shares to which they are entitled to receive under the Arrangement.

### **Coventry Shareholders should not deliver certificates for Coventry Shares as certificates representing Coventry Shares are not being exchanged pursuant to this Arrangement.**

Pursuant to the terms of the Arrangement, the Distribution Record Date for determining Coventry Shareholders entitled to the distribution of Consideration Shares is the Effective Date. Subject to confirmation of and the issuance of a publication by the TSXV, the Coventry Shares are expected to commence trading ex-distribution on the TSXV on the second Business Day prior to the Effective Date with Coventry's CDI's to trade on ASX ex-distribution on the fourth business day prior to the Effective Date. Additionally, the distribution of the Consideration Shares is expected to occur on or about the third Business Day following the Distribution Record Date. Therefore, if the Effective Date is February 4, 2014, the Distribution Record Date will be February 4, 2014, the Coventry Shares will commence trading ex-distribution on the TSXV on January 31, 2014 and on the ASX on January 29, 2014 and the Consideration Shares will be distributed to the Coventry Shareholders on or about February 7, 2014. Following the Effective Date and until such time as the Consideration Shares are distributed to the Coventry Shareholders, such Consideration Shares will be held in trust for such Coventry Shareholders by a trustee to be appointed by Coventry and Chalice. The dates above will change accordingly if the Effective Date is not February 4, 2014. Coventry will issue a press release upon closing of the Arrangement to announce the Effective Date, Ex-Distribution Date and the Distribution Record Date.

## **EFFECT OF THE ARRANGEMENT UPON COVENTRY SHAREHOLDERS**

### **Treatment of Coventry Shares**

If the Arrangement is completed as currently contemplated, Coventry's assets will consist of cash and its 100% interest in the Uncle Sam Project located in Alaska. Coventry Shareholders will continue to have an interest in the assets of the Coventry Targets as a result of the distribution of the Consideration Shares to the Coventry Shareholders pursuant to the terms of the Arrangement.

As of the date of this Information Circular, Coventry had 91,012,182 Coventry Shares issued and outstanding. If this number does not change prior to the Distribution Record Date, it is expected that if the Arrangement is implemented, each Coventry Shareholder as of the Distribution Record Date will be entitled to receive approximately 0.5054 Consideration Shares for each one (1) Coventry Share held by such shareholder (subject to rounding). As 46,000,000 Consideration Shares will be issued pursuant to the Arrangement (if implemented) regardless of the number of Coventry Shares issued and outstanding, any increase in the number of issued and outstanding Coventry Shares prior to the Distribution Record Date would result in a decrease in the number of Consideration Shares to be received by an Coventry Shareholder pursuant to the Arrangement.

Coventry Shareholders should refer also to "Procedure for the Arrangement to Become Effective – Fractional Consideration Shares".

Please refer to Appendix "G" for information regarding Chalice, and the pro forma effects of the Arrangement on Chalice's financial position.

For information concerning the effects of the discontinuation of the operations of the Coventry Targets on Coventry's financial position refer to the Coventry Pro Forma Statement of Financial Position as at September 30, 2013 which is included in Appendix "F". Coventry Shareholders should also refer to "Consolidated Capitalization" in Appendix "F" for the anticipated effects of the Arrangement on Coventry's share capitalization.

### Treatment of Coventry Options

The outstanding Coventry Options are not affected by the Arrangement, provided however that pursuant to 3.10(d) of the Coventry Option Plan, the Coventry Board may in its discretion make an equitable adjustment to the exercise prices of the currently outstanding Coventry Options in order to ensure that the Coventry Option Plan participants are neither favoured nor penalized by the impact of the reduction of capital of the Coventry Shares contemplated by the Arrangement. Additionally, any such options which have not already vested will vest on the Effective Date.

Any such equitable adjustment to the outstanding Coventry Options shall not result in an exercise price of less than \$0.01 per Coventry Option and would be subject to the final approval of the TSXV, approval of disinterested Coventry Shareholders, receipt of a waiver from ASX of ASX Listing Rule 6.23.3 and would be calculated for each Coventry Option as follows:

$$\begin{array}{rclclcl} \text{Exercise price of} & & \text{Number of} & & \text{Current Market Price} & & \text{Aggregate Fair} \\ \text{Coventry Options} & \times & \text{Coventry} & \times & \text{of Coventry Shares} & - & \text{Market Value of} \\ & & \text{Shares} & & \text{on Distribution} & & \text{Consideration Shares} \\ & & \text{Outstanding} & & \text{Record Date} & & \text{Distributed} & = & \text{New Exercise Price} \\ & & \text{On} & & & & & & \text{of Coventry Options} \\ & & \text{Distribution} & & & & & & \\ & & \text{Record Date} & & & & & & \end{array}$$

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$$\begin{array}{rcl} \text{Number of Coventry Shares Outstanding} & & \text{Current Market Price of Coventry Shares on} \\ \text{On Distribution Record Date} & \times & \text{Distribution Record Date} \end{array}$$

### Treatment of Coventry Warrants

The outstanding Coventry Warrants are not affected by the Arrangement, provided, however, that pursuant to Section 2.15(a) of the Coventry Warrant Indenture, the exercise price of the Coventry Warrants will be reduced (subject to final approval of the TSXV) in accordance with the following formula:

$$\begin{array}{rclclcl} \text{Exercise price of} & & \text{Number of} & & \text{Current Market Price} & & \text{Aggregate Fair} \\ \text{Coventry Warrants} & \times & \text{Coventry} & \times & \text{of Coventry Shares} & - & \text{Market Value of} \\ & & \text{Shares} & & \text{on Distribution} & & \text{Consideration Shares} \\ & & \text{Outstanding} & & \text{Record Date} & & \text{Distributed} & = & \text{New Exercise Price} \\ & & \text{On} & & & & & & \text{of Coventry} \\ & & \text{Distribution} & & & & & & \text{Warrants} \\ & & \text{Record Date} & & & & & & \end{array}$$

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$$\begin{array}{rcl} \text{Number of Coventry Shares Outstanding} & & \text{Current Market Price of Coventry Shares on} \\ \text{On Distribution Record Date} & \times & \text{Distribution Record Date} \end{array}$$

## **SUPPORT AGREEMENTS AND INTENTION OF CERTAIN SHAREHOLDERS**

The Support Shareholders, which consist of all of the directors and officers of Coventry and certain Coventry Shareholders, have entered into Support Agreements pursuant to which the Support Shareholders have agreed to vote an aggregate of 25,742,089 Coventry Shares (representing approximately 28.28% of the outstanding Coventry Shares on a non-diluted basis) in favour of the Arrangement.

Among other things, Support Agreements will be terminated upon earlier of: (a) the Effective Time; (b) the date on which the Support Agreement is terminated by the mutual written consent of the parties thereto; and (c) the date on which the Arrangement Agreement is terminated in accordance with its terms.

## **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Other than as described below or elsewhere in this Information Circular, to the knowledge of the directors and executive officers of Coventry, there are no material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer of Coventry at any time since the beginning of Coventry's last financial year, or of any associate or affiliate of any of the foregoing, in respect of any matter to be acted upon at the Meeting.

The directors and executive officers of Coventry, as a group, hold 5,771,215 Coventry Shares, representing approximately 6.34% of the outstanding Coventry Shares. The directors and executive officers of Coventry, as a group, hold 35,000 Chalice Shares, representing less than 1% of the outstanding Chalice Shares.

The directors and executive officers of Chalice, as a group, hold 1,497,728 Coventry Shares, representing approximately 1.47% of the outstanding Coventry Shares.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as described elsewhere in this Information Circular, the Appendices attached hereto or in the documents incorporated by reference herein, there were no material interests, direct or indirect, of any "informed person" (as defined in NI 51-102) of Coventry or any associate or affiliate of any informed person, in any transaction since the commencement of Coventry's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Coventry.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

At no time during the most recently completed fiscal year was there any indebtedness of any director or executive officer, or any associate of any such director or executive officer to Coventry or to any other entity which is, or at any time since the beginning of the most recently completed financial year has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Coventry.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

Subject to the qualifications and assumptions herein, in the opinion of Deloitte LLP, tax advisors to Coventry, (the "Advisor") the following is, as of the date hereof, a fair and adequate summary of the principal Canadian federal income tax considerations pursuant to the Tax Act in respect of the Arrangement generally applicable to Coventry Shareholders who, for the purposes of the Tax Act, are assumed to hold their Coventry Shares and their Chalice Shares acquired under the Arrangement as

capital property and to deal at arm's length with, and are not affiliated with, Coventry and/or Chalice. Generally, Coventry Shares and Chalice Shares should be considered to be capital property for purposes of the Tax Act to the holder thereof unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Coventry Shareholder: (i) with respect to whom Chalice is or will be a "foreign affiliate" within the meaning of the Tax Act; (ii) that is a "financial institution" or a "specified financial institution", as defined in the Tax Act; (iii) that is exempt from tax under Part I of the Tax Act; (iv) an interest in which would be a "tax shelter" or a "tax shelter investment" as defined in the Tax Act; or (v) to who has made a "functional currency" election under Section 261 of the Tax Act. In addition, this summary does not address all issues relevant to holders of Coventry Shares or Chalice Shares who acquired such shares on the exercise of options or warrants.

**COVENTRY SHAREHOLDERS AND CHALICE SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE ARRANGEMENT.**

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the "Regulations") in force as of the date hereof, all specific proposals to amend the Tax Act and the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments"), and Advisor's understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency ("CRA"). This summary assumes that the Proposed Amendments will be enacted as proposed, although there is no assurance that the Proposed Amendments will be enacted as proposed, or at all.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, regulatory, or judicial action, or changes in administrative and assessing policies and practices of the CRA, nor does it take into account provincial, territorial or foreign tax legislation or considerations which may differ significantly from those discussed herein. **This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Holders should consult their own tax advisor with respect to their particular circumstances.**

This summary assumes that Coventry is a resident of Canada and Chalice is a resident of Australia respectively for Canadian tax purposes and Treaty purposes of Canada and Australia.

This summary also assumes that at the Effective Date under the Arrangement and all other material times thereafter that the Coventry Shares will be listed on the TSXV and, the Chalice Shares will be listed on the TSX. In addition, this summary also assumes that the paid-up capital of the Coventry Shares, as computed for the purposes of the Tax Act, will not be less than the fair market value of the Chalice Shares on the Effective Date, and is qualified accordingly.

**Holders Resident in Canada**

This portion of the summary is applicable to Coventry Shareholders and Chalice Shareholders who are, or are deemed to be, resident in Canada at all relevant times for purposes of the Tax Act and any applicable income tax convention (a "Resident Holder"). Certain of such persons to whom the Coventry Shares might not constitute capital property may make an irrevocable election under subsection 39(4) of the Tax Act to have the Coventry Shares, and all other "Canadian securities" as defined in the Tax Act, held by such persons, treated as capital property. Resident Holders should consult their own tax advisors before making this election.

### *Reduction of Stated Capital*

Coventry will reduce the stated capital of its issued and outstanding Coventry Shares by an amount equal to the fair market value of the Chalice Shares that will be distributed as part of the Arrangement. Provided that the fair market value of the Chalice Shares that are so distributed does not exceed the "paid-up capital", for purposes of the Tax Act, of the Coventry Shares (which Coventry has advised Advisor is expected to be the case), no portion of the amount so distributed should be deemed to be a dividend for purposes of the Tax Act and the adjusted cost base to a Resident Holder of its Coventry Shares should be reduced by an amount equal to the fair market value of the Chalice Shares received. If such fair market value exceeds the adjusted cost base to the Resident Holder of its Coventry Shares immediately before the distribution, the Resident Holder should be deemed to realize a capital gain from a disposition of the Resident Holder's Coventry Shares equal to the amount of such excess. The tax treatment of capital gains is discussed below under the heading "Holders Resident in Canada - Taxation of Capital Gains and Losses".

If the amount paid by Coventry on the reduction of stated capital exceeds the "paid-up capital", for purposes of the Tax Act, of the Coventry Shares (which Coventry has advised Advisor is not expected to be the case) the amount of such excess should be deemed to be a dividend for purposes of the Tax Act and should not be deducted from the adjusted cost base to a Resident Holder of its Coventry Shares. See "Holders Resident in Canada - Taxation of Dividends" below.

### *Disposition of Chalice Shares*

A Resident Holder who owns a Chalice Share on capital account and disposes or is deemed to dispose of a Chalice Share should realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the share, less reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the share to the Resident Holder determined immediately before the disposition in accordance with the provisions of the Tax Act. Any capital gain or loss so arising should be subject to the usual rules applicable to the taxation of capital gains and losses described below. See "Holders Resident in Canada - Taxation of Capital Gains and Losses" below.

To the extent any foreign tax has been withheld on the disposition of any shares of Chalice, a foreign tax credit or deduction may be available to a Resident Holder of the Chalice shares pursuant to the applicable rules in the Tax Act.

### *Taxation of Capital Gains and Losses*

A Resident Holder who realizes a capital gain or capital loss in a taxation year must include one half of the capital gain ("taxable capital gain") in income for the year, and must deduct one half of the capital loss ("allowable capital loss") against taxable capital gains realized in the year, if any. Any remaining allowable capital losses may be deducted against taxable capital gains arising in any of the three preceding taxation years or in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

In general terms, a Resident Holder that is a "Canadian-controlled private corporation" for the purposes of the Tax Act throughout the relevant taxation year may be required to pay an additional refundable tax of 6 2/3% on its "aggregate investment income" for the year which should include, among others, the eligible portion of taxable capital gain (as defined by the Tax Act) that it realizes in that year on a disposition of a Chalice Share.

### *Offshore Investment Fund Property*

The Tax Act contains rules which, in certain circumstances, may require a Resident Shareholder to include an amount in income in each taxation year in respect of the acquisition and holding of Chalice Shares if (1) the value of such Chalice Shares may reasonably be considered to be derived, directly or indirectly, primarily from certain enumerated portfolio investments and (2) it may reasonably be concluded that one of the main reasons for the Resident Shareholder acquiring or holding the Chalice Shares was to derive a benefit from portfolio investments in such a manner that the taxes, if any, on the income, profits and gains from such portfolio investments for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by the Resident Shareholder.

Where these rules apply, a Resident Shareholder will be required to include in income for each **taxation** year in which such shareholder owns the Chalice Shares the amount, if any, by which (i) an imputed return for the taxation year computed on a monthly basis, where the amount in respect of each month is calculated as the product obtained when the Resident Shareholder's "designated cost" (within the meaning of the Tax Act) of the Chalice shares at the end of the month is multiplied by 1/12<sup>th</sup> of the applicable prescribed rate for the period that includes such month plus two percent, exceeds (ii) any dividends or other amounts included in computing such shareholder's income for the year (other than a capital gain) in respect of the Chalice Shares determined without reference to these rules. Any amount required to be included in computing a Resident Shareholder's income under these provisions will be added to the adjusted cost base of the Chalice Shares. A Resident Shareholder who realizes a capital loss on the disposition of Chalice Shares will not, however, be entitled to claim a deduction in respect of any portion of such capital loss in computing the Resident Shareholder's income, even in circumstances where the Resident Shareholder was required to include an amount in computing its income under these rules in connection with holding the Chalice Shares.

**These rules are complex and their application depends, to a large extent, on the reasons for a Resident Shareholder acquiring or holding Chalice Shares. Resident Shareholders are urged to consult their own tax advisors regarding the application and consequences of these rules in their own particular circumstances.**

### *Foreign Property Information Reporting*

A Resident Shareholder which is a "specified Canadian entity" for a taxation year or a fiscal period and whose total cost amount of "specified foreign property" (as such terms are defined in the Tax Act), including Chalice Shares, at any time in the year or fiscal period exceeds \$100,000 will be required to file an information return with the CRA for the year or period disclosing prescribed information in respect of such property. Substantial penalties may apply where a Resident Shareholder fails to file the required information return in respect of its specified foreign property.

### *Taxation of Dividends*

A Resident Holder who is an individual should be required to include in income any dividend that the Resident Holder receives or is deemed to receive on the Coventry Shares. The dividend should be subject to the normal gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules for "eligible dividends" if so designated by Coventry, as the case may be.

A Resident Holder that is a corporation should be required to include in income any dividend that it receives or is deemed to be received on the Coventry Shares and generally should be entitled to deduct an equivalent amount in computing its taxable income.

A Resident Holder that is an individual or a corporation should be required to include in income any dividend that the Resident Holder received or is deemed to be received on the Chalice Shares and should not be deductible in the computation of their taxable income. To the extent any foreign tax has been withheld on the payment of any dividends from Chalice, a foreign tax credit or deduction may be available to a Resident Holder of the Chalice shares pursuant to the applicable rules in the Tax Act.

A Resident Holder that is a "private corporation" (or a "subject corporation" within the meaning of the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax of 33 1/3% on any dividend that it receives or is deemed to receive on the Coventry Shares or Chalice Shares to the extent that such dividends are deductible in computing the corporation's taxable income. Such Part IV tax should be refundable to it at the rate of \$1 for every \$3 of taxable dividends that it pays on its shares.

Subsection 55(2) of the Tax Act provides that where certain corporate holders of shares receive a dividend or deemed dividend in specified circumstances, and such dividend is otherwise deductible in computing the corporation's taxable income, all or part of the dividend may be treated as proceeds of disposition from the disposition of capital property. This provision needs to be considered only with respect to dividends paid to corporate Resident Holders on the Coventry Shares.

In general terms, a Resident Holder that is a "Canadian-controlled private corporation" for the purposes of the Tax Act throughout the relevant taxation year may be required to pay an additional refundable tax of 6 2/3%, among others, on its "aggregate investment income" for the year which should include, among others, the eligible portion of taxable capital gains (as defined by the Tax Act) and dividends or deemed dividends that are not deductible in computing taxable income.

#### *Alternative Minimum Tax on Individuals*

A capital gain realized, or deemed to be realized and the actual amount of taxable dividends (not including the gross-up) realized by a Resident Holder who is an individual (including certain trusts and estates) may give rise to liability to alternative minimum tax under the Tax Act. Any additional tax payable by an individual under the alternative minimum tax provisions may be **carried forward and** applied against certain tax otherwise payable in any of the seven immediately following taxation years, to the extent specified by the Tax Act.

#### *Dissenting Resident Holders*

A Resident Holder who validly exercises Dissent Rights (a "Resident Dissenter") and consequently is paid the fair value for the Resident Dissenter's Coventry Shares in accordance with the Arrangement should be deemed to have received a dividend equal to the amount, if any, by which the payment (other than the portion of the payment that is interest awarded by a Court) exceeds the paid-up capital of the Resident Dissenter's Coventry Shares. Any such deemed dividend should be subject to tax as discussed above under "Holders Resident in Canada - Taxation of Dividends". The Resident Dissenter should also realize a capital gain (capital loss) equal to the amount, if any, by which the payment, less the deemed dividend (if any) and less reasonable costs of disposition, exceeds (is exceeded by) the adjusted cost base of the shares. The Resident Dissenter should be required to include any resulting taxable capital gain in income, or to deduct any resulting allowable capital loss to the extent that the Resident Dissenter has otherwise capital gains in the year, in accordance with the usual rules applicable to capital gains and losses. See "Holders Resident in Canada – Taxation of Capital Gains and Losses".

In certain circumstances, the amount of the dividend deemed to be received by a Resident Dissenter that is a corporation resident in Canada may be treated under the Tax Act as proceeds of disposition. See discussion of subsection 55(2) of the Tax Act in "Holders Resident in Canada - Taxation of Dividends".

The Resident Dissenter must also include in income any interest awarded by a court to the Resident Dissenter.

**RESIDENT HOLDERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES.**

*Holders Not Resident in Canada*

This portion of the summary is applicable to a Coventry Shareholder or a Chalice Shareholder who is not resident in, nor deemed to be resident in Canada for purposes of the Tax Act, who does not and will not use or hold, and is not deemed to use or hold, Coventry Shares or Chalice Shares in, or in the course of, carrying on business in Canada, and is not an insurer who carries on an insurance business in Canada and elsewhere (a "Non-Resident Holder").

*Reduction of Stated Capital*

Provided that the fair market value of the Chalice Shares that are distributed to Non-Resident Holders on the reduction of stated capital does not exceed the "paid-up capital", for purposes of the Tax Act, of the Coventry Shares (which Coventry has advised Advisor is expected to be the case) no portion of the amount so distributed should be deemed to be a dividend for purposes of the Tax Act and the adjusted cost base to a Non-Resident Holder of its Coventry Shares should be reduced by the amount of such fair market value.

If such fair market value exceeds the adjusted cost base to the Non-Resident Holder of its Coventry Shares immediately before the distribution, the Non-Resident Holder should be deemed to realize a capital gain from a disposition of its Coventry Shares equal to the amount of such excess. The Non-Resident Holder should be taxable in Canada on such capital gain (generally in the same manner as a Resident Holder) only if such shares constitute "taxable Canadian property" and the Non-Resident Holder is not exempt from Canadian income tax on such capital gain pursuant to an applicable income tax treaty or convention.

The Coventry Shares should not constitute "taxable Canadian properties" of a Non-Resident Holder provided that: (i) the Coventry Shares are listed on a designated stock exchange (which currently includes the TSXV) for the purposes of the Tax Act at the time of disposition; (ii) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm's length (within the meaning of the Tax Act), or the Non-Resident Holder together with such persons, did not own or have an interest in or option in respect of 25% or more of the issued shares of any class or series of the capital of Coventry at any time during the 60-month period immediately preceding the deemed disposition of the Coventry Shares; and (iii) less than 50% of the fair market value of the Coventry Shares is derived from real property located in Canada, Canadian resource property, Canadian timber resource property or option in respect of the foregoing properties at any time during the 60-month period immediately preceding the deemed disposition of the Coventry Shares.

Provided that the Coventry Shares are listed for purposes of the Tax Act on a "recognized stock exchange" (as defined in the Tax Act, which currently includes the TSXV), the Coventry Shares should be "excluded property" for purposes of, and therefore not subject to, the clearance certificate and withholding tax rules in section 116 of the Tax Act.

If the amount paid by Coventry on the reduction of stated capital exceeds the "paid-up capital", for purposes of the Tax Act, of the Coventry Shares (which Coventry has advised Advisor is not expected to be the case) the amount of such excess should be deemed to be a dividend for purposes of the Tax Act and should not be deducted from the adjusted cost base to a Non-Resident Holder of its Coventry Shares. See "Holders Not Resident in Canada - Taxation of Dividends" below.

#### *Taxation of Dividends*

A Non-Resident Holder to whom a taxable dividend on a Coventry Share is or is deemed to be paid, or credited, should be subject to Canadian withholding tax under the Tax Act at the rate of 25% of the gross amount of the dividend, unless reduced by an applicable income tax treaty, or convention.

#### *Dissenting Non-Resident Holders*

A Non-Resident Holder who validly exercises Dissent Rights (a "Non-Resident Dissenter") and consequently is paid the fair value for the Non-Resident Dissenter's Coventry Shares in accordance with the Arrangement, should be deemed to have received a dividend equal to the amount, if any, by which the payment exceeds the paid-up capital of the Non-Resident Dissenter's Coventry Shares. Any such deemed dividend will be subject to tax generally as discussed above under "Holders Not Resident in Canada - Taxation of Dividends".

A Non-Resident Dissenter should be considered to have disposed of the Coventry Shares and should realize a capital gain (or a capital loss) to the extent that the payment received, less any deemed dividend and net of reasonable costs of disposition, exceeds (or is less than) the Non-Resident Dissenter's adjusted cost base of the Coventry Shares. A Non-Resident Dissenter should be taxable in Canada on such capital gain (generally in the same manner as a Resident Holder) only if such shares constitute "taxable Canadian property" and the Non-Resident Dissenter is not exempt from Canadian income tax on such capital gain pursuant to an applicable income tax treaty or convention. See "Holders not Resident in Canada – Reduction of Stated Capital".

Provided that the Coventry Shares are listed for purposes of the Tax Act on a "recognized stock exchange" (as defined in the Tax Act, which currently includes the TSXV), the Coventry Shares should be "excluded property" for purposes of, and therefore not subject to, the clearance certificate and withholding tax rules in section 116 of the Tax Act. See "Holders not Resident in Canada – Reduction of Stated Capital".

The Non-Resident Dissenter should not be subject to Canadian withholding tax on that portion of any such payment that is on account of interest to the extent that Non-Resident Dissenter is dealing at arm's length with Coventry.

### **NON-RESIDENT HOLDERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES**

#### **NON-CANADIAN INCOME TAX CONSIDERATIONS**

This Information Circular does not contain a summary of the non-Canadian income tax considerations of the Arrangement on Coventry Shareholders who are subject to income tax outside of Canada. Such holders should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Deloitte LLP, provided that the Chalice Shares are listed on a "designated stock exchange" within the meaning of the Tax Act (as defined herein) (which includes the TSX) and subject to the provisions of any particular plan, the Chalice Shares should be qualified investments under the Tax Act in effect on the date hereof for a trust governed by a registered retirement savings plan, a registered education savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered disability savings plan and a tax free savings account (a "TFSA") (collectively "**Exempt Plans**"). Notwithstanding that the Chalice Shares may be a qualified investment for a trust governed by a TFSA, the holder of a TFSA will be subject to a penalty tax on the Chalice Shares held in the TFSA if such Chalice Shares are a "prohibited investment" for the purposes of section 207.01 of the Tax Act. The Chalice Shares will generally be a "prohibited investment" if the holder of the TFSA does not deal at arm's length with Chalice for the purposes of the Tax Act or the holder of the TFSA has a "significant interest" (as defined in the Tax Act) in Chalice or a corporation, partnership or trust with which Chalice does not deal at arm's length for the purposes of the Tax Act. Generally, a holder will not have a significant interest in Chalice unless the holder and/or persons not dealing at arm's length with the holder, owns directly or indirectly ten percent (10%) or more of the issued shares of any class of the capital stock of Chalice or of a corporation related to Chalice. Such holders are urged to consult their own tax advisors.

## RIGHT OF DISSENT

**The following description of the rights of Coventry Dissenting Shareholders is not a comprehensive statement of the procedures to be followed by a Coventry Dissenting Shareholder who seeks payment of the fair value of their Coventry Shares and is qualified in its entirety by the reference to the full text of the Interim Order, which is attached to this Information Circular as Appendix B, and the text of Sections 237 – 247 of the BCBCA, which is attached to this Information Circular as Appendix D. Pursuant to the Interim Order and the Plan of Arrangement, Coventry Dissenting Shareholders are given rights analogous to rights of dissenting shareholders under the BCBCA. A Coventry Dissenting Shareholder who intends to exercise the right to dissent should carefully consider and comply with the provisions of Sections 237 -247 of the BCBCA, as modified by the Interim Order and the Plan of Arrangement. Failure to comply with said provisions, as modified by the Interim Order and the Plan of Arrangement, and to adhere to the procedures established therein may result in the loss of all rights thereunder.**

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

Coventry has granted to registered Shareholders who object to the Arrangement Dissent Rights which are set out in their entirety in the Interim Order, the text of which is attached as Appendix B to this Information Circular.

Under the Interim Order, registered Coventry Shareholders are entitled, in addition to any other rights such holders may have, to dissent and to be paid by Coventry, the fair value of the Coventry Shares held by the holder in respect of which the holder validly dissents, determined as of the close of business on the last business day before the day on which the resolution from which such holder dissents was adopted. Coventry Shareholders are cautioned that the fair value of their Coventry Shares could be determined to be less than the consideration payable to them pursuant to the terms of the Arrangement. **Only registered Coventry Shareholders may dissent. Persons who are CDI Holders or who are beneficial owners of Coventry Shares registered in the name of an intermediary who wish to dissent should be aware that they may only do so through the registered owner of such Coventry Shares. Accordingly, a**

**beneficial owner of Coventry Shares desiring to exercise Dissent Rights must make arrangements for the Coventry Shares beneficially owned by that holder to be registered in the name of the Coventry Shareholder prior to the time the written objection to the Arrangement Resolution is required to be received by Coventry or, alternatively, make arrangements for the registered holder of such Coventry Shares to dissent on behalf of the holder. A CDI Holder who desires to exercise the right of dissent must notify CDI Depository to dissent on such holder's behalf.**

**A Coventry Dissenting Shareholder must send to Coventry a written objection to the Arrangement Resolution, which written objection must be received by Anfield Sujir Kennedy & Durno LLP, Suite 1600 – 609 Granville Street, Vancouver, British Columbia V7Y 1C3, Attn: Michael Kennedy, by 4:00 p.m. (Vancouver time) on January 17, 2014 (or the business day that is two business days prior to the date of the Meeting if it is not held on January 21, 2014. No Coventry Shareholder who has voted Coventry Shares in favour of the Arrangement Resolution shall be entitled to exercise Dissent Rights with respect to any of the Coventry Shares voted in favour of the Arrangement Resolution. Pursuant to the Interim Order and the Plan of Arrangement, a registered Coventry Shareholder may not exercise the Dissent Right in respect of only a portion of the class of Coventry Shares in respect of which the Dissent Right is exercised.**

The BCBCA does not provide, and Coventry will not assume, that a proxy submitted instructing the proxyholder to vote against the Arrangement Resolution, a vote against the Arrangement Resolution or an abstention constitutes notice of dissent, but a registered Coventry Shareholder need not vote its Coventry Shares against the Arrangement Resolution in order to dissent. Similarly, the revocation of a proxy conferring authority on the proxyholder to vote FOR the Arrangement Resolution does not constitute a notice of dissent. However, any proxy granted by a registered Coventry Shareholder in respect of a Coventry Share who intends to dissent in respect of such Coventry Shares, other than a proxy that instructs the proxyholder to vote against the Arrangement Resolution, should be validly revoked in order to prevent the proxyholder from voting such Coventry Shares in favour of the Arrangement Resolution and thereby causing the registered Coventry Shareholder to forfeit its Dissent Rights in respect of such Coventry Shares.

It is a condition to Coventry's obligation to complete the Arrangement that Coventry Shareholders holding no more than 5% of the Coventry Shares shall have exercised Dissent Rights, or have instituted proceedings to exercise Dissent Rights as at the Effective Date.

Where Coventry receives a Coventry Dissenting Shareholder's written objection to the Arrangement Resolution, in the prescribed manner pursuant to Sections 237 – 247 of the BCBCA, as modified by the Interim Order, Coventry will promptly notify the respective Coventry Dissenting Shareholder of Coventry's intention to proceed with the Arrangement and the manner by which the Coventry Dissenting Shareholder's objection will be completed.

Coventry and Coventry Dissenting Shareholders may agree on the fair market value of Coventry Dissenting Shareholders' Coventry Shares, or, where an agreement cannot be reached, an application may be made to the Court by Coventry or the Coventry Dissenting Shareholder to fix the fair value of the Coventry Dissenting Shareholder's Coventry Shares. On such application, the Court may (a) determine the fair value of the Coventry Shares of Coventry Dissenting Shareholders who have not entered into an agreement with Coventry, establishing the fair value of such Coventry Shares, or order that the fair value of such Coventry Shares be established by arbitration or by reference to the registrar, or a referee, of the Court; (b) join in the application each other Coventry Dissenting Shareholder who has properly exercised its Dissent Rights and has not entered into an agreement with Coventry, establishing the fair value of its Coventry Shares; and (c) make consequential orders and give directions it considers appropriate.

Promptly after determination of the fair value for a Coventry Dissenting Shareholder's Coventry Shares, Coventry may pay to the Coventry Dissenting Shareholder such fair value.

On the Arrangement becoming effective, or upon the making of an agreement between Coventry and a Coventry Dissenting Shareholder as to the payment to be made to the Coventry Dissenting Shareholder, or the pronouncement of a Court order, whichever first occurs, such Coventry Dissenting Shareholder will cease to have any rights as a Coventry Shareholder other than the right to be paid the fair value of such Coventry Shareholder's Coventry Shares in the amount agreed to between Coventry and the Coventry Dissenting Shareholder or in the amount of the Court judgment, as the case may be. Until one of these events occurs, the Coventry Dissenting Shareholder may withdraw its dissent, or if the Arrangement has not yet become effective Coventry may rescind the Arrangement Resolution, and in either event the dissent and appraisal proceedings in respect of that Coventry Dissenting Shareholder will be discontinued.

All Coventry Shares held by registered Coventry Shareholders who exercise their Dissent Rights will, if the holders are ultimately entitled to be paid the fair value thereof, be deemed to be transferred to Coventry and cancelled in exchange for such fair value as of the Effective Date. If such Coventry Dissenting Shareholders are ultimately not entitled to be paid the fair value for the Coventry Shares, such Coventry Dissenting Shareholders will be treated as if they had participated in the Arrangement on the same basis as a non-dissenting holder of Coventry Shares, and such Coventry Dissenting Shareholders will be deemed to retain their Coventry Shares and receive Consideration Shares as a return of capital on the same basis as all other Coventry Shareholders pursuant to the Arrangement.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Coventry Dissenting Shareholder who seeks payment of the fair value of their Coventry Shares. Sections 237 – 247 of the BCBCA, as modified and supplemented by the Interim Order, requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. Accordingly, each Coventry Dissenting Shareholder who is considering exercising Dissent Rights should carefully consider and comply with the provisions of Sections 237 – 247 of the BCBCA, the full text of which is set out in Appendix D to this Information Circular, as modified and supplemented by the Interim Order and the Plan of Arrangement, and consult their own legal advisor.

### **INTEREST OF EXPERTS**

The following is a list of persons or companies whose profession or business gives authority to a statement by the person or company named as having prepared or certified a part of that document or a report or valuation described herein or in a document incorporated by reference herein:

The scientific and technical disclosure contained under "Cameron Gold Camp Project" in Appendix F is based on and derived from the Cameron Gold Technical Report and the Dogpaw Technical Report.

Deloitte LLP, the tax advisors to Coventry, prepared the Canadian tax disclosure in the Information Circular under the headings "Certain Canadian Federal Income Tax Considerations" and "Eligibility For Investment".

Primary prepared the Fairness Opinion referenced in this Information Circular and included in Appendix E.

To Coventry's knowledge, none of the persons referred to above and none of the corporations by which they are employed have received or will receive any direct or indirect interest in Coventry's property or the property of an associated party or an affiliate of Coventry or have any beneficial ownership, direct or indirect, of the securities of Coventry or of the securities of an associated party or an affiliate thereof.

Ernst & Young LLP, the current auditors of Coventry, are independent of Coventry within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Davidson & Company LLP, the former auditors of Coventry, are independent of Coventry within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

## **RISK FACTORS**

Upon the completion of the Arrangement, Coventry Shareholders (other than Coventry Dissenting Shareholders) will receive Consideration Shares as a distribution from Coventry. An investment in the Chalice Shares is subject to certain risks in addition to the risks applicable to an investment in Coventry. Coventry Shareholders should carefully consider the risks described under the heading "Risk Factors" in Appendix "G" - Information Concerning Chalice Gold Mines Limited, and in the Chalice AIF. In addition, whether or not the Arrangement is completed, Coventry will continue to face many of the risks that it currently faces with respect to its business and affairs and therefore Coventry Shareholders should consider the risks described under the heading "Risk Factors" in Appendix "F" - Information Concerning Coventry Resources Inc.

Coventry Shareholders should also consider the risk factors disclosed below.

### ***Possible Failure to Realize Anticipated Benefits of the Arrangement***

Coventry is proposing to complete the Arrangement to provide Coventry Shareholders with the ability to realize value for the assets of the Coventry Targets through ownership in Consideration Shares or by selling the Consideration Shares received under the Arrangement. Achieving the benefits of the Arrangement, especially to the extent that Coventry Shareholders continue to hold Consideration Shares rather than selling such Consideration Shares, will depend in part on successfully consolidating functions and integrating operations of Chalice and the Coventry Targets in a timely and efficient manner, as well as the ability of Chalice, after giving effect to the Arrangement, to realize the anticipated growth opportunities and synergies from integrating the acquired business and operations of the Coventry Targets with those of Chalice. The ability for a Coventry Shareholder to realize value for the Consideration Shares that it receives pursuant to the Arrangement by selling such Consideration Shares will depend on the liquidity and trading volume of the Chalice Shares. There is no certainty that Coventry Shareholders will be able to sell the Consideration Shares that they receive pursuant to the Arrangement at prices acceptable to such Coventry Shareholders.

With the sale of the Coventry Targets, Coventry's assets will consist of cash and its 100% interest in the Uncle Sam Project located in Alaska. There is no certainty that Coventry will be able to effectively explore and develop the Uncle Sam Project and any failure to do so may materially adversely affect Coventry.

### ***Failure to Obtain Necessary Approvals for Completion of the Arrangement***

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Coventry, including receipt of the Final Order. There can be no certainty, nor can Coventry provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not approved and the Coventry Board decides to seek another merger or business combination, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the Consideration to be received pursuant to the Arrangement.

### ***Termination in the Event of a Change Having a Material Adverse Effect***

Chalice has the right, in certain circumstances, to terminate the Arrangement Agreement in the event of a change having a Material Adverse Effect on Coventry. Although a Material Adverse Effect excludes certain events that are beyond the control of Coventry, there can be no assurance that a change having a Material Adverse Effect will not occur prior to the Effective Date, in which case Chalice could elect to terminate the Arrangement Agreement and the Arrangement would not proceed. See "The Arrangement Agreement – Conditions to Arrangement – Chalice Conditions" and "The Arrangement Agreement – Amendment to and Termination of the Arrangement Agreement".

Coventry has the right, in certain circumstances, to terminate the Arrangement Agreement in the event of a change having a Material Adverse Effect on Chalice. Although a Material Adverse Effect excludes certain events that are beyond the control of Chalice, there can be no assurance that a change having a Material Adverse Effect will not occur prior to the Effective Date, in which case Coventry could elect to terminate the Arrangement Agreement and the Arrangement would not proceed. See "The Arrangement Agreement – Conditions to Arrangement – Coventry Conditions" and "The Arrangement Agreement – Amendment to and Termination of the Arrangement Agreement".

### ***Volatility of Equity Prices***

The market price of the Chalice Shares may be volatile. The volatility may affect the ability of holders to sell the Consideration Shares at an advantageous price. Market price fluctuations in the Chalice Shares may be due to Chalice's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, changes in commodity prices, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by Chalice or its competitors, along with a variety of additional factors. Risk factors concerning the Chalice Shares is set out under the heading "Risk Factors" in Appendix "G" hereto and in the Chalice AIF. In addition, the market price for securities on stock markets, including the ASX and the TSX, is subject to significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Chalice Shares.

## **RE-PRICING OF COVENTRY OPTIONS**

Section 3.10(d) of the Coventry Option Plan provides that on a sale of the property of Coventry substantially as an entirety at any time while a Coventry Option is in effect, the holder of the Option will thereafter have the right to purchase and receive, in lieu of the Coventry Shares immediately theretofore purchasable and receivable upon exercise of the Coventry Option, the kind and amount of shares and other securities and property receivable upon such sale which the holder of a number of Coventry Shares equal to the number of Coventry Shares immediately theretofore purchasable and receivable upon exercise of the Coventry Option would have received as a result thereof.

The Board of Directors, as a result of the Arrangement Agreement, proposes to reduce the exercise price of the 6,908,594 outstanding Coventry Options, of which 4,473,660 Coventry Options are held by insiders of Coventry, in accordance with the formula set out under the heading "Effect of the Arrangement Upon Coventry Shareholders – Treatment of Coventry Options", subject to a minimum exercise price of \$0.01 per Coventry Share. TSXV policies and ASX Listing Rules, require certain shareholder approvals in connection with the re-pricing of stock options. It is proposed that the following stock options be re-priced as a result of the Arrangement:

| Optionee          | Number of Option Shares             | Existing Exercise Price              | Proposed New Exercise Price   | Grant Date   | Expiry Date  |
|-------------------|-------------------------------------|--------------------------------------|---|--|--|
| Anthony Goddard   | 350,000<br>628,250                  | \$0.12<br>\$1.07                     | In accordance with the formula as set forth in Coventry's Information Circular dated December 17, 2013, subject to a minimum exercise price of \$0.01 | Nov. 28, 2013<br>Jan. 8, 2013                                    | Nov. 28, 2016<br>Dec. 1, 2016                                    |
| Don Halliday      | 3,750<br>5,000<br>60,000<br>350,000 | \$5.00<br>\$4.00<br>\$1.85<br>\$0.12 |   | Sept. 11, 2009<br>Jan. 7, 2010<br>Jan. 31, 2011<br>Nov. 28, 2013 | Sept. 10, 2014<br>Jan. 7, 2015<br>Jan. 31, 2016<br>Nov. 28, 2016 |
| Eric Edwards      | 5,000<br>2,500<br>15,000<br>350,000 | \$5.00<br>\$4.00<br>\$1.85<br>\$0.12 |   | Oct. 16, 2009<br>Jan. 7, 2010<br>Jan. 31, 2011<br>Nov. 28, 2013  | Oct. 16, 2014<br>Jan. 7, 2015<br>Jan. 31, 2016<br>Nov. 28, 2016  |
| Michael Haynes    | 628,250<br>350,000                  | \$1.07<br>\$0.12                     |   | Jan. 8, 2013<br>Nov. 28, 2013                                    | Dec. 1, 2016<br>Nov. 28, 2016                                    |
| Nicholas Day      | 50,260<br>500,000                   | \$0.83<br>\$0.12                     |   | Jan. 8, 2013<br>Nov. 28, 2013                                    | Aug. 8, 2014<br>Nov. 28, 2016                                    |
| Robert Boaz       | 350,000                             | \$0.12                               |   | Nov. 28, 2013  | Nov. 28, 2016  |
| Steven Chadwick   | 125,650<br>700,000                  | \$0.50<br>\$0.12                     |   | Jan. 8, 2013<br>Nov. 28, 2013                                    | June 17, 2015<br>Nov. 28, 2016                                   |
| Nick Walker       | 125,650<br>50,260<br>125,650        | \$1.24<br>\$0.83<br>\$0.50           |   | Jan. 8, 2013<br>Jan. 8, 2013<br>Jan. 8, 2013                     | Mar. 25, 2015<br>Aug. 8, 2014<br>Mar. 8, 2017                    |
| Beverly Nichols   | 37,695                              | \$0.83                               |   | Jan. 8, 2013   | Aug. 8, 2014   |
| Ming Jang         | 50,260<br>100,000                   | \$0.83<br>\$0.12                     |   | Jan. 8, 2013<br>Nov. 28, 2013                                    | Aug. 8, 2014<br>Nov. 28, 2016                                    |
| Ned Howard        | 25,130                              | \$0.83                               |   | Jan. 8, 2013   | Aug. 24, 2014  |
| David Cooper      | 31,412<br>100,000                   | \$0.83<br>\$0.12                     |   | Jan. 8, 2013<br>Nov. 28, 2013                                    | Aug. 24, 2016<br>Nov. 28, 2016                                   |
| Alex Brkljac      | 18,847                              | \$0.83                               |   | Jan. 8, 2013   | Aug. 24, 2014  |
| Kristin Wiebe     | 12,565                              | \$0.83                               |   | Jan. 8, 2013   | Aug. 24, 2014  |
| Sophia Belnavis   | 12,565                              | \$0.83                               |   | Jan. 8, 2013   | Aug. 24, 2014  |
| Rhod Grivas       | 125,650                             | \$1.07                               |   | Jan. 8, 2013   | Dec. 1, 2016   |
| Faldi Ismail      | 125,650                             | \$1.07                               |   | Jan. 8, 2013   | Dec. 1, 2014   |
| Mike Naylor       | 1,130,850                           | \$0.50                               |   | Jan. 8, 2013   | Aug. 17, 2014  |
| Sandra Walker     | 200,000                             | \$0.12                               |   | Nov. 28, 2013  | Nov. 28, 2016  |
| Michael Hopley    | 3,750<br>5,000<br>30,000            | \$5.00<br>\$4.00<br>\$1.85           |   | Sept. 11, 2009<br>Jan. 7, 2010<br>Jan. 31, 2011                  | Sept. 10, 2014<br>Jan. 7, 2015<br>Jan. 31, 2016                  |
| Greg Davis        | 3,750<br>5,000<br>30,000            | \$5.00<br>\$4.00<br>\$1.85           |   | Sept. 11, 2009<br>Jan. 7, 2010<br>Jan. 31, 2011                  | Sept. 10, 2014<br>Jan. 7, 2015<br>Jan. 31, 2016                  |
| David Daoud       | 2,500<br>2,500                      | \$5.00<br>\$4.00                     |   | Sept. 11, 2009<br>Jan. 7, 2010                                   | Sept. 10, 2014<br>Jan. 7, 2015                                   |
| Doris Meyer       | 2,500<br>5,000<br>30,000            | \$5.00<br>\$4.00<br>\$1.85           |   | Sept. 11, 2009<br>Jan. 7, 2010<br>Jan. 31, 2011                  | Sept. 10, 2014<br>Jan. 7, 2015<br>Jan. 31, 2016                  |
| Olivia De Almeida | 1,750<br>500<br>8,000               | \$5.00<br>\$4.00<br>\$1.85           |   | Sept. 11, 2009<br>Jan. 7, 2010<br>Jan. 31, 2011                  | Sept. 10, 2014<br>Jan. 7, 2015<br>Jan. 31, 2016                  |
| John Devlin       | 1,750<br>1,250<br>12,000            | \$5.00<br>\$4.00<br>\$1.85           |   | Sept. 11, 2009<br>Jan. 7, 2010<br>Jan. 31, 2011                  | Sept. 10, 2014<br>Jan. 7, 2015<br>Jan. 31, 2016                  |
| Ian MacLean       | 2,500<br>15,000                     | \$4.00<br>\$1.85                     |   | Jan. 7, 2010<br>Jan. 31, 2011                                    | Jan. 7, 2015<br>Jan. 31, 2016                                    |

**INSIDERS TO WHOM COVENTRY SHARES MAY BE ISSUED UNDER THE COVENTRY OPTIONS, ANY HOLDER OF COVENTRY OPTIONS, AND THEIR RESPECTIVE**

**ASSOCIATES, WILL ABSTAIN FROM VOTING ON THE RESOLUTION. THE APPROVAL OF A MAJORITY OF DISINTERESTED COVENTRY SHAREHOLDERS IS THEREFORE SOUGHT.**

As a result, at the Meeting, the votes attaching to Coventry Shares held by Steven Chadwick, Nicholas Day, Anthony Goddard, Don Halliday, Eric Edwards, Michael Haynes and Robert Boaz and their associates, being an aggregate of 5,771,215 Coventry Shares, will not be counted in this resolution. Additionally, any Coventry Shares held by any other holder of Coventry Options will be excluded from voting on the resolution.

The re-pricing of the stock options is subject to acceptance for filing of the TSXV and the granted by the ASX of a waiver from ASX Listing Rule 6.23.3. Should the TSXV not grant acceptance for filing, or should ASX not grant a waiver, the re-pricing of the Coventry Options will not proceed, regardless of whether it is approved by Coventry Shareholders.

Accordingly, disinterested Coventry Shareholders will be asked at the Meeting to pass an ordinary resolution, the text of which will be in substantially in the form as follows:

**"BE IT RESOLVED THAT** subject to the receipt of all necessary regulatory approvals, the repricing of an aggregate of 6,908,594 stock options, in accordance with the formula set forth in Coventry's Information Circular dated December 17, 2013, subject to a minimum exercise price of \$0.01 per Coventry Share, to the holders of Coventry Options listed in Coventry's Information Circular dated December 17, 2013, be and is hereby approved."

## **GENERAL PROXY MATTERS**

### **Solicitation of Proxies**

**This Information Circular is provided in connection with the solicitation of proxies by the management of Coventry for use at the Meeting for the purposes set forth in the accompanying Notice of Meeting.** In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of Coventry who will not be specifically remunerated therefor. The costs of such solicitation will be borne by Coventry. Coventry has not made a decision to engage proxy solicitation agents to encourage the return of completed proxies and to solicit proxies in favour of matters to be considered at the Meeting, but it may do so and, if it does, the costs in respect of such services would be borne by Chalice.

In the case of holders of CHESS Depositary Interests ("CDIs") (typically Shareholders in Australia), please refer to "Voting by CDI Holders" and "CDI Holders May Give Directions to Depositary Nominee".

The Meeting is being called pursuant to the Interim Order to seek the requisite approval of Coventry Shareholders to the Arrangement in accordance with section 288 of the BCBCA.

### **Appointment and Revocation of Proxies**

**The persons named in the enclosed forms of proxy are directors and officers of Coventry. A Coventry Shareholder has the right to appoint a person (who need not be a Coventry Shareholder) other than the persons designated in the forms of proxy provided by Coventry to represent the Coventry Shareholder at the Meeting. To exercise this right, the Coventry Shareholder should strike out the name of the management designees in the enclosed forms of proxy and insert the**

**name of the desired representative in the blank space provided in the forms of proxy or submit another appropriate form of proxy.**

In order to be effective, a proxy must be forwarded so as to reach, or be deposited with, Computershare Investor Services Inc. 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, by fax at (416) 263-9524, or by toll free fax at 1-866-249-7775, no later than 10:00 a.m. (Vancouver time) on January 17, 2014 or on the second to last business day prior to the time fixed for any adjournment of the Meeting. The proxy shall be in writing and executed by the Coventry Shareholder, or such Coventry Shareholder's attorney authorized in writing, or if such Coventry Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney.

In addition to revocation in any other manner permitted by law, a Coventry Shareholder may revoke a proxy by instrument in writing executed by the Coventry Shareholder or such securityholder's attorney authorized in writing, or, if the Coventry Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited either at the registered office of Coventry at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. The registered office of Coventry is as set forth elsewhere in this Information Circular.

### **Proxy Voting**

All Coventry Shares represented at the Meeting by properly completed and executed proxies in favour of the Arrangement will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the proxy, Coventry Shares represented by the proxy will be voted in accordance with such instructions. **In the absence of any such instruction, the persons whose names appear on the printed forms of proxy will vote in favour of all the matters set out thereon. If any other business or amendments or variations to matters identified in the Notice of Meeting properly come before the Meeting, then discretionary authority is conferred upon the persons appointed in the proxy to vote in the manner they see fit.**

### **Voting Shares and Principal Holders Thereof**

Coventry's authorized capital consists of an unlimited number of Coventry Shares without par value of which 91,012,182 Coventry Shares were issued and outstanding as of the close of business on the Record Date, each Coventry Share carrying the right to one vote.

Any Coventry Shareholder of record at the close of business on the Record Date who either personally attends the Meeting or who has completed and delivered a Proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such Coventry Shareholder's shares voted at the Meeting or adjournment thereof.

To the best of the knowledge of the directors and senior officers of Coventry, as of the Record Date there are no persons who beneficially own, or control or direct, directly or indirectly, 10% or more of the issued and outstanding Coventry Shares, other than as set forth below:

| Name                              | Number of Coventry Shares | Percentage of Coventry Shares Outstanding |
|-----------------------------------|---------------------------|---|
| Sun Valley Gold Master Fund, Ltd. | 13,635,654                | 14.99% <sup>(1)</sup>                     |

- (1) The sole holders of common shares of the Sun Valley Gold Master Fund, Ltd. ("Master Fund") are Sun Valley Gold International, Ltd., of which Sun Valley Gold LLC ("Sun Valley") is the Investment Manager, and Sun Valley Gold, L.P., of which Sun Valley is the General Partner. Sun Valley is the investment manager for the Master Fund, and has discretionary trading authority over the securities of Coventry issued to the Master Fund.

### **Voting By CDI Holders**

Many Shareholders having an interest in the Coventry Shares hold such interests in the form of CDIs. CHES is the electronic settlement system used in Australia. The main difference between holding CDIs and holding Coventry Shares is that a holder of CDIs has beneficial ownership of the equivalent number of Coventry Shares instead of legal title. Legal title is held by the depositary entity, CHES Depositary Nominees Pty Ltd. (the "**Depositary Nominee**"). The Coventry Shares registered in the name of the Depositary Nominee are held by that entity on behalf of and for the benefit of the CDI holders.

### **CDI HOLDERS MAY GIVE DIRECTIONS TO DEPOSITARY NOMINEE**

CDI holders are not entitled to vote at the Meeting in person. However, holders of CDIs have the right to direct the Depositary Nominee how to vote in respect of their CDIs on the resolutions described in the Notice. The Depositary Nominee must vote in accordance with any direction given by a CDI holder.

If you are a CDI holder and you wish to direct the Depositary Nominee how to vote in respect of your CDIs, you should read, complete, date and sign the accompanying notice of direction and deposit it with the Company c/o Computershare Investor Services Pty Ltd. at GPO Box 242, Melbourne, Australia VIC 3001, not later than 5:00 p.m. Perth time on January 16, 2014 and if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting.

The Depositary Nominee shall exercise its right to vote at the Meeting by proxy.

### **Quorum**

Pursuant to the Interim Order and the Articles of Coventry, a quorum at the Meeting shall be at least two or more persons present in person or by proxy and holding or representing not less than five percent (5%) of the Coventry Shares entitled to vote at the Meeting.

### **Record Date**

The record date for the Meeting has been fixed at the close of business on December 17, 2013 (the "**Record Date**") for Coventry Shareholders and CDI Holders. Only Coventry Shareholders or CDI Holders of record as at the Record Date are entitled to receive notice of the Meeting. Only Coventry Shareholders of record will be entitled to vote the Coventry Shares held by them as at the Record Date.

### **Advice to Beneficial Holders of Coventry Shares**

The information set forth in this section is of significant importance to many Coventry Shareholders, as a substantial number of Coventry Shareholders do not hold shares in their own names. Coventry Shareholders who do not hold Coventry Shares in their own names ("**Beneficial Shareholders**") should note that only proxies deposited by Coventry Shareholders whose names appear on the records of Coventry as the registered holders of Coventry Shares can be recognized and acted upon at the Meeting. If Coventry Shares are listed in an account statement provided to an Coventry Shareholder by a broker, then in almost all cases those securities will not be registered in the Coventry Shareholder's name on the records of Coventry. Such Coventry Shares will more likely be registered under the name of the Coventry Shareholder's broker or an agent of that broker. In Canada, the majority of such securities are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository

registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Coventry Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting securities for the broker's clients. The directors and officers of Coventry do not know for whose benefit the Coventry Shares registered in the name of CDS & Co. or of other brokers/agents are held. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Coventry Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of securityholder meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their securities are voted at the applicable meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of proxy provided to registered securityholders by Coventry. However, its purpose is limited to instructing the registered securityholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form instead of the form of proxy. The Beneficial Shareholder is asked to complete the voting instruction form and return it to Broadridge by mail or facsimile. Alternatively the Beneficial Shareholder may call a toll-free number to vote the shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of securities to be represented at the applicable meeting. **A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Coventry Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Coventry Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the applicable meeting for the purposes of voting securities registered in the name of his broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Coventry Shareholder and vote the securities in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their securities as proxyholders for registered securityholders should enter their own names in the blank spaces on the instruments of proxy provided to them and return the same to their brokers (or the brokers' agents) in accordance with the instructions provided by such brokers (or agents), well in advance of the Meeting.

### **Other Matters**

Management of Coventry knows of no amendments, variations or other matters to come before the Meeting, other than the matters referred to in the Notice of Meeting; however, if any other matter properly comes before the Meeting, the accompanying form of proxy will be voted on such matter in accordance with the best judgement of the person(s) voting the proxy.

### **ADDITIONAL INFORMATION**

Additional information relating to Coventry is available under Coventry's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information in respect of Coventry is provided in Coventry's annual audited financial statements as at and for the financial year ended June 30, 2013 and for the three month period ended September 30, 2013, and the related management's discussion and analysis ("**MD&A**"). Copies of Coventry's financial statements and MD&A are available upon request from Coventry by e-mail from Coventry's Chief Financial Officer at [info@coventryres.com](mailto:info@coventryres.com).

**CONSENT OF PRIMARY CAPITAL INC.**

To: The Board of Directors of Coventry Resources Inc.("Coventry")

We hereby consent to the reference in the Information Circular to our firm name and our fairness opinion dated November 18, 2013 addressed to the Board of Directors of Coventry. In providing our consent, we do not intend that any person other than the Board of Directors of Coventry shall rely upon our opinion.

(Signed) *"Primary Capital Inc."*

December 17, 2013

**APPENDIX "A"**  
**ARRANGEMENT AGREEMENT**

**CHALICE GOLD MINES LIMITED**

**AND**

**WESTERN RIFT PTY LTD**

**AND**

**COVENTRY RESOURCES INC.**

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**ARRANGEMENT AGREEMENT**

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**DATED NOVEMBER 15, 2013**

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## ARRANGEMENT AGREEMENT

**THIS ARRANGEMENT AGREEMENT** dated November 15, 2013

**B E T W E E N:**

**CHALICE GOLD MINES LIMITED** (ACN 116 648 956), a corporation incorporated under the laws of the Commonwealth of Australia (“**Chalice**”)

- and -

**WESTERN RIFT PTY LTD** (ACN 124 875 323), a corporation incorporated under the laws of the Commonwealth of Australia (“**Western Rift**”)

- and -

**COVENTRY RESOURCES INC.**, a corporation incorporated under the laws of British Columbia (Canada) (“**Coventry**”)

**THIS AGREEMENT WITNESSES THAT** in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, unless the context otherwise requires:

“**Acquisition Proposal**” means, other than the transactions contemplated by this Agreement, any offer, proposal, expression of interest, or inquiry from any Person (other than Chalice or any of its affiliates) relating to: (i) any acquisition or sale, direct or indirect, of: (a) the assets of Coventry or any of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Coventry and its subsidiaries taken as a whole; or (b) 20% or more of any voting or equity securities of Coventry or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Coventry and its subsidiaries taken as a whole; (ii) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of Coventry; or (iii) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Coventry or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Coventry and its subsidiaries taken as a whole;

“**Adjustment Date**” means the third Business Day after the Effective Date Working Capital is finally determined in accordance with 2.5 or 2.6, as the case may be;

“**affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to “**control**” another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term “**controlled**” shall have a similar meaning;

“**Agreement**” means this arrangement agreement, together with the Disclosure Letters, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

“**Arrangement**” means the arrangement under section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto in accordance with Section 8.4 hereof or the Plan of Arrangement or at the direction of the Court;

“**Arrangement Resolution**” means the special resolution to be considered at the Coventry Meeting, substantially in the form and content of Schedule B hereto;

“**ASIC**” means the Australian Securities and Investment Commission;

“**ASX**” means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as appropriate;

“**ASX Listing Rules**” means the listing rules of ASX, as may be waived or modified by ASX from time to time;

“**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time;

“**Business Day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Perth, Western Australia or Vancouver, British Columbia;

“**CDI**” means Chess Depositary Interest;

“**Chalice**” means Chalice Gold Mines Limited (ACN 116 648 956), a company incorporated under the laws of the Commonwealth of Australia;

“**Chalice Disclosure Letter**” means the letter from Chalice to Coventry dated as of the date hereof disclosing the qualifications, modifications or exceptions to certain representations and warranties of Chalice contained herein;

“**Chalice Employee Long Term Incentive Plan**” means the employee long term incentive plan that was approved by Chalice's shareholders on November 22, 2011;

“**Chalice Financial Statements**” has the meaning ascribed thereto in Section 4.1(g);

“**Chalice Mining Permits**” means the Mining Permits which Chalice or any of its subsidiaries owns or has a right or option to acquire or use, all as indicated in the list set out in Schedule 4.1(o) of the Chalice Disclosure Letter;

“**Chalice Options**” means the outstanding options to purchase Chalice Shares granted under the Chalice Share Option Plan;

“**Chalice Performance Rights**” means the outstanding performance rights exercisable into Chalice Shares granted under the Chalice Employee Long Term Incentive Plan;

“**Chalice Public Record**” means all documents and information required to be disclosed publicly by Chalice under applicable Securities Laws on SEDAR or pursuant to the ASX Listing Rules during the three years prior to the date hereof;

“**Chalice Share Option Plan**” means the share option plan of Chalice approved by the holders of Chalice Shares on November 25, 2010;

“**Chalice Shares**” means the fully paid ordinary shares in the share capital of Chalice;

“**Change in Recommendation**” has the meaning ascribed thereto in Section 8.2(a)(iii)(A);

“**Competition Act**” means the *Competition Act* (Canada), as amended from time to time;

“**Consideration**” means the Consideration Shares to be delivered to Coventry and distributed *pro rata* to the Coventry Shareholders pursuant to the Plan of Arrangement plus the Effective Date Working Capital Adjustment (to be paid by Western Rift to Coventry if such amount is positive) or minus the Effective Date Working Capital Adjustment (to be paid by Coventry to Western Rift if such amount is negative);

“**Consideration Shares**” means 46,000,000 Chalice Shares;

“**Contract**” means any contract, agreement, licence, franchise, lease, arrangement or other right or obligation to which any Party or any of its subsidiaries is a party or by which a Party or any of its subsidiaries is bound or affected or to which any of their respective properties or assets is subject;

“**Corporations Act**” means the Australian *Corporations Act 2001* (Cth) as amended from time to time;

“**Court**” means the Supreme Court of British Columbia;

“**Coventry**” means Coventry Resources Inc., a corporation incorporated under the laws of British Columbia (Canada);

“**Coventry Approvals**” means the approvals listed on Schedule 5.1(a)(x) to the Coventry Disclosure Letter;

**“Coventry Board”** means the board of directors of Coventry as the same is constituted from time to time;

**“Coventry Circular”** means the notice of the Coventry Meeting and accompanying management information circular, including all Schedules, appendices and exhibits thereto, to be sent to the Coventry Securityholders in connection with the Coventry Meeting, as amended, supplemented or otherwise modified from time to time;

**“Coventry Disclosure Letter”** means the letter from Coventry to Chalice and Western Rift dated as of the date hereof, disclosing the qualifications, modifications or exceptions to certain representations and warranties of Coventry contained herein;

**“Coventry Financial Records”** means all of the Targets’ books of account and other financial data and information and includes all records, data and information stored electronically, digitally or on computer-related media;

**“Coventry Financial Statements”** has the meaning ascribed thereto in Section 3.1(i);

**“Coventry Locked-up Shareholders”** means each of the officers and directors of Coventry and Macquarie (on behalf of Macquarie Bank Limited) and Sun Valley Gold LLC (on behalf of Gold Master Fund Ltd.);

**“Coventry Material Contracts”** means any Contract identified as a Coventry Material Contract in Schedule 3.1(s) to the Coventry Disclosure Letter;

**“Coventry Meeting”** means the special meeting of Coventry Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

**“Coventry Mining Permits”** means the Mining Permits which the Targets own or have a right or option to acquire or use, all as indicated in the list set out in Schedule 3.1(q) of the Coventry Disclosure Letter;

**“Coventry Optionholders”** means the holders of Coventry Options;

**“Coventry Options”** means the outstanding options to purchase Coventry Shares granted under the Coventry Share Option Plan;

**“Coventry Public Record”** means all documents and information required to be filed by Coventry under applicable Securities Laws on SEDAR or pursuant to the ASX Listing Rules, during the three years prior to the date hereof;

**“Coventry Securityholders”** means, collectively, the Coventry Shareholders, the Coventry Optionholders and the Coventry Warrantholders;

**“Coventry Shareholders”** means the holders of Coventry Shares;

“**Coventry Shares**” means common shares in the capital of Coventry, as currently constituted;

“**Coventry Share Option Plan**” means the share option plan of Coventry dated June 26, 2003, as amended on June 17, 2004 and December 31, 2010 and re-approved by the Coventry Shareholders at Coventry’s most recent annual general meeting;

“**Coventry Warrantholders**” means the holders of Coventry Warrants;

“**Coventry Warrants**” means the outstanding warrants to purchase Coventry Shares;

“**Depository**” means any trust company, bank or financial institution agreed to in writing between Chalice and Coventry for the purpose of, among other things, distributing the Consideration Shares;

“**Disclosure Letters**” means the Coventry Disclosure Letter and the Chalice Disclosure Letter;

“**Dissent Rights**” means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement;

“**Effective Date**” means the date agreed to by Chalice and Coventry in writing as the effective date of the Arrangement, after all of the conditions precedent to the completion of the Arrangement as set out in the Arrangement Agreement and the Final Order have been satisfied or waived;

“**Effective Date Balance Sheet**” means, for each Target, the balance sheet as at 12:01 a.m. on the Effective Date, prepared in accordance with generally accepted accounting principles, consistently applied with those used in the preparation of the Coventry Financial Statements, as finally determined in accordance with the provisions of Sections 2.5 or 2.6, as the case may be;

“**Effective Date Working Capital**” means, for each Target, the amount, whether positive or negative, equal to the total of its current assets less the total of its current liabilities as shown on the Effective Date Balance Sheet and, for these purposes, “current assets” and “current liabilities” shall consist of assets and liabilities so classified on the Effective Date Balance Sheet;

“**Effective Date Working Capital Adjustment**” means the amount, whether positive or negative, equal to the sum of the Effective Date Working Capital of the Targets;

“**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date or such other time on the Effective Date as the Parties may agree;

“**Environmental Laws**” means all applicable federal, provincial, state, local and foreign Laws, imposing liability or standards of conduct for, or relating to, the regulation of activities, materials, substances or wastes in connection with, or for, or to, the protection

of human health, safety, the environment or natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation);

**“Environmental Liabilities”** means, with respect to any Person, all liabilities, remedial and removal costs, investigation costs, capital costs, operation and maintenance costs, losses, damages, (including punitive damages, property damages, consequential damages and treble damages), costs and expenses, fines, penalties and sanctions incurred as a result of, or related to, any claim, suit, action, administrative order, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law arising under, or related to, any Environmental Laws, Environmental Permits, or in connection with any Release or threatened Release whether on, at, in, under, from or about or in the vicinity of any real or personal property;

**“Environmental Permits”** means all Permits, licences, written authorizations, certificates, approvals, program participation requirements, sign-offs or registrations required by or available with or from any Governmental Entity under any Environmental Laws;

**“Final Order”** means the final order of the Court pursuant to section 291 of the BCBCA, approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

**“Governmental Entity”** means: (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, board or authority of any of the foregoing; (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) any stock exchange, including, with respect to Coventry, the ASX and TSXV, and with respect to Chalice, the ASX and TSX;

**“Hazardous Substance”** means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material, including petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material or contaminant regulated or defined under any Environmental Law;

**“IFRS”** means the International Financial Reporting Standards as issued by the International Accounting Standards Board;

**“including”** means including without limitation, and **“include”** and **“includes”** each have a corresponding meaning;

“**Indemnity Losses**” has the meaning ascribed thereto in Section 7.5(d);

“**Independent Accountant**” has the meaning ascribed thereto in Section 2.6;

“**Intellectual Property**” means any licences for or other rights to use, any inventions, patent applications, patents, trade-marks (both registered and unregistered), trade names, copyrights, trade secrets and other proprietary information of the Targets;

“**Interim Order**” means the interim order of the Court, providing for, among other things, the calling and holding of the Coventry Meeting, as the same may be amended by the Court;

“**Investment Canada Act**” means the *Investment Canada Act*, as amended from time to time;

“**Law**” or “**Laws**” means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence of any Governmental Entity or self-regulatory authority (including, with respect to Coventry, the ASX and TSXV, and with respect to Chalice, the ASX and TSX), and the term “**applicable**” with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

“**Liens**” means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

“**Material Adverse Effect**” means in respect of any Person, any change, effect, event or occurrence that individually or in the aggregate with other such changes, effects, events or occurrences, is or would reasonably be expected to be, material and adverse to the business, results of operations or financial condition of that Person and its subsidiaries, taken as a whole, except any change, effect, event or occurrence resulting from or relating to: (i) the announcement of the execution of this Agreement or the transactions contemplated hereby and, in the case of Coventry and/or the Targets, the communication by Chalice of its plans or intentions with respect to Coventry; (ii) changes in general economic, securities, financial, banking or currency exchange markets; (iii) any change in IFRS; (iv) any natural disaster provided that it does not have a materially disproportionate effect on that Person relative to comparable exploration and/or mining companies; (v) changes affecting the mining industry generally or the price of gold, provided that such changes do not have a materially disproportionate effect on that Person relative to comparable mining and/or exploration companies; (vi) generally

applicable changes in applicable Law; (vii) changes in political or civil conditions in Canada that do not disproportionately affect that Person relative to comparable mining and/or exploration companies; or (viii) any decrease in the market price or any decline in the trading volume of that Person's common or ordinary shares on the principal stock exchange for such securities (it being understood that the causes underlying such change in market price or trading volume (other than those in items (i) to (vii) above) may be taken into account in determining whether a Material Adverse Effect has occurred);

“**material fact**” has the meaning ascribed thereto in the Securities Act;

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Shareholders in special transactions*;

“**Mining Permit**” means any mining permit, claim, concession, lease, licence or other right to explore for, exploit, develop, mine or produce minerals or any interest therein;

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

“**ordinary course of business**”, “**ordinary course of business consistent with past practice**”, or any similar reference, means, with respect to an action taken by a Person, that such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day business and operations of such Person; provided that in any event such action is not unreasonable or unusual;

“**Outside Date**” means February 28, 2014, or such later date as may be agreed to in writing by the Parties, acting reasonably;

“**Parties**” means Coventry, Chalice and Western Rift, and “**Party**” means one of them;

“**Permit**” means any licence, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Entity, other than any Mining Permits;

“**Person**” includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“**Personal Property**” means all machinery, equipment, furniture, motor vehicles and other chattels owned or leased by the Targets including those in the possession of suppliers, customers and other third parties;

“**Personal Property Lease**” means a chattel lease, equipment lease, conditional sales contract and other similar agreements to which a Target is a party or under which it has rights to use Personal Property;

**“Plan of Arrangement”** means the plan of arrangement, substantially in the form of Schedule A hereto, and any amendments or variations thereto made in accordance with Section 8.4 hereof or the Plan of Arrangement or at the direction of the Court;

**“Pre-Closing Reorganization”** has the meaning ascribed thereto in Section 2.1;

**“Prescribed Occurrence”** means one or more of the following events:

- (a) a Party converts all or any of its shares into a larger or smaller number of shares;
- (b) a Party or a subsidiary of a Party resolves to reduce its share capital in any way;
- (c) a Party or a subsidiary of a Party:
  - (i) enters into a buy-back agreement; or
  - (ii) resolves to approve the terms of a buy-back agreement;
- (d) a Party or a subsidiary of a Party issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) a Party or a subsidiary of a Party issues, or agrees to issue, convertible notes;
- (f) a Party or a subsidiary of a Party disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Party or a subsidiary of a Party grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property; or
- (h) a Party or a subsidiary of a Party resolves to be wound up;

**“Qualified Person”** has the meaning ascribed thereto in NI 43-101;

**“Regulatory Authorizations”** means licences, permits, authorizations, approvals, registrations and consents of any Governmental Entity;

**“Release”** means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of any Hazardous Substance in the indoor or outdoor environment, including the movement of any Hazardous Substance through or in the air, soil, surface water, ground water or property;

**“Representative”** when used with respect to a Party means each director, officer, employee, agent, consultant, adviser and other representative of that Party who is involved in the transactions contemplated by this Agreement;

“**Resigning Officer**” and “**Resigning Officers**” have the meanings ascribed thereto in Section 5.6(a);

“**Response Period**” has the meaning ascribed to such term in Section 7.3(a)(ii);

“**Returns**” means all reports, forms, elections, information statements and returns (whether in tangible, electronic or other form) including any amendments, Schedules, attachments, supplements, appendices and exhibits thereto relating to, or required to be filed or prepared in connection with any Taxes;

“**Section 3(a)(10) Exemption**” has the meaning ascribed thereto in Section 2.8(a)(i)(I);

“**Securities Act**” means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Securities Authorities**” means the securities regulatory authorities in the jurisdictions of Canada in which Coventry or Chalice, as applicable, is a reporting issuer and Australia where each of Coventry and Chalice is quoted on ASX and “**Securities Authority**” means any one of them;

“**Securities Laws**” means the Canadian provincial and territorial securities laws, regulations and rules issued under such laws, and the published regulations, rules, policy statements, orders, instruments (including national and applicable multilateral instruments), notices and rulings of the securities commissions or equivalent securities regulatory bodies in the provinces and territories of Canada and the securities laws and regulations applicable in Australia, including the applicable rules and policies of, with respect to Coventry, the ASX and TSXV, and with respect to Chalice, the ASX and TSX;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval;

“**subsidiary**” means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary;

“**Superior Proposal**” means any *bona fide*, unsolicited, written Acquisition Proposal made after the date of this Agreement by a Person who is an arm’s length third party (and not obtained in violation of Section 7.2) that relates to the acquisition of 50% of the outstanding Coventry Shares (other than Coventry Shares owned by the Person making the Superior Proposal) or all, or substantially all, of the consolidated assets of Coventry and its subsidiaries and (i) that the Coventry Board has determined in good faith is reasonably capable of being completed without undue delay, taking into account all

financial, legal, regulatory and other aspects of such proposal and the Person making such proposal; (ii) that is made available to all Coventry Shareholders on the same terms and conditions; (iii) is not subject to a due diligence or access condition; (iv) which is fully financed; and (v) in respect of which the Coventry Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors, that (a) failure to recommend such Acquisition Proposal to the holders of Coventry Shares would be inconsistent with its fiduciary duties under applicable Law; and (b) having regard for all of its terms and conditions and the Person making such Acquisition Proposal, such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the holders of Coventry Shares from a financial point of view than the Arrangement, after taking into account any change to the Arrangement proposed by Chalice pursuant to Section 7.3;

“**Targets**” means Coventry Resources Ontario, Inc., Coventry Rainy Inc., 2235411 Ontario, Inc. and Cameron Gold Operations Ltd. and “**Target**” means any one of them;

“**Target Shares**” means all of the issued and outstanding shares of each of the Targets, other than shares of a Target owned by another Target;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

“**Taxes**” means: (a) any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits taxes (including Canadian federal, provincial and territorial income taxes), payroll and employee withholding taxes, employment taxes, unemployment insurance, disability taxes, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, goods and services taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business licence taxes, mining royalties, alternative minimum taxes, estimated taxes, abandoned or unclaimed (escheat) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers’ compensation and other government pension plan premiums or contributions and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its subsidiaries is required to pay, withhold or collect, together with any interest, penalties or other additions to tax that may become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions whether disputed or not; and (b) any liability for the payment of any amount described in clause (a) of this definition as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, as a result of any Tax sharing or Tax allocation agreement, arrangement or understanding, or as a result of being liable to another Person’s Taxes as a transferee or successor, by contract or otherwise;

“**Term Sheet**” means the term sheet relating to Arrangement executed by Coventry and Chalice on November 1, 2013;

“**Termination Fee**” has the meaning ascribed thereto in Section 8.3(a);

“**Transaction Personal Information**” has the meaning ascribed thereto in Section 9.1;

“**TSX**” means the Toronto Stock Exchange;

“**TSXV**” means the TSX Venture Exchange;

“**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“**U.S. Exchange Act**” means the *United States Securities Exchange Act of 1934*, as the same has been, and hereafter from time to time, may be amended;

“**U.S. Securities Act**” means the *United States Securities Act of 1933* as the same has been, and hereinafter from time to time may be, amended;

“**Voting Agreements**” means the voting agreements (including all amendments thereto) executed as of the date hereof between Chalice and the Coventry Locked-up Shareholders setting forth the terms and conditions upon which they have agreed to vote their Coventry Shares in favour of the Arrangement Resolution; and

“**Western Rift**” means Western Rift Pty Ltd (ACN 124 875 323), a wholly owned subsidiary of Chalice and a company incorporated under the laws of the Commonwealth of Australia.

## **1.2 Interpretation Not Affected by Headings**

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

## **1.3 Number and Gender**

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

#### **1.4 Date for Any Action**

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

#### **1.5 Currency**

Unless otherwise stated, all references in this Agreement to sums of money are expressed in Canadian dollars and “**Cdn\$**” or “**\$**” refers to Canadian dollars and “**A\$**” refers to Australian dollars.

#### **1.6 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement in respect of Coventry shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature in respect of Coventry required to be made shall be made in a manner consistent with IFRS consistently applied.

#### **1.7 Knowledge**

In this Agreement, references to “**the knowledge of Coventry**” means the actual knowledge of Steven Chadwick, solely in his capacity as Interim President and Chief Executive Officer of Coventry, and Nicholas Day, solely in his capacity as the Chief Financial Officer of Coventry, after due enquiry within Coventry and its subsidiaries and references “**to the knowledge of Chalice**” means the actual knowledge of Bill Bent, solely in his capacity as Managing Director of Chalice, and Richard Hacker solely in his capacity as Chief Financial Officer of Chalice, after due enquiry within Chalice and its subsidiaries.

#### **1.8 Schedules**

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

- Schedule A - Plan of Arrangement
- Schedule B - Arrangement Resolution
- Schedule C - Coventry Disclosure Letter
- Schedule D - Chalice Disclosure Letter

## **ARTICLE 2 THE ARRANGEMENT**

#### **2.1 Implementation of Certain Transfers and Reorganization**

Following the close of the TSX on the day before the Effective Date, Coventry shall cause a debt reorganization (the “**Pre-Closing Reorganization**”) to occur using steps to

be provided by Chalice to Coventry at least ten (10) days before the Effective Date. The purpose of the Pre-Closing Reorganization shall be to result in the settlement, prior to the Effective Date, of all intercompany debts that exist among Coventry and the Targets immediately prior to the implementation of the Pre-Closing Reorganization in a manner that minimizes the application of the debt forgiveness rules of the Tax Act to the Targets. Coventry acknowledges that the Pre-Closing Reorganization will result in its capital loss in respect of an intercompany debt of a Target being denied for tax purposes. The Pre-Closing Reorganization shall include steps similar to the Canada Revenue Agency's published Advance Tax Ruling ATR-66 (that is, transfers of intercompany debts to new subsidiaries (each a "**Subco**") for notes or shares of the Subco and the winding-up of each Subco into the Target that owns all its shares), and may include steps to cause each Subco to be wholly-owned by a Target prior the winding-up, the transfer of intercompany debts or any notes so issued from a Target to Coventry and the conversion of any notes so issued into shares of the Target. Western Rift shall promptly upon the request of Coventry reimburse it and the Targets for all reasonable out-of-pocket expenses (including legal and accounting professional fees) incurred by it or the Targets in connection with the Pre-Closing Reorganization.

## **2.2 Arrangement**

Coventry, Western Rift and Chalice agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

## **2.3 Amount and Payment of Consideration.**

The aggregate consideration payable by Western Rift for the Target Shares (the "**Consideration**") is the Consideration Shares (Western Rift to procure delivery by Chalice at the Effective Time to Coventry and such Consideration Shares to be distributed *pro rata* to the Coventry Shareholders pursuant to the Plan of Arrangement) plus the cash amount of the Effective Date Working Capital Adjustment (to be paid by Western Rift to Coventry if such amount is positive) or minus the cash amount of the Effective Date Working Capital Adjustment (to be paid by Coventry to Western Rift if such amount is negative) each being payable as provided in Section 2.7.

## **2.4 Allocation of Consideration**

The Consideration Shares shall be allocated among the Target Shares of the Targets (other than Cameron Gold Operations Ltd.) as set out in Schedule 2.4 of the Coventry Disclosure Letter. Such number of Consideration Shares shall be multiplied by the fair market value at the Effective Time of a Consideration Share to result in the allocation of the value of the Consideration Shares. Appropriate adjustments shall be made to such allocation equal to the amount of any Effective Date Working Capital Adjustment having regard to the Effective Date Working Capital on the relevant dates of each Target. Western Rift and Coventry shall file their Returns on a basis consistent with this allocation as so adjusted.

## 2.5 Preparation of Effective Date Balance Sheet.

- (a) ***Draft Effective Date Balance Sheet.*** Promptly after the Effective Time, Chalice shall prepare, at Chalice's expense, a draft of the Effective Date Balance Sheet and a draft calculation of Effective Date Working Capital for each Target, which shall be delivered to Coventry no later than the thirtieth (30th) day following the Effective Date.
- (b) ***Access to Records, etc.*** During the period from the date of delivery of the draft Effective Date Balance Sheets until the date no later than ten (10) days after delivery of the draft Effective Date Balance Sheets, Chalice shall give Coventry and its Representatives such assistance and access to the Coventry Financial Records as Coventry and its Representatives may reasonably request in order to enable them to reasonably assess the draft Effective Date Balance Sheets and the draft calculations of Effective Date Working Capital. Coventry's Representatives shall be entitled to be present at inventory counts and other procedures used in the preparation of the draft Effective Date Balance Sheets and shall be provided promptly with copies of all working papers created by Chalice and its Representatives in connection with such preparation.
- (c) ***Deemed Acceptance.*** If Coventry does not give a notice of objection in accordance with Section 2.6, Coventry shall be deemed to have accepted the draft Effective Date Balance Sheets and draft calculations of the Effective Date Working Capital prepared by Chalice which shall be final and binding on the Parties and the draft calculations of Effective Date Working Capital shall constitute the Effective Date Working Capital for each Target for purposes of this Agreement immediately following the expiry date for the giving of such notice of objection.

## 2.6 Dispute Settlement.

If Coventry objects to any matter in the draft Effective Date Balance Sheets or the draft calculations of Effective Date Working Capital prepared pursuant to Section 2.5, Coventry shall give notice to Chalice no later than ten (10) days after delivery of the draft Effective Date Balance Sheet. Any notice given by Coventry shall set forth in detail the particulars of such objections. The Parties shall then use reasonable efforts to resolve such objections for a period of thirty (30) days following the giving of such notice. If the matter is not resolved by the end of such thirty (30) day period, then the dispute with respect to such objection shall be submitted by the Parties to a chartered accountant associated with an accounting firm of recognized national standing in Canada, which is independent of the Parties (the "**Independent Accountant**"). If the Parties are unable to agree on the Independent Accountant within a further ten (10) day period, either Party may apply under the **Commercial Arbitration Act (British Columbia)** to have a court appoint the Independent Accountant. The Independent Accountant shall, as promptly as practicable (but in any event within forty-five (45) days following its appointment), make a determination of the Effective Date Working Capital of the relevant Target, based

solely on written submissions of the Parties given by them to the Independent Accountant. The submissions of each Party shall be disclosed to the other Party and each other Party shall be afforded a reasonable opportunity to respond thereto. The decision of the Independent Accountant as to the Effective Date Working Capital of the relevant Target shall be final and binding upon the Parties and shall constitute the Effective Date Working Capital of such Target for purposes of this Agreement. Chalice and Coventry shall each pay one-half of the fees and expenses of the Independent Accountant with respect to the resolution of the dispute.

## **2.7 Payment on Adjustment Date.**

On the Adjustment Date (a) if the Effective Date Working Capital Adjustment is a positive amount, Western Rift shall pay to Coventry by certified cheque, bank draft or other means of immediately available funds an amount equal to the Effective Date Working Capital Adjustment; or (b) if the Effective Date Working Capital Adjustment is a negative amount, Coventry shall pay to Western Rift by certified cheque, bank draft or other means of immediately available funds an amount equal to the Effective Date Working Capital Adjustment.

## **2.8 Court Orders**

- (a) Coventry shall apply to the Court, in a manner acceptable to Chalice, acting reasonably, pursuant to section 291 of the BCBCA for the Interim Order and the Final Order as follows:
  - (i) As soon as reasonably practicable following the date of execution of this Agreement, Coventry shall file, proceed with and diligently pursue an application to the Court for the Interim Order which shall provide, among other things:
    - (A) the class of Persons to whom notice is to be provided (including Coventry Optionholders and Coventry Warrantholders) in respect of the Arrangement and the Coventry Meeting and the manner in which such notice is to be provided;
    - (B) for confirmation of the record date for determining Coventry Securityholders entitled to receive a notice of meeting, proxy and Coventry Circular in respect of the Coventry Meeting and entitled to vote at the Coventry Meeting;
    - (C) that the requisite approval for the Arrangement Resolution shall be two-thirds of the votes cast on the Arrangement Resolution by Coventry Shareholders present in person or by proxy at the Coventry Meeting such that each Coventry Shareholder is entitled to one vote for each Coventry Share held and excluding Coventry Shares beneficially owned or over which control or direction is

- exercised by an “interested party” (as defined in MI 61-101) for purposes of the Arrangement;
- (D) that in all other respects, the terms, conditions and restrictions of the Coventry constating documents, including quorum requirements and other matters, shall apply in respect of the Coventry Meeting;
  - (E) for the grant of Dissent Rights to registered holders of Coventry Shares;
  - (F) for notice requirements with respect to the presentation of the application to the Court for the Final Order;
  - (G) that the Coventry Meeting may be adjourned from time to time by management of Coventry in accordance with the terms of the Agreement without the need for additional approval of the Court;
  - (H) that the record date for Coventry Shareholders entitled to notice of and to vote at the Coventry Meeting will not change in respect of any adjournment(s) of the Coventry Meeting;
  - (I) that it is Chalice and Coventry’s intention to rely upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereto (the “**Section 3(a)(10) Exemption**”) in connection with the issuance of the Consideration Shares to Coventry and the distribution of the Consideration Shares to Coventry Shareholders contemplated hereby; and
  - (J) for such other matters as Coventry may reasonably request, subject to the consent of Chalice.
- (ii) Subject to obtaining the approvals contemplated by the Interim Order, and as may be directed by the Court in the Interim Order, take all steps necessary or desirable to submit the Arrangement to the Court and to apply for the Final Order.
  - (iii) Coventry shall advise the Court, in its petition to be filed, that the Parties to the Arrangement intend to rely upon the Section 3(a)(10) Exemption in connection with the issuance of the Consideration Shares contemplated hereby to Coventry and the distribution of the Consideration Shares to Coventry Shareholders.

## 2.9 Coventry Meeting

Subject to receipt of the Interim Order and the terms of this Agreement:

- (a) Coventry agrees to lawfully convene and conduct the Coventry Meeting in accordance with the Interim Order for the purpose of considering the Arrangement Resolution (and for no other special purpose unless agreed to by Chalice) as soon as reasonably practicable and, in any event, on or before January 17, 2014, subject to any adjournments or postponements which may be required by applicable Laws.
- (b) Coventry will use its reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution that is inconsistent with the Arrangement Resolution including, without limitation, by using dealer and proxy solicitation services firms if requested by Chalice, provided that such dealer and proxy solicitation services shall be at the expense of Chalice.
- (c) Coventry will provide Chalice with copies of or access to information regarding the Coventry Meeting generated by any dealer or proxy solicitation services firm, as may be reasonably requested from time to time by Chalice.
- (d) Coventry will consult with Chalice in fixing the date of the Coventry Meeting and the record date of the Coventry Meeting, give notice to Chalice of the Coventry Meeting and allow Chalice's Representatives and legal counsel to attend the Coventry Meeting.
- (e) Coventry will advise Chalice as Chalice may reasonably request, and at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Coventry Meeting, as to the tally of the proxies received by Coventry in respect of the Arrangement Resolution.
- (f) Coventry will promptly advise Chalice of any written notice of dissent or purported exercise by any Coventry Shareholder of Dissent Rights received by Coventry in relation to the Arrangement Resolution and any withdrawal of Dissent Rights received by Coventry and, subject to applicable Law, any written communications sent by or on behalf of Coventry to any Coventry Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution.
- (g) Coventry will promptly advise Chalice of any communication (written or oral) from or claims brought by (or threatened to be brought by) any Person in opposition to the Arrangement. Coventry will not settle or compromise, or agree to settle or compromise, any such claims without first consulting with Chalice.
- (h) Coventry will not change the record date for the Coventry Shareholders entitled to vote at the Coventry Meeting in connection with any adjournment or postponement of the Coventry Meeting unless required by applicable Law.
- (i) As soon as reasonably practicable and in any event not later than November 29, 2013, Coventry will convene a meeting of the Coventry Board to approve the

Coventry Circular, provided that Chalice has provided Coventry with all information referred to in Section 2.10(c) to be provided by Chalice as is required to be included in the Coventry Circular pursuant to Securities Laws, failing which Coventry will convene such meeting of the Coventry Board no later than four (4) days following delivery of such information by Chalice to Coventry.

## **2.10 Coventry Circular**

- (a) Coventry shall prepare the Coventry Circular in compliance with applicable Securities Laws and file on SEDAR the Coventry Circular on a timely basis, and in any event on or before the date that is five (5) Business Days after the meeting of the Coventry Board referred to in Section 2.9(i), or such other date as the Parties may agree upon, each acting reasonably, in all jurisdictions where the same is required to be filed and mail the same as required by the Interim Order and in accordance with all applicable Laws, in all jurisdictions where the same is required, complying in all material respects with all applicable Laws on the date of mailing thereof. Without limiting the generality of the foregoing, Coventry shall, in consultation with Chalice, use all reasonable efforts to abridge the timing contemplated by National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer, as provided in Section 2.20 thereof.
- (b) Coventry shall ensure that the Coventry Circular complies in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, that the Coventry Circular will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information relating to Chalice and its affiliates) and shall provide Coventry Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Coventry Meeting and to allow Chalice and Coventry to rely upon the Section 3(a)(10) Exemption with respect to the transactions described herein. Subject to Section 7.2, the Coventry Circular will include the unanimous recommendation of the Coventry Board that Coventry Shareholders vote in favour of the Arrangement Resolution, and a statement that each Coventry Locked-up Shareholder intends to vote all of his or its Coventry Shares (including any Coventry Shares issued upon the exercise of any Coventry Options) in favour of the Arrangement Resolution, subject to the other terms of this Agreement and the Voting Agreements.
- (c) Chalice will furnish to Coventry all such information regarding Chalice, its affiliates and the Chalice Shares as may be reasonably required by Coventry (including, as required by Section 14.2 of Form 51-102F5) in the preparation of the Coventry Circular and other documents related thereto. Chalice shall ensure that such information will not contain an untrue statement of a material fact or omit to state a material fact required to be stated in the Coventry Circular or that is necessary in order to make any information so furnished or any information

concerning Chalice not misleading in light of the circumstances in which it is made and shall constitute full, true and plain disclosure of all material facts relating to the securities of Chalice and Western Rift, to the extent permitted by applicable Laws and subject to any obligations of confidentiality to third parties.

- (d) Chalice and its advisors shall be given a reasonable opportunity to review and comment on the Coventry Circular, prior to the Coventry Circular being printed and mailed to Coventry Shareholders and filed with the Securities Authorities, and reasonable consideration shall be given to any comments made by Chalice and its advisors, provided that all information relating solely to Chalice included in the Coventry Circular shall be in form and content satisfactory to Chalice, acting reasonably. Coventry shall provide Chalice with a final copy of the Coventry Circular prior to mailing to the Coventry Shareholders. Coventry consents to Chalice lodging a copy of the Coventry Circular with the ASX for public release.
- (e) Coventry and Chalice shall each promptly notify each other if at any time before the Effective Date it becomes aware (in the case of Coventry only with respect to Coventry and in the case of Chalice only with respect to Chalice) that the Coventry Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Coventry Circular, and the Parties shall co-operate in the preparation of any amendment or supplement to the Coventry Circular, as required or appropriate, and Coventry shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Coventry Circular to Coventry Shareholders and, if required by the Court or applicable Laws, file the same with the Securities Authorities and as otherwise required.

## **2.11 Final Order**

If (i) the Interim Order is obtained, and (ii) the Arrangement Resolution is passed at the Coventry Meeting by Coventry Shareholders as provided for in the Interim Order and as required by applicable Law, and subject to the terms of this Agreement, Coventry shall as soon as reasonably practicable thereafter and in any event within five (5) Business Days thereafter take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to section 291 of the BCBCA.

## **2.12 Court Proceedings**

- (a) Subject to the terms of this Agreement, Chalice will cooperate with, assist and consent to Coventry seeking the Interim Order and the Final Order, including by providing Coventry on a timely basis any information reasonably required to be supplied by Chalice in connection therewith. Coventry will provide the legal

counsel of Chalice with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to all such comments. Coventry will also provide the legal counsel of Chalice on a timely basis with copies of any notice of appearance, notice of intent or other document to oppose and any evidence served on Coventry or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order. Subject to applicable Law, Coventry will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated hereby or with Chalice's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Chalice to agree or consent to any increase in the Consideration or other modification or amendment to such filed or served materials that expands or increases Chalice or Western Rift's obligations, or diminishes or limits Chalice's or Western Rift's rights, set forth in any such filed or served materials or under this Agreement.

- (b) Coventry shall oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by Law to return to Court with respect to the Final Order do so only after notice to, and in consultation and cooperation with, Chalice.
- (c) Coventry shall not object to legal counsel to Chalice making such submissions on the application for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that such submissions are consistent with this Agreement and provided further that Coventry and its legal counsel are advised of the nature of any such submissions prior to the hearing.

### **2.13 Effect on the Arrangement and Effective Date**

Subject to the satisfaction or, where not prohibited and subject to applicable Law, the waiver of the conditions set forth in Article 6 by the applicable Party for whose benefit such conditions exist (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver of those conditions as of the Effective Date by the applicable Party for whose benefit such conditions exist), upon the Arrangement Resolution having been approved and adopted by the Coventry Shareholders at the Coventry Meeting, in accordance with the Interim Order and Coventry obtaining the Final Order, the Arrangement shall be effective at the Effective Time on the Effective Date.

### **2.14 Plan of Arrangement**

The Parties to this Agreement will implement the Plan of Arrangement in accordance with the provisions of this Agreement including Schedule A to this Agreement.

From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Laws, including the BCBCA. The closing of the transactions contemplated hereby will take place at the offices of Blake, Cassels & Graydon LLP at 595 Burrard Street, Suite 2600, Three Bentall Centre, Vancouver, British Columbia V7X 1L3, Canada on the Effective Date.

## **2.15 Delivery of Consideration Shares**

Following receipt of the Final Order and prior to the Effective Time, Western Rift shall cause Chalice to ensure that the Depositary has been provided with sufficient Consideration Shares in escrow to satisfy the obligation of Western Rift to deliver the Consideration Shares to Coventry and the obligation of Coventry to distribute the Consideration Shares to Coventry Shareholders pursuant to the Plan of Arrangement.

## **2.16 Preparation of Filings**

Chalice and Coventry shall co-operate in the preparation of any application for any orders, registrations, consents, filings, rulings, exemptions, waivers, relief, no-action letters and approvals and the preparation of any documents reasonably deemed by either of the Parties to be necessary to discharge its respective obligations or otherwise advisable under applicable Laws in connection with this Agreement or the Plan of Arrangement.

## **2.17 Securities Compliance**

Chalice shall take all reasonable steps as may be required to cause the Chalice Shares to be issued under the Plan of Arrangement pursuant to an exemption from the prospectus and registration requirements of applicable Laws and a waiver of the requirement pursuant to Securities Laws to obtain the approval of Chalice's shareholders. The Parties agree that the Arrangement will be carried out with the intention that all Chalice Shares issued on completion of the Arrangement to Coventry and distributed by Coventry to the Coventry Shareholders will be issued by Chalice and distributed by Coventry in reliance on the Section 3(a)(10) Exemption and pursuant to exemptions from applicable state securities laws. In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis:

- (a) the Arrangement will be subject to the approval of the Court;
- (b) the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption prior to the Court hearing at which the Final Order will be sought;
- (c) the Court will have determined, prior to approving the Arrangement, that the terms and conditions of the distribution of securities under the Arrangement are fair, both substantively and procedurally, to Coventry Shareholders;

- (d) the Final Order will expressly state that the Arrangement is approved by the Court as being fair to the Coventry Shareholders to whom the Consideration Shares will be distributed;
- (e) Coventry will ensure that each Coventry Shareholder entitled to receive securities on completion of the Arrangement will be given adequate notice advising them of their right to attend the Court hearing required to give approval to the Arrangement and providing them with sufficient information necessary for them to exercise that right;
- (f) the Coventry Shareholders will be advised that the Consideration Shares issued to Coventry and distributed by Coventry to Coventry Shareholders in the Arrangement have not been registered under the U.S. Securities Act and will be issued by Chalice and distributed by Coventry in reliance on the Section 3(a)(10) Exemption and exemptions under applicable state securities laws and may be subject to restrictions on resale under the securities laws of the United States, including, as applicable, Rule 144 under the U.S. Securities Act with respect to Coventry Shareholders who have been, are or become affiliates of Chalice;
- (g) the Interim Order approving the Coventry Meeting to approve the Arrangement will specify that each Coventry Shareholder will have the right to appear before the Court at the application for the Final Order so long as such Coventry Shareholder enters an appearance within a reasonable time; and
- (h) the Final Order shall include a statement to the following effect:

*“This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that Act, regarding the distribution of securities of Chalice Gold Mines Limited pursuant to the Plan of Arrangement.”*

## **2.18 Announcement and Shareholder Communications**

Chalice and Coventry shall each publicly announce the transactions contemplated hereby promptly following the execution of this Agreement by the Parties, the text and timing of each such announcement to be approved by Chalice and Coventry in advance, subject to the requirements of the Securities Laws, acting reasonably. Chalice and Coventry agree to co-operate in the preparation of presentations, if any, to Coventry Securityholders regarding the Plan of Arrangement, and no Party shall (i) issue any news release or otherwise make public announcements with respect to this Agreement or the Plan of Arrangement without the consent of the other Parties (which consent shall not be unreasonably withheld or delayed); or (ii) make any filing with any Governmental Entity with respect thereto without prior consultation with the other Parties; provided, however, that the foregoing shall be subject to each Party’s overriding obligation to make any disclosure or filing required under applicable Laws or stock/securities exchange rules,

and the Party making such disclosure shall use all reasonable efforts to give prior oral or written notice to the other Parties and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

## **2.19 Withholding Taxes**

Chalice, Coventry, Western Rift and the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Person hereunder and from all dividends or other distributions otherwise payable to any Coventry Shareholders such amounts as Chalice, Coventry, Western Rift or the Depositary may be required or permitted to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid. Chalice, Coventry, Western Rift or the Depositary, as applicable, may sell or otherwise dispose of any portion of the Consideration otherwise payable to Coventry Shareholders as is necessary to provide sufficient funds to enable Chalice, Coventry, Western Rift or the Depositary, as applicable, to comply with such deduction and/or withholding requirements.

## **ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF COVENTRY**

### **3.1 Representations and Warranties**

Coventry hereby represents and warrants to and in favour of Chalice as follows, except to the extent that such representations and warranties are qualified by the Coventry Disclosure Letter (which shall make reference to the applicable section, subsection, paragraph or subparagraph below in respect of which such qualification is being made), and acknowledges that Chalice is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) ***Board Approval.*** The Coventry Board, after consultation with its financial and legal advisors, has determined that the Plan of Arrangement is fair to the Coventry Securityholders and is in the best interests of Coventry and has resolved unanimously to recommend to the Coventry Shareholders that they vote in favour of the Arrangement Resolution. The Coventry Board has approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of this Agreement.
- (b) ***Fairness Opinion.*** The Coventry Board has received the opinion of Primary Capital Inc., its financial advisor, to the effect that, as of the date of such opinion, subject to the assumptions and limitations set out therein, the Consideration to be received by the Coventry Shareholders in connection with the transactions

contemplated by this Agreement is fair, from a financial point of view, to such Coventry Shareholders.

(c) ***Targets.***

- (i) *Ownership of Target Shares.* Coventry is the registered and beneficial holder of all of the Target Shares with good and marketable title thereto, free and clear of all Liens.
- (ii) *Capitalization of the Targets.* In respect of the Targets:
  - (A) Coventry Resources Ontario Inc. is authorized to issue an unlimited number of common shares without par value and as of the date of this Agreement, the issued share capital consists of 100 common shares without par value;
  - (B) Coventry Rainy Inc. is authorized to issue an unlimited number of common shares without par value and as of the date of this Agreement, the issued share capital consists of 100 common shares without par value;
  - (C) 2235411 Ontario Inc. is authorized to issue an unlimited number of common shares without par value and as of the date of this Agreement, the issued share capital consists of 100 common shares without par value;
  - (D) Cameron Gold Operations Inc. is authorized to issue an unlimited number of common shares without par value and as of the date of this Agreement, the issued share capital consists of 1,013,678 common shares without par value;
  - (E) other than as set forth in this Section 3.1(c)(ii)(E), there are no other options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any of the Targets outstanding or obligating any of the Targets to issue or sell any shares in them or any securities or obligations of any kind exercisable, convertible into or exchangeable for any shares, nor are there outstanding any share appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or any other attribute of such subsidiaries. All outstanding shares of the Targets have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. There are no outstanding bonds, debentures or other evidences of indebtedness of any of the Targets having the right to vote with the shareholders on any matter. There

are no outstanding contractual obligations of any respective Target to repurchase, redeem or otherwise acquire any outstanding shares or with respect to the voting or disposition of any outstanding shares. No Target has given any guarantee of indebtedness or any other obligations of Coventry or any of its other subsidiaries that remains outstanding and is not otherwise under any obligation to satisfy any liabilities of Coventry or any of its other subsidiaries.

- (d) ***Authority Relative to this Agreement.*** Coventry has all requisite corporate power and authority to execute and deliver this Agreement and the other documents related to the transactions contemplated hereunder and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby, subject to the approval of Coventry Shareholders and the Court as provided in this Agreement with respect to the Plan of Arrangement. The execution and delivery of this Agreement and the other documents related to the transactions contemplated hereunder by Coventry and the consummation by Coventry of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Coventry are necessary to authorize this Agreement and the other documents related to the transactions contemplated hereunder or to consummate the transactions contemplated hereby or thereby other than, with respect to the completion of the Arrangement, the approval of the Coventry Shareholders and the Court. Each of this Agreement and the other documents related to the transactions contemplated hereunder has been or will be duly and validly executed and delivered by Coventry and constitutes or will constitute its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency and other applicable Laws affecting creditors' rights generally, and by general principles of equity.
- (e) ***No Violations.*** Neither the execution and delivery of this Agreement or any other documents related to the transactions contemplated hereunder by Coventry nor the performance of its obligations hereunder and thereunder and the completion of the transactions contemplated hereby, will:
- (i) conflict with, or violate any provision of, the constating documents of Coventry;
  - (ii) violate or breach any applicable Laws, judgment, order or decree applicable to Coventry;
  - (iii) violate or conflict with or result in the breach of, or constitute a default (or an event that with the giving of notice, the passage of time, or both would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or both) to terminate, accelerate, modify, suspend or call any obligations or rights under any Coventry Mining Permit,

agreement, Contract, note, bond, mortgage, indenture, deed of trust, lease, licence, Permit, concession, easement or other instrument to which any Target is a party or by which any Target or their respective property is bound or subject; or

- (iv) result in the imposition of any encumbrance, charge or Lien upon or require the sale or give any Person the right to acquire any of the assets of the Targets or restrict, hinder, impair or limit the ability of the Targets to carry on their businesses as and where they are now being, or are planned to be, carried on.
- (f) ***Qualification to do Business.*** Each Target is registered, licensed or otherwise qualified to do business under the Laws of the jurisdictions specified in Schedule 3.1(f) of the Coventry Disclosure Letter and neither the character nor the location of the properties and assets owned by the Target nor the nature of its business requires registration, licensing or other qualification under the Laws of any other jurisdiction. Each Target has all necessary corporate power, authority, and capacity to carry on its business and to own or lease and operate its property and assets as now carried on and owned or leased and operated.
- (g) ***Reporting Status and Securities Laws Matters.*** Coventry is a “reporting issuer” and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws in each of the Provinces of British Columbia, Alberta and Ontario. No delisting, suspension of trading in or cease trading order with respect to any securities of Coventry and, to the knowledge of Coventry, no inquiry or investigation (formal or informal) or enforcement action of any Securities Authority, the ASX or the TSXV is in effect or ongoing or, to the knowledge of Coventry, expected to be implemented or undertaken other than in connection with the transactions contemplated by this Agreement. The Coventry Shares are listed and posted for trading on the TSXV and quoted on the ASX (in the form of CDIs) and Coventry is in compliance in all material respects with all rules, policies and other requirements of the TSXV and the ASX Listing Rules. Coventry is not required to file reports with, or furnish reports to, the U.S. Securities and Exchange Commission pursuant to the U.S. Exchange Act.
- (h) ***Public Filings.*** Coventry has filed all documents in the Coventry Public Record required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities or the ASX and TSXV. All such documents and information comprising the Coventry Public Record, as of their respective dates (and the dates of any amendments thereto), (1) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (2) complied in all material respects with the requirements of applicable Securities Laws (including the ASX Listing Rules), and any amendments to the Coventry Public Record required to be made have been filed on a timely basis with the Securities Authorities and the

ASX and the TSXV. Coventry has not filed any confidential material change report with any Securities Authorities that at the date of this Agreement remains confidential.

- (i) **Coventry Financial Statements.** Coventry's audited financial statements as at and for the fiscal years ended June 30, 2013, 2012 and 2011 (including the notes thereto) and related management's discussion and analysis (the "**Coventry Financial Statements**") were prepared in accordance with IFRS consistently applied (except as otherwise indicated in such financial statements and the notes thereto or in the related report of Coventry's independent auditors and fairly present in all material respects the financial position, results of operations and cash flows of Coventry and its subsidiaries as of the dates thereof and for the periods indicated therein and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of Coventry and its subsidiaries on a consolidated basis. There has been no material change in Coventry's accounting policies, except as described in the notes to the Coventry Financial Statements, since June 30, 2013.
- (j) **Internal Controls and Financial Reporting.** Coventry (i) has designed disclosure controls and procedures to provide reasonable assurance that material information relating to Coventry, including its consolidated subsidiaries, is made known to the Interim President and Chief Executive Officer and the Chief Financial Officer of Coventry by others within those entities, particularly during the periods in which filings are being prepared; and (ii) has designed internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.
- (k) **Books and Records.** The financial books, records and accounts of Coventry and the Targets, have in all material respects, been maintained in accordance with applicable Law, in accordance with IFRS and, in each case are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Coventry and the Targets and accurately and fairly reflect the basis for the Coventry Financial Statements.
- (l) **Minute Books.** The minute books of each of the Targets are true and correct in all material respects; they contain the duly signed minutes of all meetings of the boards of directors and shareholders and all resolutions passed by the boards of directors and the shareholders thereof.
- (m) **No Undisclosed Liabilities.** The Targets have no outstanding indebtedness or liabilities and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person, other than those specifically identified in the Coventry Financial

Statements, or incurred in the ordinary course of business since the date of the most recent financial statements of Coventry filed on SEDAR.

- (n) **No Material Change.** Since June 30, 2013, except as disclosed in the Coventry Public Record, there has been no material change in respect of the Targets and the debt, business and material properties of the Targets conform in all respects to the description thereof contained in the Coventry Public Record. Since September 30, 2013, there has been no material change to the financial position, results of operations and cash flows of the Targets as represented by Coventry to Chalice in the Targets unaudited balance sheet dated as of September 30, 2013.
- (o) **Litigation.** Other than as disclosed in Schedule 3.1(o) of the Coventry Disclosure Letter, there are no material claims, actions, suits, grievances, complaints or proceedings pending or, to the knowledge of Coventry, threatened affecting any Target or affecting any of its respective property or assets at law or in equity before or by any Governmental Entity, including matters arising under Environmental Laws. No Target nor its assets or properties are subject to any outstanding material judgment, order, writ, injunction or decree.
- (p) **Taxes.** Except as disclosed in Schedule 3.1(p) of the Coventry Disclosure Letter, each of the Targets has duly and timely filed all Returns required to be filed by it prior to the date hereof, other than those which have been administratively waived, and all such Returns are complete and correct in all material respects, and:
  - (i) Each of the Targets has paid on a timely basis all Taxes which are due and payable, including all instalments on account of any material amount of Taxes for the current year that are due and payable by each of the Targets whether or not assessed (or reassessed) by the appropriate Governmental Entity and all assessments and reassessments, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published Coventry Financial Statements.
  - (ii) Except as provided for in the Coventry Financial Statements, no deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of any of the Targets, and neither Coventry nor any of the Targets is a party to any action or proceeding for assessment or collection of such Taxes and no such event has been asserted or, to the knowledge of Coventry, threatened against Coventry or any of the Targets or any of their respective assets.
  - (iii) No claim has been made by any Governmental Entity in a jurisdiction where any of the Targets does not file Returns that any of the Targets is or may be subject to Tax by that jurisdiction.

- (iv) There are no Liens for unpaid Taxes (other than in respect of Taxes not yet due and payable) upon any of the assets of any of the Targets.
- (v) Each of the Targets has withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so.
- (vi) There are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from any of the Targets for any taxable period and no request for any such waiver or extension is currently pending.
- (vii) To the extent available, Coventry will provide Chalice with true, correct and complete copies of all the Returns for which the applicable assessing periods or statutory periods of limitations have not expired, in respect of each of the Targets.
- (viii) None of the Targets has acquired property or services (or the right to use property or services) from, or disposed of property or provided services to (or the right to use property or services), any Person with whom it does not deal at arm's length within the meaning of the Tax Act or comparable provisions of any other Laws for an amount that is other than the fair market value of such property or services.
- (ix) To the knowledge of Coventry, no circumstances exist or could reasonably be expected to arise as a result of matters existing before the Effective Date that may result in any of the Targets being subject to the application of section 160 of the Tax Act or comparable provisions of any other Laws or otherwise cause any of the Targets to be liable for Taxes of any other Person.
- (x) Coventry is not a non-resident of Canada for purposes of the Tax Act and each of the Targets has, at all relevant times, been and is a "taxable Canadian corporation" within the meaning of subsection 89(1) of the Tax Act;
- (xi) None of the Targets is a party to any indemnification, allocation or sharing agreement with respect to Taxes that could give rise to a payment or indemnification obligation;
- (xii) Except for the settlement of debts contemplated by the Pre-Closing Reorganization, there are no circumstances which exist and would result in, or which have existed and resulted in, section 78 or sections 80 to

80.04 of the Tax Act or comparable provisions of any other Laws applying to the Targets.

(q) ***Property.***

- (i) Except as disclosed in Schedule 3.1(q) of the Coventry Disclosure Letter, the Targets do not own or have an option or right to acquire any interests in real or immovable property, including licences, leases, rights of way, surface rights, easements, Permits for the use of land or other real property.
- (ii) To the knowledge of Coventry, each Coventry Mining Permit is in good standing under applicable Laws. The interest of the Target in each Coventry Mining Permit is held free and clear of all Liens. Schedule 3.1(q) of the Coventry Disclosure Letter sets out an up to date, true and accurate list in all material respects of (i) the interests of the Target in each of the Coventry Mining Permits; (ii) the agreement or document pursuant to which the applicable Targets holds its interest in such Coventry Mining Permits; and (iii) one of the Targets is lawfully authorized to hold its interest in the Coventry Mining Permits, as set out in the Coventry Disclosure Letter.
- (iii) Except as disclosed in Schedule 3.1(q) of the Coventry Disclosure Letter, and applying customary standards in the mining industry:
  - (A) each Coventry Mining Permit has been properly located and recorded in compliance with applicable Laws and comprises a valid and subsisting Mining Permit in each case;
  - (B) any and all assessment work required to be performed and filed under the Coventry Mining Permits has been performed and filed;
  - (C) any and all Taxes and other payments required to be paid in respect of the Coventry Mining Permits and all rental payments required to be paid in respect of the Coventry Mining Permits have been paid;
  - (D) one of the Targets has the exclusive right to deal with each of the Coventry Mining Permits;
  - (E) no other Person has any material interest in the Coventry Mining Permits or any right to acquire any such interest;
  - (F) there are no back-in rights, earn-in rights, rights of first refusal, royalty rights or similar provisions which would materially affect the Targets' interests in the Coventry Mining Permits; and

- (G) neither Coventry nor the Targets have received any notice, whether written or oral from any Governmental Entity or any Person with jurisdiction or applicable authority of any revocation or intention to revoke the interests of Coventry or any of the Targets in the Coventry Mining Permits.
- (iv) Coventry has provided Chalice with access to full and complete copies of all exploration information and data in relation to the Targets within the possession or control of Coventry and the Targets, including, without limitation, all geological, geophysical and geochemical information and data (including all drill, sample and assay results and all maps) and all technical reports, feasibility studies and other similar reports and studies concerning the Coventry Mining Permits and one of the Targets has the sole right, title, ownership and right to use all such information, data reports and studies.
- (v) All work and activities carried out on the Coventry Mining Permits by Coventry or the Targets or, to the knowledge of Coventry, by any other Person appointed by Coventry or the Targets have been carried out in all material respects in compliance with all applicable Laws, and neither Coventry nor the Targets, nor, to the knowledge of Coventry, any other Person, has received any notice of any material breach of any such applicable Laws.
- (vi) Coventry and the Targets have made or will make available to Chalice all material information in its possession or under their control relating to the Coventry Mining Permits.
- (r) **Personal Property.** Schedule 3.1(r) of the Coventry Disclosure Letter lists each item of Personal Property owned by the Targets which had a book value in the Coventry Financial Records, at the date of the most recent Coventry Financial Statements, of more than \$10,000 or is otherwise material to the business of the Targets. No Personal Property owned by the Targets is in the possession of a third party or is on consignment.
- (s) **Contracts.** Schedule 3.1(s) of the Coventry Disclosure Letter includes a complete and accurate list of all Coventry Material Contracts to which any of the Targets is a party and that are currently in force. All Coventry Material Contracts are in full force and effect, and one of the Targets is entitled to all rights and benefits thereunder in accordance with the terms thereof. All of the Coventry Material Contracts are valid and binding obligations of one of the Targets, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. To the knowledge of Coventry, the Targets have complied in all material respects with all terms of such Coventry

Material Contracts, have paid all amounts due thereunder of, as and when due, have not waived any rights thereunder and no material default or breach exists in respect thereof on the part of any of the Targets or, to the knowledge of Coventry, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of the Coventry Material Contracts. As at the date hereof, neither Coventry nor any of the Targets have received written notice that any party to a Coventry Material Contract intends to cancel, terminate or otherwise modify or not renew such Coventry Material Contract, and to the knowledge of Coventry, no such action has been threatened. None of the Targets is a party to any Coventry Material Contract that contains any non-competition obligation or otherwise restricts in any material way the business of the Targets.

- (t) **Permits.** Each of the Targets has obtained and is in compliance with all material Permits required by applicable Laws, necessary to conduct its current business as now being conducted. To the knowledge of Coventry, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with such material Permits as are necessary to conduct its business as it is currently being conducted as set forth in the Coventry Public Record.
- (u) **Intellectual Property.** There is no action, suit, proceeding or claim pending or to the knowledge of Coventry, threatened by others challenging any of the Targets' rights in or to any Intellectual Property which is used for the conduct of its business as currently carried on as set forth in the Coventry Public Record.
- (v) **Environmental Matters.** To the knowledge of Coventry, each of the Targets:
  - (i) is in material compliance with all Environmental Laws and all terms and conditions of all Environmental Permits;
  - (ii) has not received any order, request or notice from any Person alleging a material violation of any Environmental Law;
  - (iii) (A) is not a party to any litigation or administrative proceeding, nor is any litigation or administrative proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Substances; and (B) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially

responsible party by any Governmental Entity in a matter arising under any Environmental Laws; and

- (iv) is not involved in remediation operations and does not know of any facts, circumstances or conditions, including the Release of any Hazardous Substance, that would reasonably be expected to result in any Environmental Liabilities.
- (w) ***Mineral Resources.*** The estimated indicated and inferred mineral resources disclosed in the Coventry Public Record related to the Coventry Mining Permits have been prepared and disclosed in all material respects in accordance with all applicable Laws including, without limitation, NI 43-101. The information provided by Coventry and the Targets to the Qualified Persons in connection with the preparation of such estimates was complete and accurate at the time such information was furnished. There has been no material reduction in the aggregate amount of estimated mineral resources of the Targets, taken as a whole, from the amounts disclosed in the Coventry Public Record.
- (x) ***Regulatory.***
  - (i) To the best of Coventry's knowledge, the Targets have operated and are currently operating in material compliance with all applicable Laws, including all applicable published rules, regulations, guidelines and policies of any Governmental Entity having jurisdiction over the Targets or their respective activities; and
  - (ii) To the best of Coventry's knowledge, the Targets have operated and are currently operating their respective businesses in compliance with all Regulatory Authorizations in all material respects and have made all requisite material declarations and filings with applicable Governmental Entities. To the best of Coventry's knowledge, the Targets have not received any written notices or other correspondence from any Governmental Entity regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or modification of, or a refusal to issue, any material Regulatory Authorization which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of any of the Targets to operate their businesses in a manner which would have a Material Adverse Effect on such Target.
- (y) ***Labour and Employment.***
  - (i) No employee of any Target is on long-term disability leave, extended absence or worker's compensation leave. All current assessments under applicable workers compensation legislation in relation to employees have been paid or accrued by the Targets and the Targets are not subject to any

special or penalty assessment under such legislation which has not been paid.

- (ii) No director, officer, employee or consultant of any of the Targets is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would receive payments under such agreement or provision as a result of the Arrangement.
- (z) **Compliance with Laws.** To the best of its knowledge, Coventry and the Targets have complied with and are not in violation of any applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect on Coventry or any of the Targets.
- (aa) **Related Party Transactions.** There are no Contracts or other transactions currently in place between any Target, on the one hand, and: (i) to the knowledge of Coventry, any officer or director of Coventry or any of the Targets; (ii) to the knowledge of Coventry, any holder of record or, to the knowledge of Coventry, beneficial owner of 10% or more of the Coventry Shares; and (iii) to the knowledge of Coventry, any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.
- (bb) **Brokers.** Except as disclosed by Coventry to Chalice, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Coventry, and the aggregate amount of such fees that may become payable in respect of all such arrangements is set out in Schedule 3.1(bb) to the Coventry Disclosure Letter.
- (cc) **Insurance.** All insurance maintained by the Targets is in full force and effect and in good standing and none of the Targets is in default, whether as to payment of premium or otherwise, under the terms of any such insurance nor has any of the Targets failed to give any notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise become aware of any intent of an insurer to either claim any default on the part of any of the Targets or not to renew any policy of insurance on its expiry or to increase any deductible or cost, except where such failure or default or other event would not reasonably be expected to have a Material Adverse Effect on any Target.
- (dd) **Due Diligence.** All information provided to Chalice in relation to Chalice's due diligence requests will be accurate in all material respects as at its respective date as stated therein. To the extent that there is a material change to any information provided to Chalice since the date provided to Chalice, such information will be accurate in all material respects or is no longer relevant or material to Coventry or additional information has been provided to Chalice which supersedes or replaces such information.

- (ee) ***United States Securities Laws.***
  - (i) Coventry is a “foreign private issuer” as defined in Rule 3b-4 under the U.S. Exchange Act; and
  - (ii) no securities of Coventry are registered or required to be registered under Section 12 of the U.S. Exchange Act, and Coventry is not required to file reports under Section 13 or Section 15(d) of the U.S. Exchange Act.
- (ff) ***Competition Act.*** As determined in accordance with the Competition Act and regulations thereunder, Coventry and all entities controlled by Coventry: (i) do not have assets in Canada having an aggregate book value exceeding C\$80 million; and (ii) does not have gross revenues from sales in or from Canada generated by its assets in Canada that exceed C\$80 million, based on the audited financial statements for Coventry’s most recently completed fiscal year.
- (gg) ***Sanctions and Similar Laws.*** None of the Targets nor, to the knowledge of Coventry, any of their respective officers, directors, employees or agents (nor any Person acting on behalf of the foregoing) directly or indirectly has given, offered or agreed to give or offer a loan, reward, advantage or benefit of any kind to any (1) Person who holds a legislative, administrative or judicial position of a foreign state, (2) Person who performs public duties or functions for a foreign state, including a Person employed by a board, commission, corporation or other body or authority that is established to perform a duty or function on behalf of the foreign state, or is performing such duty or function, or (3) agent of a public international organization that is formed by two or more states or governments, or by two or more such public international organizations, as consideration for an act or omission by the official in connection with the performance of the official’s duties or functions, or to induce the official to use his or her position to influence any acts or decisions of the foreign state or public international organization for which the official performs duties or functions, where prohibited by the *Corruption of Foreign Public Officials Act* (Canada).
- (hh) ***“Interested Parties”.*** There are no “interested parties” for whom votes must be excluded in the approval of the Arrangement Resolution for purposes of MI 61-101.

### **3.2 Survival of Representations and Warranties**

The representations and warranties of Coventry contained in this Agreement shall survive for a period of 12 months following the Effective Time.

## ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF CHALICE AND WESTERN RIFT

### 4.1 Representations and Warranties of Chalice

Chalice hereby represents and warrants to and in favour of Coventry as follows, except to the extent that such representations and warranties are qualified by the Chalice Disclosure Letter (which shall make reference to the applicable, section, subsection, paragraph or subparagraph below in respect of which such qualification is being made), and acknowledges that Coventry is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) ***Authority Relative to this Agreement.*** Chalice has all requisite corporate power and authority to execute and deliver this Agreement and the other documents related to the transactions contemplated hereunder and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby, subject to the approval of the Court as provided in this Agreement with respect to the Plan of Arrangement and subject to obtaining the approval of the Chalice's shareholders of the issue of Consideration Shares pursuant to the Plan of Arrangement and the ASX Listing Rules and issuing a prospectus for the issue of the Consideration Shares (or alternatively, receipt of waivers pursuant to Securities Law of such requirement). The execution and delivery of this Agreement and the other documents related to the transactions contemplated hereunder by Chalice and the consummation by Chalice of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Chalice are necessary to authorize this Agreement and the other documents related to the transactions contemplated hereunder or to consummate the transactions contemplated hereby or thereby other than, with respect to the completion of the Arrangement, the approval of the Coventry Shareholders and the Court and obtaining the approval of the shareholders of Chalice of the issue of Chalice Shares pursuant to the ASX Listing Rules and issuing a prospectus for the issue of the Consideration Shares (or, alternatively, receipt of waivers pursuant to Securities Laws of such requirement). Each of this Agreement and the other documents related to the transactions contemplated hereunder has been or will be duly and validly executed and delivered by Chalice and constitutes or will constitute its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency and other applicable Laws affecting creditors' rights generally, and by general principles of equity.
  
- (b) ***Organization.*** The Chalice structure chart listed in Schedule 4.1(b) of the Chalice Disclosure Letter hereto accurately and correctly represents each company, partnership or other entities, including unincorporated joint ventures, which are part of or affiliated to Chalice. Other than as set out in the Chalice corporate structure chart there are no other Persons or entities affiliated with Chalice or in

which Chalice has any ownership interest. Each of Chalice and its subsidiaries is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization and have full corporate power and capacity to own its property and assets and conduct its business as currently owned and conducted.

(c) ***Capitalization.***

- (i) ***Issued Capital.*** As of the date of this Agreement, there are 251,230,886 Chalice Shares issued, an aggregate of 5,150,000 Chalice Options granted and an aggregate of 2,954,149 Chalice Performance Rights granted. Details concerning the Chalice Options and the Chalice Performance Rights are set out in Schedule 4.1(c) of the Chalice Disclosure Letter. Other than as set forth in this Section 4.1(c)(i) and Schedule 4.1(c) of the Chalice Disclosure Letter, there are no other options, warrants, performance rights, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Chalice to issue or sell any shares of Chalice or any securities or obligations of any kind exercisable, convertible into or exchangeable for any shares of Chalice, nor are there outstanding any share appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or any other attribute of Chalice. All Chalice Shares are validly issued as fully paid free of pre-emptive rights. There are no outstanding contractual obligations of Chalice to repurchase, redeem or otherwise acquire any outstanding Chalice Shares or with respect to the voting or disposition of any outstanding Chalice Shares. Chalice has not given any guarantee of indebtedness or any other obligations of any subsidiary that remains outstanding and is not otherwise under any obligation to satisfy any liabilities of any subsidiary.
- (ii) ***Subsidiaries.*** In respect of the subsidiaries of Chalice:
- (A) as of the date of this Agreement, Chalice Operations Pty Ltd. has issued 501,159,859 fully paid ordinary shares;
  - (B) as of the date of this Agreement, Keren Mining Pty Ltd. has issued one fully paid ordinary share;
  - (C) as of the date of this Agreement, Sub Sahara Resources (Eritrea) Pty Ltd. has issued one fully paid ordinary share;
  - (D) as of the date of this Agreement, Universal Gold Pty Ltd. has issued 37,313,824 fully paid ordinary shares;
  - (E) as of the date of this Agreement, Western Rift has issued one fully paid ordinary share;

- (F) as of the date of this Agreement, Yolanda International Limited has issued two fully paid ordinary shares; and
  - (G) as of the date of this Agreement, Chalice Gold Mines (Eritrea) Ltd. has issued one fully paid ordinary share; and
  - (H) other than as set forth in this Section 4.1(c)(ii) there are no other options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any of the subsidiaries outstanding or obligating any of the subsidiaries to issue or sell any shares in them or any securities or obligations of any kind exercisable, convertible into or exchangeable for any shares, nor are there outstanding any share appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or any other attribute of such subsidiaries. All shares of respective subsidiaries are validly issued as fully paid free of pre-emptive rights. There are no outstanding bonds, debentures or other evidences of indebtedness of any of the subsidiaries having the right to vote with the shareholders on any matter. There are no outstanding contractual obligations of any respective subsidiary to repurchase, redeem or otherwise acquire any shares or with respect to the voting or disposition of any shares. No subsidiary has given any guarantee of indebtedness or any other obligations of another subsidiary or Chalice that remains outstanding and is not otherwise under any obligation to satisfy any liabilities of any subsidiary or Chalice.
- (d) **No Violations.** Neither the execution and delivery of this Agreement or any other documents related to the transactions contemplated hereunder by Chalice nor the performance of its obligations hereunder and thereunder and the completion of the transactions contemplated hereby, will:
- (i) conflict with, or violate any provision of, the constitution of Chalice;
  - (ii) subject to receipt of the appropriate prospectus waiver from ASIC, violate or breach any applicable Laws, judgment, order or decree applicable to Chalice;
  - (iii) violate or conflict with or result in the breach of, or constitute a default (or an event that with the giving of notice, the passage of time, or both would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or both) to terminate, accelerate, modify, suspend or call any obligations or rights under any Chalice Mining Permit, agreement, Contract, note, bond, mortgage, indenture, deed of trust, lease, licence, Permit, concession, easement or other instrument to which Chalice or any

of its subsidiaries is a party or by which Chalice or any of its subsidiaries or their respective property is bound or subject; or

- (iv) result in the imposition of any encumbrance, charge or Lien upon or require the sale or give any Person the right to acquire any of the assets of Chalice or any of its subsidiaries or restrict, hinder, impair or limit the ability of Chalice or any of its subsidiaries to carry on its business as and where it is now being, or is planned to be, carried on.
- (e) **Reporting Status and Securities Laws Matters.** Chalice is a “reporting issuer” and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws in the Province of Ontario. No delisting, suspension of trading in or cease trading order with respect to any securities of Chalice and, to the knowledge of Chalice, no inquiry or investigation (formal or informal) or enforcement action of any Securities Authority, the ASX or the TSX is in effect or ongoing or, to the knowledge of Chalice, expected to be implemented or undertaken other than in connection with the transactions contemplated by this Agreement. The Chalice Shares are listed and posted for trading on the TSX and quoted on the ASX and Chalice is in compliance in all material respects with all rules, policies and other requirements of the TSX and the ASX Listing Rules. Chalice is not required to file reports with, or furnish reports to, the U.S. Securities and Exchange Commission pursuant to the U.S. Exchange Act.
- (f) **Public Filings.** Chalice has filed all documents in the Chalice Public Record required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities or the ASX and TSX. All such documents and information comprising the Chalice Public Record, as of their respective dates (and the dates of any amendments thereto), (1) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (2) complied in all material respects with the requirements of applicable Securities Laws (including the ASX Listing Rules), and any amendments to the Chalice Public Record required to be made have been filed on a timely basis with the Securities Authorities and the ASX and the TSX. Chalice has not filed any confidential material change report with any Securities Authorities that at the date of this Agreement remains confidential.
- (g) **Chalice Financial Statements.** Other than as disclosed in Schedule 4.1(g) of the Chalice Disclosure Letter, Chalice’s audited financial statements as at and for the fiscal years ended June 30, 2013, 2012 and 2011 (including the notes thereto) (collectively, the “**Chalice Financial Statements**”) were prepared in accordance with IFRS consistently applied (except as otherwise indicated in such financial statements and the notes thereto or in the related report of Chalice’s independent auditors) and fairly present in all material respects the financial position, results of operations and cash flows of Chalice and its subsidiaries as of the dates thereof and for the periods indicated therein and reflect reserves required by IFRS in

respect of all material contingent liabilities, if any, of Chalice and its subsidiaries on a consolidated basis. There has been no material change in Chalice's accounting policies, except as described in the notes to the Chalice Financial Statements, since June 30, 2013.

- (h) **Internal Controls and Financial Reporting.** Chalice (i) has designed disclosure controls and procedures to provide reasonable assurance that material information relating to Chalice, including its consolidated subsidiaries, is made known to the Managing Director and the Chief Financial Officer of Chalice by others within those entities, particularly during the periods in which filings are being prepared; and (ii) has designed internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.
- (i) **Books and Records.** The financial books, records and accounts of Chalice and its subsidiaries, have in all material respects, been maintained in accordance with applicable Law, in accordance with IFRS, and, in each case, are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Chalice and its subsidiaries and accurately and fairly reflect the basis for the Chalice Financial Statements.
- (j) **Minute Books.** The minute books of each of Chalice and its subsidiaries are true and correct in all material respects; they contain the duly signed minutes of all meetings of the boards of directors and shareholders and all resolutions passed by the boards of directors and the shareholders thereof.
- (k) **No Undisclosed Liabilities.** Chalice and its subsidiaries have no outstanding indebtedness or liabilities and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person, other than those specifically identified in the Chalice Financial Statements or incurred in the ordinary course of business since June 30, 2013.
- (l) **No Material Change.** Other than as disclosed in Schedule 4.1(l) of the Chalice Disclosure Letter, since June 30, 2013, except as disclosed in the Chalice Public Record, there has been no material change in respect of Chalice and its subsidiaries taken as a whole, and the debt, business and material properties of Chalice and its subsidiaries conform in all respects to the description thereof contained in the Chalice Public Record; and there has been no dividend or distribution of any kind declared, paid or made by Chalice on any Chalice Shares.
- (m) **Litigation.** There are no material claims, actions, suits, grievances, complaints or proceedings pending or, to the knowledge of Chalice, threatened affecting Chalice or any of its subsidiaries or any of their respective property or assets at law or in equity before or by any Governmental Entity, including matters arising under

Environmental Laws. Neither Chalice nor any of its subsidiaries nor their respective assets or properties are subject to any outstanding material judgment, order, writ, injunction or decree.

- (n) **Taxes.** Each of Chalice and its subsidiaries has duly and timely filed all Returns required to be filed by it prior to the date hereof, other than those which have been administratively waived, and all such Returns are complete and correct in all material respects, and:
- (i) Chalice and each of its subsidiaries has paid on a timely basis all Taxes which are due and payable, including all instalments on account of any material amount of Taxes for the current year that are due and payable by Chalice and each of its subsidiaries whether or not assessed (or reassessed) by the appropriate Governmental Entity and all assessments and reassessments, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published Chalice Financial Statements.
  - (ii) Except as provided for in the Chalice Financial Statements and in Schedule 4.1(n) of the Chalice Disclosure Letter, no deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of Chalice or any of its subsidiaries, and neither Chalice nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of Chalice, threatened against Chalice or any of its subsidiaries or any of their respective assets.
  - (iii) No claim has been made by any Governmental Entity in a jurisdiction where Chalice or any of its subsidiaries does not file Returns that Chalice or any of its subsidiaries is or may be subject to Tax by that jurisdiction.
  - (iv) There are no Liens for unpaid Taxes (other than in respect of Taxes not yet due and payable) upon any of the assets of Chalice or any of its subsidiaries.
  - (v) Chalice and each of its subsidiaries has withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so.
  - (vi) There are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from Chalice or any of its subsidiaries for any taxable period and no request for any such waiver or extension is currently pending.

- (vii) To the extent available, Chalice will provide Coventry with true, correct and complete copies of all the Returns for which the applicable assessing periods or statutory periods of limitations have not expired, in respect of Chalice or any of its subsidiaries.
- (viii) The Chalice Shares are listed on a “designated stock exchange” as defined by the Tax Act.
- (o) ***Property.***
  - (i) Except as set out in Schedule 4.1(o) of the Chalice Disclosure Letter, Chalice and its subsidiaries do not own or have an option or right to acquire any interests in real or immovable property, including licences, leases, rights of way, surface rights, easements, Permits for the use of land or other real property.
  - (ii) To the knowledge of Chalice, each Chalice Mining Permit is in good standing under applicable Laws. The interest of Chalice or its subsidiary in each Chalice Mining Permit is held free and clear of all Liens. Schedule 4.1(o) of the Chalice Disclosure Letter sets out an up to date, true and accurate list in all material respects of (i) the interests of Chalice and its subsidiaries in each of the Chalice Mining Permits; (ii) the agreement or document pursuant to which Chalice or its subsidiary holds its interest in such Chalice Mining Permits; and (iii) Chalice or one of its subsidiaries is lawfully authorized to hold its interest in the Chalice Mining Permits, as set out in the Chalice Disclosure Letter.
  - (iii) Except as disclosed in Schedule 4.1(o) of the Chalice Disclosure Letter, and applying customary standards in the mining industry:
    - (A) each Chalice Mining Permit has been properly located and recorded in compliance with applicable Laws and comprises a valid and subsisting Mining Permit in each case;
    - (B) any and all assessment work required to be performed and filed under the Chalice Mining Permits has been performed and filed;
    - (C) any and all Taxes and other payments required to be paid in respect of the Chalice Mining Permits and all rental payments required to be paid in respect of the Chalice Mining Permits have been paid;
    - (D) Chalice or one of its subsidiaries has the exclusive right to deal with the Chalice Mining Permits;
    - (E) no other Person has any material interest in the Chalice Mining Permits or any right to acquire any such interest;

- (F) there are no back-in rights, earn-in rights, rights of first refusal, royalty rights or similar provisions which would materially affect Chalice's or any of its subsidiaries' interests in the Chalice Mining Permits; and
  - (G) neither Chalice nor its subsidiaries have received any notice, whether written or oral from any Governmental Entity or any Person with jurisdiction or applicable authority of any revocation or intention to revoke the interests of Chalice or any of its subsidiaries in the Chalice Mining Permits.
- (iv) Chalice has provided Coventry with access to full and complete copies of all exploration information and data within the possession or control of Chalice and its subsidiaries, including, without limitation, all geological, geophysical and geochemical information and data (including all drill, sample and assay results and all maps) and all technical reports, feasibility studies and other similar reports and studies concerning the Chalice Mining Permits and Chalice or one of its subsidiaries has the sole right, title, ownership and right to use all such information, data reports and studies.
  - (v) All work and activities carried out on the Chalice Mining Permits by Chalice or its subsidiaries or, to the knowledge of Chalice, by any other Person appointed by Chalice or its subsidiaries have been carried out in all material respects in compliance with all applicable Laws, and neither Chalice nor its subsidiaries, nor, to the knowledge of Chalice, any other Person, has received any notice of any material breach of any such applicable Laws.
  - (vi) Chalice and its subsidiaries have made or will make available to Coventry all material information in its possession or under its control relating to the Chalice Mining Permits.
- (p) **No material contracts.** Chalice is not a party to any Contracts that could be reasonably considered to be material to its business.
  - (q) **Permits.** Chalice and each of its subsidiaries has obtained and is in compliance with all material Permits required by applicable Laws, necessary to conduct its current business as now being conducted. To the knowledge of Chalice, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with such material Permits as are necessary to conduct its business as it is currently being conducted as set forth in the Chalice Public Record.
  - (r) **Intellectual Property.** There is no action, suit, proceeding or claim pending or to the knowledge of Chalice, threatened by others challenging Chalice's or any of its

subsidiaries' rights in or to any Intellectual Property which is used for the conduct of Chalice's and its subsidiaries' business as currently carried on as set forth in the Chalice Public Record.

(s) ***Environmental Matters.*** To the knowledge of Chalice, each of Chalice and its subsidiaries:

- (i) is in material compliance with all Environmental Laws and all terms and conditions of all Environmental Permits;
- (ii) has not received any order, request or notice from any Person alleging a material violation of any Environmental Law;
- (iii) (A) is not a party to any litigation or administrative proceeding, nor is any litigation or administrative proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Substances; and (B) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any Environmental Laws; and
- (iv) is not involved in remediation operations and does not know of any facts, circumstances or conditions, including the Release of any Hazardous Substance, that would reasonably be expected to result in any Environmental Liabilities.

(t) ***Regulatory.***

- (i) To the best of its knowledge, Chalice and its subsidiaries have operated and are currently operating in material compliance with all applicable Laws, including all applicable published rules, regulations, guidelines and policies of any Governmental Entity having jurisdiction over Chalice or its subsidiaries; and
- (ii) To the best of its knowledge, Chalice and its subsidiaries have operated and are currently operating their respective businesses in compliance with all Regulatory Authorizations in all material respects and have made all requisite material declarations and filings with applicable Governmental Entities. To the best of its knowledge, Chalice and its subsidiaries have not received any written notices or other correspondence from any

Governmental Entity regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or modification of, or a refusal to issue, any material Regulatory Authorization which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of Chalice or any of its subsidiaries to operate their businesses in a manner which would have a Material Adverse Effect on Chalice.

- (u) ***Compliance with Laws.*** To the best of its knowledge, Chalice and its subsidiaries have complied with and are not in violation of any applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect on Chalice.
- (v) ***Related Party Transactions.*** There are no Contracts or other transactions currently in place between Chalice or any of its subsidiaries, on the one hand, and:
  - (i) to the knowledge of Chalice, any officer or director of Chalice or any of its subsidiaries;
  - (ii) to the knowledge of Chalice, any holder of record or, to the knowledge of Chalice, beneficial owner of 10% or more of the Chalice Shares;
  - and (iii) to the knowledge of Chalice, any affiliate or associate of any such officer, director, holder of record or beneficial owner, on the other hand, which have not been approved by shareholders or which fall within one of the exceptions of the Corporations Act.
- (w) ***Brokers.*** Except as disclosed by Chalice to Coventry, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Chalice.
- (x) ***Insurance.*** All insurance maintained by Chalice or any of its subsidiaries is in full force and effect and in good standing and neither Chalice nor any of its subsidiaries is in default, whether as to payment of premium or otherwise, under the terms of any such insurance nor has Chalice nor any of its subsidiaries failed to give any notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise become aware of any intent of an insurer to either claim any default on the part of Chalice or any of its subsidiaries or not to renew any policy of insurance on its expiry or to increase any deductible or cost, except where such failure or default or other event would not reasonably be expected to have a Material Adverse Effect on Chalice.
- (y) ***Due Diligence.*** All information provided to Coventry in relation to Coventry's due diligence requests will be accurate in all material respects as at its respective date as stated therein. To the extent that there is a material change to any information provided to Coventry since the date provided to Coventry such information will be accurate in all material respects or is no longer relevant or material to Chalice or additional information has been provided to Coventry which supersedes or replaces such information.

- (z) ***Issuance of Consideration Shares.*** Subject to obtaining a waiver of Securities Laws providing that Chalice requires the approval of its shareholders to the issue of the Consideration Shares under the Plan of Arrangement, or otherwise obtaining the approval of its shareholders pursuant to the ASX Listing Rules, the Consideration Shares to be issued will, when issued pursuant to the Arrangement, be duly and validly issued as fully paid ordinary shares in the capital of Chalice and shall be admitted for trading on the TSX and, subject to an application being made by Chalice, quoted on the ASX.
- (aa) ***Investment Canada.*** Each of Chalice and Western Rift will be a “WTO Investor” for purposes of the Investment Canada Act, as that term is defined in the Investment Canada Act and the regulations thereunder.
- (bb) ***United States Securities Laws.***
  - (i) Chalice is a “foreign private issuer” as defined in Rule 3b-4 under the U.S. Exchange Act; and
  - (ii) no securities of Chalice are registered or required to be registered under Section 12 of the U.S. Exchange Act, and Chalice is not required to file reports under Section 13 or Section 15(d) of the U.S. Exchange Act.
- (cc) ***Sanctions and Similar Laws.*** Neither Chalice nor any of its subsidiaries nor, to the knowledge of Chalice, any of its officers, directors, employees or agents (nor any Person acting on behalf of the foregoing) directly or indirectly has given, offered or agreed to give or offer a loan, reward, advantage or benefit of any kind to any (1) Person who holds a legislative, administrative or judicial position of a foreign state, (2) Person who performs public duties or functions for a foreign state, including a Person employed by a board, commission, corporation or other body or authority that is established to perform a duty or function on behalf of the foreign state, or is performing such duty or function, or (3) agent of a public international organization that is formed by two or more states or governments, or by two or more such public international organizations, as consideration for an act or omission by the official in connection with the performance of the official’s duties or functions, or to induce the official to use his or her position to influence any acts or decisions of the foreign state or public international organization for which the official performs duties or functions, where prohibited by the *Corruption of Foreign Public Officials Act* (Canada).

#### **4.2 Representations and Warranties of Western Rift**

- (a) Western Rift represents and warrants to Coventry as follows:
  - (i) ***Authority Relative to this Agreement.*** Western Rift has all requisite corporate power and authority to execute and deliver this Agreement and the other documents related to the transactions contemplated hereunder

and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby, subject to Chalice obtaining the approval of the shareholders of Chalice, of the issue of Chalice Shares pursuant to the ASX Listing Rules (or alternatively, a waiver pursuant to Securities Law of such requirement). The execution and delivery of this Agreement and the other documents related to the transactions contemplated hereunder by Western Rift and the consummation by Western Rift of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Western Rift are necessary to authorize this Agreement and the other documents related to the transactions contemplated hereunder or to consummate the transactions contemplated hereby or thereby other than Chalice obtaining the approval of the shareholders of Chalice of the issue of Chalice Shares pursuant to the ASX Listing Rules (or, alternatively, a waiver pursuant to Securities Laws of such requirement). Each of this Agreement and the other documents related to the transactions contemplated hereunder has been or will be duly and validly executed and delivered by Western Rift and constitutes or will constitute its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency and other applicable Laws affecting creditors' rights generally, and by general principles of equity.

- (ii) **No Violations.** Neither the execution and delivery of this Agreement or any other documents related to the transactions contemplated hereunder by Western Rift nor the performance of its obligations hereunder and thereunder and the completion of the transactions contemplated hereby, will:
- (A) conflict with, or violate any provision of, the constitution of Western Rift;
  - (B) violate or breach any applicable Laws, judgment, order or decree applicable to Western Rift;
  - (C) violate or conflict with or result in the breach of, or constitute a default (or an event that with the giving of notice, the passage of time, or both would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or both) to terminate, accelerate, modify, suspend or call any obligations or rights under any agreement, Contract, note, bond, mortgage, indenture, deed of trust, lease, licence, Permit, concession, easement or other instrument to which Western Rift is a party or by which Western Rift or its property is bound or subject; or

- (D) result in the imposition of any encumbrance, charge or Lien upon or require the sale or give any Person the right to acquire any of the assets of Western Rift or restrict, hinder, impair or limit the ability of Western Rift to carry on its business as and where it is now being, or is planned to be, carried on.
- (iii) **Investment Canada.** Western Rift will be a "WTO Investor" for purposes of the Investment Canada Act, as that term is defined in the Investment Canada Act and the regulations thereunder.

### **4.3 Survival of Representations and Warranties**

The representations and warranties of Chalice and Western Rift contained in this Agreement shall survive for a period of twelve months following the Effective Time.

## **ARTICLE 5 COVENANTS OF COVENTRY AND CHALICE**

### **5.1 Covenants of Coventry Regarding the Conduct of Business**

- (a) Coventry covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement, applicable Laws or any Governmental Entities or consented to by Chalice in writing, Coventry shall cause each of the Targets to, conduct its business in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement, Coventry shall not, directly or indirectly, cause any Target to, without the prior written consent of Chalice (which consent shall not be unreasonably withheld or delayed):
  - (i) take any action except in the ordinary course of business of the Target and Coventry shall cause each Target to use reasonable efforts to maintain and preserve the business organization, assets, employees, goodwill and business relationships of such Target;
  - (ii) other than in connection with the Pre-Closing Reorganization, (i) amend its articles, charter or by-laws or other comparable organizational documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, securities or property or any combination thereof) in respect of the Target's securities; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any securities of the Target or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of

the Target, other than as required under applicable Law; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of the Target, (v) amend the terms of any of its securities; (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of the Target; or (vii) enter into any agreement with respect to any of the foregoing;

- (iii) except in the ordinary course of business consistent with past practice or in connection with the Pre-Closing Reorganization, (i) sell, pledge, hypothecate, lease, licence, sell and lease back, mortgage, dispose of or encumber or otherwise transfer, any assets, securities, properties, interests or businesses of the Target; (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, businesses, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other Person; (iii) incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person, or make any loans, capital contributions, investments or advances; (iv) pay, discharge or satisfy any material liabilities or obligations; (v) waive, release, grant or transfer any rights of material value; or (vi) authorize or propose any of the foregoing, or enter into any agreement to do any of the foregoing;
- (iv) other than as is necessary to comply with applicable Laws: (i) grant to any officer, employee or director of the Target an increase in compensation in any form, or grant any general salary increase; (ii) make any loan to any officer, employee, or director of Coventry or any of its subsidiaries; (iii) take any action with respect to the grant of any severance, change of control, bonus or termination pay to, or enter into any employment agreement, deferred compensation or other similar agreement (or amend any such existing agreement) with, or hire or terminate employment (except for just cause) of, any officer, employee or director of the Target; (iv) increase any benefits payable under any existing severance or termination pay policies or employment agreements, or adopt or materially amend or make any contribution to any employee benefit plan or other bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers or employees or former directors, officers, employees of the Target; (v) increase bonus levels or other benefits payable to any director, executive officer or employee of the Target; (vi) provide for accelerated

vesting, removal of restrictions or an exercise of any stock based or stock related awards (including stock options, stock appreciation rights, deferred share units, performance units and restricted share awards) upon a change of control (other than in connection with the Arrangement) occurring on or prior to the Effective Time; or (vii) establish, adopt or amend (except as required by applicable Law) any collective bargaining agreement or similar agreement;

- (v) settle, pay, discharge, satisfy, compromise, waive, assign or release (i) any material action, claim or proceeding brought against the Target; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement;
- (vi) enter into, or cause any subsidiary to enter into, any agreement or arrangement that limits or otherwise restricts in any material respect the Target or any successor thereto, or that would, after the Effective Time, limit or restrict in any material respect the Target from competing in any manner;
- (vii) waive, release or assign any material rights, claims or benefits of the Target;
- (viii) except in the ordinary course of business consistent with past practice, (i) enter into any agreement that if entered into prior to the date hereof would be a Coventry Material Contract; (ii) modify, amend in any material respect, transfer or terminate any Coventry Material Contract, or waive, release or assign any material rights or claims thereto or thereunder;
- (ix) change any method of Tax accounting (except as required in accordance with IFRS), make or change any Tax election, file any materially amended Return, settle or compromise any Tax liability, agree to an extension or waiver of the limitation period with respect to the assessment, reassessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a material Tax refund;
- (x) take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under, any Coventry Mining Permits or any material Permits from any Governmental Entity necessary to conduct its businesses as now conducted or as proposed to be conducted; or fail to prosecute with reasonable due diligence any pending applications to any Governmental Entities for Coventry Approvals;

- (xi) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Coventry to consummate the Arrangement or the other transactions contemplated by this Agreement; or
  - (xii) agree, resolve or commit to do any of the foregoing.
- (b) Coventry shall use its reasonable efforts to cause the current insurance (or re-insurance) policies maintained by each of the Targets, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductions and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; provided that, subject to Section 7.5, Coventry shall not obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months.
- (c) Subject to compliance with applicable competition or anti-trust Laws, Coventry shall promptly notify Chalice and Western Rift in writing of any circumstance or development that, to the knowledge of Coventry, is or could reasonably be expected to constitute a Material Adverse Effect.

## **5.2 Covenants of Coventry Relating to the Arrangement**

Coventry shall, and shall cause the Targets to, perform all obligations required or desirable to be performed by Coventry or any of the Targets under this Agreement, cooperate with Chalice in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Coventry shall, and shall cause the Targets to:

- (a) subject to obtaining confirmation that insurance coverage is maintained as contemplated in Section 7.5(a), and provided that the Effective Date has occurred, use its reasonable commercial efforts to cause such members of the board of each Target to resign as Chalice may require, at the time and in the manner requested by Chalice, as of the Effective Date, with a nominee of Chalice to be appointed to the board of the relevant Target immediately after each such resignation;
- (b) apply for and use its best efforts to obtain all Regulatory Authorizations relating to Coventry or any of the Targets which are typically applied for by an offeree and, in doing so, keep Chalice reasonably informed as to the status of the proceedings related to obtaining such approvals;

- (c) use its best efforts to obtain as soon as practicable following execution of this Agreement all third party consents, approvals and notices required under any of the Coventry Material Contracts;
- (d) defend all lawsuits or other legal, regulatory or other proceedings against Coventry or any of the Targets challenging or affecting this Agreement or the consummation of the transactions contemplated hereby; and
- (e) allow Representatives of Chalice (including legal and financial advisors) to attend the Coventry Meeting and allow officers of Chalice to speak to any motion relating to the Arrangement Resolution.

### **5.3 Covenants of Chalice Regarding the Conduct of Business**

- (a) Chalice covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement, applicable Laws or any Governmental Entities or consented to by Coventry in writing, Chalice shall conduct its business in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement, Chalice shall not, directly or indirectly, without the prior written consent of Coventry (which consent shall not be unreasonably withheld or delayed):
  - (i) take any action except in the ordinary course of business of Chalice and Chalice shall use reasonable efforts to maintain and preserve the business organization, assets, employees, goodwill and business relationships of Chalice (notwithstanding the foregoing, Coventry acknowledges Chalice is reviewing other business opportunities and confirms that this Section is not intended to limit Chalice's activities in this regard, provided such activities or transactions would not materially impact upon Chalice's ability to complete the Arrangement and to advance the business of the Targets after completion of the Arrangement);
  - (ii) (i) amend its constitution; (ii) split, combine or reclassify any shares in the capital of Chalice, or declare, set aside or pay any dividend or other distribution or payment (whether in cash, securities or property or any combination thereof) in respect of the Chalice Shares owned by any Person or the securities of any subsidiary owned by a Person other than Chalice; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares of Chalice, or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of Chalice, other than: (A) the issuance of Chalice Shares pursuant to the terms of the outstanding Chalice

Options; (B) the issuance of Chalice Shares pursuant to the terms of the outstanding Chalice Performance Rights; (C) as required under applicable Law; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of Chalice, (v) amend the terms of any of its securities; (vi) deregister Chalice or resolve to wind up Chalice in voluntary liquidation pursuant to the Corporations Act other than where Chalice is insolvent; or (vii) enter into any agreement with respect to any of the foregoing; or

- (iii) agree, resolve or commit to do any of the foregoing.
- (b) Subject to compliance with applicable competition or anti-trust Laws, Chalice shall promptly notify Coventry in writing of any circumstance or development that, to the knowledge of Chalice, is or could reasonably be expected to constitute a Material Adverse Effect on Chalice.

#### **5.4 Covenants of Chalice Regarding the Performance of Obligations**

- (a) Chalice shall, and shall cause its subsidiaries to, perform all obligations required to be performed by Chalice or any of Chalice's subsidiaries under this Agreement, co-operate with Coventry in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Chalice shall and where appropriate shall cause its subsidiaries to:
  - (i) apply for and use its best efforts to obtain all Regulatory Authorizations relating to Chalice or any of Chalice's subsidiaries which are typically applied for by an offeror including a waiver of Securities Laws providing that Chalice requires the approval of its shareholders to the issue of the Chalice Shares under the Plan of Arrangement (or otherwise obtaining the approval of its shareholders pursuant to the ASX Listing Rules) and a waiver of compliance with Part 6D.2 and Part 6D.3 of the Corporations Act from ASIC in issuing the Chalice Shares under the Plan of Arrangement, and, in doing so, keep Coventry reasonably informed as to the status of the proceedings related to obtaining such approvals;
  - (ii) subject to the terms and conditions of this Agreement and of the Plan of Arrangement and applicable Laws, deliver the aggregate Consideration pursuant to the Arrangement at the time provided herein pursuant to and in accordance with the Plan of Arrangement;
  - (iii) not take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Chalice to consummate the Arrangement or the other transactions contemplated by this Agreement.

## 5.5 Mutual Covenants

Each of the Parties covenants and agrees that, except as contemplated in this Agreement, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms:

- (a) it shall, and shall cause its subsidiaries to, use reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 6 to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Plan of Arrangement, including using its reasonable efforts to: (i) obtain all Regulatory Authorizations required to be obtained by it; (ii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Plan of Arrangement; (iii) oppose, lift or rescind any injunction or restraining order against it or other order or action against it seeking to stop, or otherwise adversely affecting its ability to make and complete, the Plan of Arrangement; and (iv) co-operate with the other Parties in connection with the performance by it and its subsidiaries of their obligations hereunder; in addition, subject to the terms and conditions of this Agreement, none of the Parties shall knowingly take or cause to be taken any action which would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated hereby; and
- (b) it shall not take any action, refrain from taking any reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to significantly impede the making or completion of the Plan of Arrangement except as permitted by this Agreement.

## 5.6 Resignations

- (a) Chalice acknowledges and agrees that prior to, but conditional upon, the Effective Time, the following directors and officers of the Targets shall resign from their respective positions with the Targets with effect from the Effective Time:
  - (i) Anthony Goddard;
  - (ii) Nicholas Walker;
  - (iii) Nicholas Day; and
  - (iv) Ming Jang,(each a “**Resigning Officer**” and together the “**Resigning Officers**”); and
- (b) Coventry shall, prior to the Effective Time, deliver to Chalice compromise agreements between each of the Resigning Officers and the applicable Target,

duly executed by the parties thereto, together with letters of resignation from each Resigning Officer who holds office as director resigning his position as director of all Targets. Each compromise agreement will include a confirmation that no outstanding fees and expenses are owing to the Resigning Officer and an indemnity from the Resigning Officer in favour of the relevant Target and Chalice with respect to any taxes payable on amounts received by such Resigning Officer for which the amount of tax withheld is found to be inadequate by the relevant taxing authority. Each of the documents referred to in this Section 5.6(b) shall be conditional only upon the Effective Time occurring.

## **5.7 Chalice Guarantee**

Chalice hereby unconditionally and irrevocably guarantees the due and punctual performance by Western Rift of each and every obligation of Western Rift arising under the Arrangement. Chalice hereby agrees that Coventry shall not have to proceed first against Western Rift before exercising its rights under this guarantee.

## **ARTICLE 6 CONDITIONS**

### **6.1 Mutual Conditions Precedent**

The obligations of the Parties to complete the transactions contemplated by this Agreement, are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

- (a) the Arrangement Resolution shall have been approved and adopted by the Coventry Shareholders at the Coventry Meeting in the manner required by its constating documents or applicable Laws and in accordance with the Interim Order;
- (b) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to Coventry and Chalice, acting reasonably, on appeal or otherwise and the Final Order will contain a statement to the following effect:

*“This Order will serve as a basis of a claim to an exemption pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that Act, regarding the distribution of securities of Chalice Gold Mines Limited pursuant to the Plan of Arrangement.”*

- (c) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation,

against Chalice or Coventry which shall prevent the consummation of the Arrangement;

- (d) all required approvals under the BCBCA, the Corporations Act, the Competition Act and the rules of the TSXV, the TSX and the ASX shall have been obtained including (i) receipt of approval from ASX for official quotation of, and receipt of approval for listing on the TSX of, the Consideration Shares; (ii) the receipt of a waiver from the ASX of the requirement of Chalice to comply with ASX Listing Rules 7.1 and 10.11 from ASX or otherwise the receipt of approval of Chalice's shareholders to the issue of the Chalice Shares under the Plan of Arrangement in accordance with the ASX Listing Rules and the Corporations Act; and (iii) the receipt of relief from ASIC of the requirement of Chalice to comply with the prospectus and secondary share sale requirements of Parts 6D.2 and 6D.3 of the Corporations Act from ASIC or otherwise the issue by Chalice of a prospectus for the Consideration Shares;
- (e) this Agreement shall not have been terminated in accordance with its terms;
- (f) the distribution by Chalice of the Consideration Shares to Coventry and the distribution by Coventry of the Consideration Shares to the Coventry Shareholders pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable Canadian Securities Laws either by virtue of exemptive relief from the Securities Authorities of each of the provinces of Canada or by virtue of applicable exemptions under Canadian Securities Laws and shall not be subject to resale restrictions under applicable Canadian Securities Laws (other than as applicable to control persons);
- (g) any conditions in addition to those set out in this Section 6.1 which may be imposed by the Interim Order or the Final Order shall have been satisfied; and
- (h) the Effective Date shall have occurred on or before the Outside Date.

## **6.2 Additional Conditions Precedent to the Obligations of Chalice**

The obligations of Chalice to complete the transactions contemplated by this Agreement shall also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of Chalice and may be waived by Chalice):

- (a) all covenants of Coventry under this Agreement to be performed on or before the Effective Time which have not been waived by Chalice shall have been duly performed by Coventry in all material respects;
- (b) the Pre-Closing Reorganization shall have been consummated;
- (c) all representations and warranties of Coventry set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Material

Adverse Effect qualifications contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where any failure or failures of any such representations and warranties (other than those contained in Sections 3.1(c), 3.1(d), 3.1(q), 3.1(t) and 3.1(gg)) to be so true and correct in all respects would not reasonably be expected to have a Material Adverse Effect on Coventry (it being a separate condition that the representations and warranties of Coventry made in Sections 3.1(c), 3.1(d), 3.1(q), 3.1(t) and 3.1(gg) must be accurate in all respects when made and, except as contemplated by this Agreement, on and as of the Effective Time, as though made on and as of the Effective Time);

- (d) since the date of this Agreement, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect on any Target;
- (e) since the date of this Agreement, there shall not have occurred any Prescribed Occurrence in respect of Coventry;
- (f) Chalice shall have received a certificate of Coventry addressed to Chalice and dated the Effective Date, signed on behalf of Coventry by the Chief Executive Officer of Coventry, confirming that the conditions in Sections 6.2(a), (b), (c), (d) and (e) have been satisfied;
- (g) there shall not be any action taken, any applicable Law enacted, entered, enforced or deemed applicable by any Governmental Entity or pending or threatened any suit, action or proceeding by any Governmental Entity in connection with the grant of any appropriate Regulatory Authorizations or otherwise (i) seeking to prohibit or restrict the acquisition by Chalice of any Target Shares, (ii) challenging or seeking to restrain or prohibit the consummation of the Plan of Arrangement or seeking to obtain from Coventry, the Targets or Chalice any damages that are material in relation to the Targets taken as a whole, (iii) seeking to prohibit or materially limit the ownership or operation by Chalice of any material portion of the business or assets of Chalice or the Targets or to compel Chalice to dispose of or hold separate any material portion of the business or assets of Chalice or the Targets, as a result of the Plan of Arrangement, (iv) seeking to impose limitations on the ability of Chalice to acquire or hold, or exercise full rights of ownership of, any Target Shares, including the right to vote the Target Shares purchased by it, (v) seeking to prohibit Chalice from effectively controlling in any material respect the business or operations of the Targets or (vi) imposing any condition or restriction that in the judgment of Chalice, acting reasonably, would be materially burdensome to the future operations or business of any business unit of Chalice or the Targets after the Effective Time;

- (h) the Coventry Board shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Coventry to permit the consummation of the Arrangement; and
- (i) receipt by Chalice of any requested legal opinions respecting the business or assets of the Targets, including title opinions in respect of the Coventry Mining Permits, in form and substance satisfactory to Chalice, acting reasonably.

The foregoing conditions will be for the sole benefit of Chalice and may be waived by them in whole or in part at any time.

### **6.3 Additional Conditions Precedent to the Obligations of Coventry**

The obligations of Coventry to complete the transactions contemplated by this Agreement shall also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of Coventry and may be waived by Coventry):

- (a) all covenants of Chalice and Western Rift under this Agreement to be performed on or before the Effective Time shall have been duly performed by Chalice or Western Rift, as appropriate, in all material respects;
- (b) all representations and warranties of Chalice and Western Rift set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Material Adverse Effect qualifications contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties (other than those contained in Sections 4.1(a), (b), (c), (cc) and 4.2(a)) to be so true and correct in all respects would not reasonably be expected to have a Material Adverse Effect on Chalice or Western rift (it being a separate condition that the representations and warranties of Chalice and Western Rift made in Section 4.1(a), (b), (cc) and 4.2(a) must be accurate in all respects when made and, except as contemplated by this Agreement, on and as of the Effective Time, as though made on and as of the Effective Time);
- (c) since the date of this Agreement, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect on Chalice;
- (d) Coventry shall have received a certificate from Chalice addressed to Coventry and dated the Effective Date, signed on behalf of Chalice by the Managing Director of Chalice, confirming that the conditions in Sections 6.3(a), (b), (c) and (e) have been satisfied;

- (e) since the date of this Agreement, there shall not have occurred any Prescribed Occurrence in respect of Chalice or Western Rift;
- (f) the boards of directors of Chalice and Western Rift shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Chalice and Western Rift to permit the consummation of the Arrangement; and
- (g) holders of no more than 5% of the Coventry Shares shall have exercised Dissent Rights.

The foregoing conditions will be for the sole benefit of Coventry and may be waived by it in whole or in part at any time.

#### **6.4 Satisfaction of Conditions**

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 shall be conclusively deemed to have been satisfied, waived or released at the Effective Time.

### **ARTICLE 7 ADDITIONAL AGREEMENTS**

#### **7.1 Notice and Cure Provisions**

Each Party will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Effective Time of any event or state of facts which occurrence or failure would, or would be likely to:

- (a) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time (provided that this paragraph (a) shall not apply in the case of any event or state of facts resulting from actions or omissions of Coventry which are permitted or required by this Agreement); or
- (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder prior to the Effective Time.

Chalice may not exercise its rights to terminate this Agreement pursuant to Section 8.2(a)(iii)(F) and Coventry may not exercise its right to terminate this Agreement pursuant to Section 8.2(a)(iv)(C) unless the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfillment or the applicable condition or termination right, as the case may be. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being

cured, no Party may terminate this Agreement until the expiration of a period of fifteen (15) Business Days from such notice, and then only if such matter has not been cured by such date. If such notice has been delivered prior to the making of the application for the Final Order, such application and such filing shall be postponed until the expiry of such period. For greater certainty, in the event that such matter is cured within the time period referred to herein without a Material Adverse Effect, this Agreement may not be terminated as a result of the cured breach.

## **7.2 Non-Solicitation**

- (a) Except as otherwise expressly provided in this Section 7.2, Coventry shall not, directly or indirectly, through any Representative, (i) solicit, initiate, knowingly encourage or facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries or proposals regarding an Acquisition Proposal, (ii) participate in any discussions or negotiations with any Person (other than Chalice or any of its affiliates) regarding an Acquisition Proposal, (iii) approve, accept, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal, (iv) accept or enter into or publicly propose to accept or enter into, any agreement, understanding or arrangement or other Contract in respect of an Acquisition Proposal or (v) make a Change in Recommendation.
- (b) Coventry shall, and shall cause its Representatives to immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any Persons commenced prior to the date of this Agreement with respect to any Acquisition Proposal, and, in connection therewith, Coventry will discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise) and shall as soon as possible request, to the extent that it is entitled to do so (and exercise all rights it has to require) the return or destruction of all confidential information regarding Coventry and its subsidiaries previously provided to any such Person or any other Person and will request (and exercise all rights it has to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding Coventry and its subsidiaries. Coventry represents that it has not waived any confidentiality, standstill or similar agreement or restriction to which it is a party and further covenants and agrees that, except as permitted in Section 7.2(c) neither it nor any of its subsidiaries shall terminate, waive, amend or modify any provision of any existing confidentiality agreement relating to an Acquisition Proposal or any standstill agreement to which it or any of its subsidiaries is a party and Coventry undertakes to enforce all confidentiality, use, standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it has entered into prior to the date hereof.
- (c) Notwithstanding Sections 7.2(a) and 7.2(b) and any other provision of this Agreement or of any other agreement between Chalice and Coventry, if at any

time following the date of this Agreement and prior to obtaining the approval of the Coventry Shareholders of the Arrangement Resolution at the Coventry Meeting, Coventry receives a *bona fide*, written Acquisition Proposal that the Coventry Board determines in good faith, after obtaining written advice from its financial advisors and outside counsel, constitutes or, if consummated in accordance with its terms (disregarding, for the purposes of any such determination, any term of such Acquisition Proposal that provides for a due diligence investigation), could reasonably be expected to be a Superior Proposal, then Coventry may, provided it is in compliance with Sections 7.2(b) and 7.2(d) for one period of ten (10) consecutive calendar days only:

- (i) furnish information with respect to Coventry to the Person making such Acquisition Proposal; and/or
- (ii) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise cooperate with or assist, the Person making such Acquisition Proposal,

provided that Coventry shall not, and shall not allow its Representatives to, disclose any non-public information with respect to Coventry to such Person (i) if such non-public information has not been previously provided to, or is not concurrently provided to, Chalice; and (ii) without entering into a confidentiality agreement with such Person (the form and content of such confidentiality agreement to be agreed by Chalice, acting reasonably).

- (d) Coventry shall promptly notify Chalice, at first orally and then in writing within 24 hours of receipt of any Acquisition Proposal, in the event it receives an Acquisition Proposal following the date of this Agreement, including the material terms and conditions thereof, the identity of the Person or Persons making the Acquisition Proposal, the proposed price or implied value and the timing of the Acquisition Proposal and shall include copies of any such proposal, inquiry, offer or request, and a copy of any agreement entered into in accordance with Section 7.3 hereof, or any amendment to any of the foregoing. Coventry shall thereafter also provide such other details of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, as Chalice may reasonably request. Coventry shall keep Chalice fully informed in a timely manner as to the status, including any changes to the material terms, of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, and shall respond promptly to all inquiries from Chalice with respect thereto.
- (e) Subject to Section 7.3, at any time following the date of this Agreement and prior to obtaining the approval of Coventry Shareholders, if Coventry receives an Acquisition Proposal which the Coventry Board concludes in good faith constitutes a Superior Proposal, the Coventry Board may, subject to compliance with the procedures set forth in Section 8.2, terminate this Agreement to enter into a definitive agreement with respect to such Superior Proposal.

- (f) Nothing contained in this Agreement shall prohibit the Coventry Board from taking any action or making a Change in Recommendation or from making any disclosure to any Coventry Securityholders prior to the Effective Time, if, in the good faith judgment of the Coventry Board, after obtaining written advice from outside legal counsel, failure to take such action or make such disclosure would be inconsistent with the Coventry Board's exercise of its fiduciary duties or such action or disclosure is otherwise required under applicable Law (including by responding to an Acquisition Proposal under a directors' circular or otherwise as required under Securities Laws); provided that, for greater certainty, in the event of a Change of Recommendation and a termination by Chalice of this Agreement pursuant to Section 8.2(a)(iii)(A), Coventry shall pay the Termination Fee as required by Article 8.

### 7.3 Right to Match

- (a) Coventry covenants that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal (other than a confidentiality agreement permitted by Section 7.2(c) unless:
  - (i) Coventry has complied with its obligations under Section 7.2 and has provided Chalice with a copy of the Superior Proposal; and
  - (ii) a period (the "**Response Period**") of five (5) Business Days has elapsed from the date that is the later of (i) the date on which Chalice receives written notice from the Coventry Board that the Coventry Board has determined, subject only to compliance with this Section 7.3, to accept, approve, endorse, recommend or enter into a definitive agreement with respect to such Superior Proposal, and (ii) the date Chalice receives a copy of the Superior Proposal.
- (b) During the Response Period, Chalice will have the right, but not the obligation, to offer to amend this Agreement and the Plan of Arrangement, including an increase in, or modification of, the aggregate consideration. The Coventry Board shall review in good faith any such offer by Chalice to amend this Agreement and the Plan of Arrangement to determine whether the Acquisition Proposal to which Chalice is responding would continue to be a Superior Proposal when assessed against the Arrangement as it is proposed in writing by Chalice to be amended. If the Coventry Board determines that the Acquisition Proposal no longer constitutes a Superior Proposal, the Coventry Board will cause Coventry to enter into an amendment to this Agreement with Chalice incorporating the amendments to the Agreement and Plan of Arrangement as set out in the written offer to amend, and will promptly reaffirm its recommendation of the Arrangement and by the prompt issuance of a press release to that effect. If the Coventry Board determines that the Acquisition Proposal continues to be a Superior Proposal, Coventry may approve and recommend that Coventry Shareholders accept such

Superior Proposal and may terminate this Agreement pursuant to Section 8.2(a)(iv)(A) in order to accept or enter into an agreement, understanding or arrangement to proceed with the Superior Proposal.

- (c) Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Coventry Shareholders shall constitute a new Acquisition Proposal for the purposes of this Section 7.3 and Chalice shall be afforded a new Response Period and the rights afforded in Section 7.3(b) in respect of each such Acquisition Proposal.

#### **7.4 Access to Information; Confidentiality**

From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to compliance with applicable Law and the terms of any existing Contracts, Coventry shall, and shall cause its Representatives to, afford to Chalice and to its Representatives such access as Chalice may reasonably require at all reasonable times, including for the purpose of facilitating integration business planning, to their officers, employees, agents, properties, books, records and Contracts, shall furnish Chalice with all data and information as Chalice may reasonably request and shall cooperate with Chalice in securing access for Chalice to any documents, agreements, corporate records or minute books not in the possession or under the control of Coventry. Chalice and Coventry acknowledge and agree that information furnished to Chalice pursuant to this Section 7.4 shall be treated confidentially, and not be disclosed other than to Chalice's Representatives or otherwise required under applicable Law.

#### **7.5 Insurance and Indemnification**

- (a) Chalice will maintain in effect without any reduction in scope or coverage for six years from the Effective Date customary policies of directors' and officers' liability insurance providing protection no less favourable to the protection provided by the policies maintained by Coventry in relation to the Targets which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date.
- (b) Chalice agrees that it shall directly honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of the Targets to the extent that they are disclosed in Schedule 7.5(b) of the Coventry Disclosure Letter, and acknowledges that such rights, to the extent that they are disclosed in Schedule 7.5(b) of the Coventry Disclosure Letter, shall survive the completion of the Plan of Arrangement and shall continue in full force and effect for a period of not less than six years from the Effective Date.
- (c) The provisions of this Section 7.5 are intended for the benefit of, and shall be enforceable by, each insured or indemnified Person, his or her heirs and his or her

legal representatives and, for such purpose, Coventry hereby confirms that it is acting as agent and trustee on their behalf. Furthermore, this Section 7.5 shall survive the termination of this Agreement as a result of the occurrence of the Effective Date for a period of six years.

- (d) Coventry hereby agrees to indemnify Western Rift and Chalice and their respective Representatives and save them fully harmless against, and will reimburse them for all actions, causes of action, losses, costs, claims, damages, penalties, fines, assessments, charges, expenses or other liabilities whatsoever, whether contractual, tortious, statutory or otherwise that are brought against or that are otherwise suffered, sustained, paid or incurred by them (“**Indemnity Losses**”) as a direct result of any act, omission, circumstance or other matter arising out of, resulting from, attributable to, or connected with (i) any misrepresentation or breach of a representation, warranty or covenant of Coventry contained herein; or (ii) any Taxes payable by a Target in respect of a period prior to the Effective Time except to the extent such Taxes were specifically taken into account in computing the Effective Date Working Capital of such Target or arose directly as a result of the Pre-Closing Reorganization provided in clause 2.1, except any Indemnity Losses insofar as they are caused by a breach of Western Rift or Chalice’s representations, warranties or covenants, respectively, contained herein or by the gross negligence, fraud or willful misconduct of Western Rift or Chalice or any of their respective Representatives. In the absence of fraud, no claim in respect of Indemnity Losses shall be made or be enforceable whether by legal proceedings, indemnification pursuant to this Section 7.5(d) or otherwise howsoever unless a notice of Indemnity Losses is given by the claimant to Coventry within the period of 24 months from the Effective Date.
- (e) Chalice hereby agrees to indemnify Coventry and their respective Representatives and save them fully harmless against, and will reimburse them for all actions, causes of action, losses, costs, claims, damages, penalties, fines, assessments, charges, expenses or other liabilities whatsoever, whether contractual, tortious, statutory or otherwise that are brought against or that are otherwise suffered, sustained, paid or incurred by them (“**Indemnity Losses**”) as a direct result of any act, omission, circumstance or other matter arising out of, resulting from, attributable to, or connected with (i) any misrepresentation or breach of a representation, warranty or covenant of Chalice contained herein; or (ii) any Taxes payable by the Targets as a result of the Pre-Closing Reorganization provided in clause 2.1, except any Indemnity Losses insofar as they are caused by a breach of Coventry’s representations, warranties or covenants, respectively, contained herein or by the gross negligence, fraud or willful misconduct of Coventry or any of their respective Representatives. In the absence of fraud, no claim in respect of Indemnity Losses shall be made or be enforceable whether by legal proceedings, indemnification pursuant to this Section 7.5(d) or otherwise howsoever unless a notice of Indemnity Losses is

given by the claimant to Chalice within the period of 24 months from the Effective Date.

## **ARTICLE 8 TERM, TERMINATION, AMENDMENT AND WAIVER**

### **8.1 Term**

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

### **8.2 Termination**

- (a) This Agreement, other than Section 8.3, may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of this Agreement or the Arrangement Resolution by the Coventry Shareholders or the Arrangement by the Court):
  - (i) by mutual written agreement of Coventry and Chalice;
  - (ii) by either Coventry or Chalice, if:
    - (A) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this 8.2(a)(ii)(A) shall not be available to any Party whose failure to fulfill any of its obligations or breach of any of its representations and warranties under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by the Outside Date;
    - (B) the Arrangement Resolution shall have failed to obtain the requisite approval at the Coventry Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order and MI 61-101; or
    - (C) after the date hereof, there shall be enacted or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins any of the Parties from consummating the Arrangement and such applicable Law (if applicable) or injunction shall have become final and non-appealable;
  - (iii) by written notice from Chalice to Coventry, if:
    - (A) prior to obtaining the approval of the Coventry Shareholders as provided herein, the Coventry Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to

Chalice or fails to reaffirm its recommendation of the Arrangement within five (5) Business Days (and in any case prior to the Coventry Meeting) after having been requested in writing by Chalice to do so, in a manner adverse to Chalice, it being understood that the taking of a neutral position or no position with respect to an Acquisition Proposal beyond a period of five (5) Business Days (or beyond the date which is one (1) day prior to the Coventry Meeting, if sooner) shall be considered an adverse modification (a “**Change in Recommendation**”);

- (B) the Coventry Meeting has not occurred on or before the later of (A) January 31, 2013 and (B) the date that is fifty (50) days after the date on which Chalice provides Coventry with all information referred to in Section 2.10(c) to be provided by Chalice as is required to be included in the Coventry Circular pursuant to Securities Laws, or such other date as the Parties may agree upon, each acting reasonably, provided that the right to terminate this Agreement pursuant to this Section 8.2(a)(iii)(B) shall not be available to Chalice if the failure by Chalice to fulfill any obligation hereunder is the cause of, or results in, the failure of the Coventry Meeting to occur on or before such date;
- (C) the Coventry Board authorizes Coventry to enter into a binding written agreement relating to a Superior Proposal;
- (D) any person or group of persons acting jointly or in concert acquires ownership of, or control or direction over, that number of Coventry Shares which represent 50% or more of the issued and outstanding Coventry Shares;
- (E) any of the conditions set forth in Section 6.1 or Section 6.2 is not satisfied, and such condition is incapable of being satisfied by the Outside Date;
- (F) subject to Section 7.1, a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Coventry set forth in this Agreement (other than as set forth in Section 7.2) shall have occurred that would cause the conditions set forth in Section 6.1 or Section 6.2 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date; provided that Chalice is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 or Section 6.3 not to be satisfied;
- (G) Coventry is in breach or in default of any of its obligations or covenants set forth in Section 7.2;

- (iv) by written notice from Coventry to Chalice, if:
  - (A) the Coventry Board authorizes Coventry, subject to complying with the terms of this Agreement, to enter into a legally binding agreement with respect to a Superior Proposal; provided that concurrently with such termination, Coventry pays the Termination Fee payable pursuant to Section 8.3;
  - (B) any of the conditions set forth in Section 6.1 or Section 6.3 is not satisfied, and such condition is incapable of being satisfied by the Outside Date;
  - (C) subject to Section 7.1, a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Chalice set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 6.1 or Section 6.3 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date; provided that Coventry is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 or Section 6.2 not to be satisfied; or
- (v) by either Chalice or Coventry in the event that Chalice is required by any Governmental Authority or Securities Authority to call and hold a meeting of its shareholders to obtain their approval for the issuance of Consideration Shares pursuant to the Arrangement or any other aspect of the Arrangement and such approval is not obtained at that meeting.
- (b) The Party desiring to terminate this Agreement pursuant to this Section 8.2 (other than pursuant to Section 8.2(a)(i)) shall give written notice of such termination to the other Parties.
- (c) If this Agreement is terminated pursuant to this Section 8.2, this Agreement shall become void and of no effect without liability of any Party (or any shareholder or Representative of such Party) to any other Party hereto, except as otherwise expressly contemplated hereby, and provided that the provisions of this Section 8.2(c) and Sections 7.4, 8.3, 9.3, 9.6 and 9.7 shall survive any termination hereof pursuant to Section 8.2; provided further that neither the termination of this Agreement nor anything contained in this Section 8.2 shall relieve a Party from any liability arising prior to such termination.

### **8.3 Expenses and Termination Fees**

#### **(a) Definitions**

For the purposes of this Agreement, “**Termination Fee**” means A\$350,000.

(b) ***Expenses***

Except as otherwise provided herein, all fees, costs and expenses incurred in connection with this Agreement and the Plan of Arrangement shall be paid by the Party incurring such fees, costs or expenses.

(c) ***Termination Fees Payable by Chalice***

Chalice will pay to Coventry an amount equal to the Termination Fee if this Agreement is terminated pursuant to Section 8.2(a)(iv)(C).

(d) ***Termination Fees Payable by Coventry***

Coventry will pay to Chalice an amount equal to the Termination Fee if this Agreement is terminated pursuant to:

- (i) Section 8.2(a)(iii)(A);
- (ii) Section 8.2(a)(iii)(C);
- (iii) Section 8.2(a)(iii)(D);
- (iv) Section 8.2(a)(iii)(F);
- (v) Section 8.2(a)(iv)(A); or
- (vi) Section 8.2(a)(ii)(A), 8.2(a)(ii)(B) or 8.2(a)(iii)(B) but only if, in the case of this paragraph 8.3(d)(vi), prior to the earlier of the termination of this Agreement or the holding of the Coventry Meeting, following the date of this Agreement, a *bona fide* Acquisition Proposal, or the intention to make an Acquisition Proposal, with respect to Coventry shall have been made to Coventry or publicly announced by any Person (other than Chalice or any of its affiliates) and within six (6) months following the date of such termination:
  - (A) such Acquisition Proposal is consummated by Coventry; or
  - (B) Coventry and/or one or more of its subsidiaries enters into a definitive agreement in respect of, or the Coventry Board approves or recommends, such Acquisition Proposal which is subsequently consummated at any time thereafter,

provided however that for purposes of this Section 8.3(d)(vi) all references to “20%” in the definition of “**Acquisition Proposal**” shall be read as “50%”.

(e) ***Termination Fee Payments***

Except in the case of termination pursuant to Section 8.2(a)(iv)(A), where Coventry is required to pay the Termination Fee concurrently with its decision to terminate, any Termination Fees payable hereunder shall be by wire transfer of immediately available funds within ten (10) Business Days of the event giving rise to termination.

The parties acknowledge that any payment required to be made under Sections 8.3(c) and 8.3(d) of this Arrangement Agreement shall be made without deductions or withholding of any kind whatsoever, and in the event that any deduction or withholding is required under applicable Laws, the amount of such payment to the payee shall be increased so that the amount received, net of any such deduction or withholding, is the full amount called for under this Arrangement Agreement and the payee bears no economic cost of such withholding.

(f) ***General***

- (i) Each of the Parties acknowledges that the agreements contained in this Section 8.3 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Parties would not enter into this Agreement. Each Party acknowledges that all of the payment amounts set out in this Section 8.3 are payments of liquidated damages which are a genuine pre-estimate of the damages, which the Party entitled to such damages will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and are not penalties. For greater certainty, each Party agrees that, upon any termination of this Agreement under circumstances where any Party is entitled to the Termination Fee and such Termination Fee is paid in full, the Party paying the Termination Fee shall be precluded from any other remedy against the other Party or any of its subsidiaries at law or in equity or otherwise (including, without limitation, an order for specific performance), and shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against such Party or any of its directors, officers, employees, partners, managers, members, shareholders or affiliates in connection with this Agreement or the transactions contemplated hereby.
- (ii) Nothing in this Section 8.3 shall relieve or have the effect of relieving any Party in any way from liability for damages incurred or suffered by a Party as a result of an intentional or wilful breach of this Agreement.
- (iii) Nothing in this Section 8.3 shall preclude a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or otherwise to obtain specific

performance of any such covenants or agreements, without the necessity of posting bond or security in connection therewith.

#### **8.4 Amendment**

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Coventry Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and the Final Order and applicable Law, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and/or
- (d) waive compliance with or modify any mutual conditions precedent herein contained.

#### **8.5 Waiver**

Any Party may (i) extend the time for the performance of any of the obligations or acts of the other Party; (ii) waive compliance, except as provided herein, with any of the other Party's agreements or the fulfilment of any conditions to its own obligations contained herein; or (iii) waive inaccuracies in any of the other Party's representations or warranties contained herein or in any document delivered by the other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived; and provided further that, for the purposes of this Section 8.5, Western Rift and Chalice shall be deemed to constitute one and the same Party.

### **ARTICLE 9 GENERAL PROVISIONS**

#### **9.1 Privacy**

Each Party shall comply with applicable privacy Laws in the course of collecting, using and disclosing personal information about an identifiable individual (the "**Transaction Personal Information**"). Chalice and Western Rift shall not disclose Transaction Personal Information to any Person other than to its advisors who are evaluating and advising on the transactions contemplated by this Agreement. If Chalice and Western Rift complete the transactions contemplated by this Agreement, Chalice and Western Rift shall not, following the Effective Date, without the consent of the individuals to whom

such Transaction Personal Information relates or as permitted or required by applicable Law, use or disclose Transaction Personal Information:

- (a) for purposes other than those for which such Transaction Personal Information was collected by Coventry prior to the Effective Date; and
- (b) which does not relate directly to the carrying on of Coventry's business or to the carrying out of the purposes for which the transactions contemplated by this Agreement were implemented.

Chalice and Western Rift shall protect and safeguard the Transaction Personal Information against unauthorized collection, use or disclosure. Chalice and Western Rift shall cause its advisors to observe the terms of this Section and to protect and safeguard Transaction Personal Information in their possession. If this Agreement shall be terminated, Chalice and Western Rift shall promptly deliver to Coventry all Transaction Personal Information in its possession or in the possession of any of its advisors, including all copies, reproductions, summaries or extracts thereof.

## **9.2 Notices**

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile or e-mail transmission, or as of the following Business Day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

- (a) if to Chalice or Western Rift:

Chalice Gold Mines Limited  
Level 2  
1292 Hay Street  
West Perth  
Western Australia 6005  
GPO Box 2890 Perth  
Western Australia 6005  
Australia

Attention: Managing Director  
Facsimile: +61 8 9322 5800

with a copy (which shall not constitute notice) to:

Blake, Cassels & Graydon LLP  
5th Floor  
23 College Hill  
London  
EC4R 2RP

Attention: David Glennie  
Facsimile: +44 20 7429 3560

(b) if to Coventry:

Coventry Resources Inc.  
Suite 504  
602 West Hastings Street  
Vancouver  
British Columbia V6B 1P2  
Canada

Attention: Interim President and Chief Executive Officer  
Facsimile: +1 604 688 3458

with a copy (which shall not constitute notice) to:

Anfield Sujir Kennedy & Durno LLP  
1600-609 Granville Street  
Vancouver  
British Columbia V7Y 1C3  
Canada

Attention: Michael Kennedy  
Facsimile: +1 604 669 3877

### **9.3 Governing Law; Waiver of Jury Trial**

This Agreement, including the Plan of Arrangement, shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of British Columbia and the Laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement and waives any defences to the maintenance of an action in the Courts of the Province of British Columbia. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR

THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

**9.4 Injunctive Relief**

Subject to Section 8.3, the Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches of this Agreement, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

**9.5 Time of Essence**

Time shall be of the essence in this Agreement.

**9.6 Entire Agreement, Binding Effect and Assignment**

Chalice and Western Rift may assign all or any part of their rights under this Agreement to, and its obligations under this Agreement may be assumed by, a direct or indirect subsidiary of Chalice, provided that if such assignment and/or assumption takes place, Chalice shall continue to be liable jointly and severally with such subsidiary for all of its obligations hereunder. This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assigns.

This Agreement (including the exhibits and Schedules hereto and the Disclosure Letters) constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and thereof and, except as expressly provided herein, this Agreement is not intended to and shall not confer upon any Person other than the Parties any rights or remedies hereunder. Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either of the Parties without the prior written consent of the other Party.

**9.7 Severability**

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

## **9.8 Counterparts, Execution**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

**[Remainder of page intentionally left blank. Signature page follows.]**

IN WITNESS WHEREOF Chalice, Western Rift and Coventry have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

Executed by

**CHALICE GOLD MINES LIMITED**

ACN 116 648 956

in accordance with section 127(1) of the *Corporations Act 2001 (Cth)*:

*"William Bent"*

*"Timothy Rupert Barr Goyder"*

---

Signature of director

---

Signature of director or company secretary\*

\*delete whichever does not apply

William Bent

Timothy Rupert Barr Goyder

---

Name (please print)

---

Name (please print)

Executed by

**WESTERN RIFT PTY LTD**

ACN 124 875 323

in accordance with section 127(1) of the *Corporations Act 2001 (Cth)*:

*"Timothy Rupert Barr Goyder"*

---

Signature of director

Timothy Rupert Barr Goyder

---

Name (please print)

*"Richard Hacker"*

---

Signature of director or company secretary\*

\*delete whichever does not apply

Richard Hacker

---

Name (please print)

**COVENTRY RESOURCES INC.**

*"Steven Chadwick"*

---

Name

President & CEO

---

Title

**SCHEDULE A  
TO THE ARRANGEMENT AGREEMENT**

**PLAN OF ARRANGEMENT  
UNDER SECTION 288 OF THE  
BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)**

**ARTICLE 1  
DEFINITIONS AND INTERPRETATION**

Section 1.01 *Definitions*

In this Plan of Arrangement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below:

- (a) “**Arrangement**” means the arrangement under section 288 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 8.4 of the Arrangement Agreement or this Plan of Arrangement or at the direction of the Court;
- (b) “**Arrangement Agreement**” means the arrangement agreement dated as of November 15, 2013 between Chalice, Western Rift and Coventry, together with the Disclosure Letters, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;
- (c) “**Arrangement Resolution**” means the special resolution to be considered at the Coventry Meeting substantially in the form and content of Schedule B to the Arrangement Agreement;
- (d) “**ASX**” means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as appropriate;
- (e) “**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time;
- (f) “**Business Day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Perth, Western Australia or Vancouver, British Columbia;
- (g) “**Chalice**” means Chalice Gold Mines Limited (ACN 116 648 956), a corporation incorporated under the laws of the Commonwealth of Australia;
- (h) “**Chalice Shares**” means the fully paid ordinary shares in the share capital of Chalice;
- (i) “**Consideration**” means the Consideration Shares to be delivered to Coventry and distributed *pro rata* to the Coventry Shareholders pursuant to the Plan of Arrangement plus the Effective Date Working Capital Adjustment (to be paid by Western Rift to

Coventry if such amount is positive) or minus the Effective Date Working Capital Adjustment (to be paid by Coventry to Western Rift if such amount is negative);

- (j) “**Consideration Shares**” means 46,000,000 Chalice Shares;
- (k) “**Court**” means the Supreme Court of British Columbia;
- (l) “**Coventry**” means Coventry Resources Inc., a corporation incorporated under the laws of British Columbia (Canada);
- (m) “**Coventry Meeting**” means the special meeting of Coventry Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;
- (n) “**Coventry Options**” means the outstanding options to purchase Coventry Shares granted under the Coventry Share Option Plan;
- (o) “**Coventry Share Option Plan**” means the share option plan of Coventry dated June 26, 2003, as amended on June 17, 2004 and December 31, 2010 and re-approved by the Coventry Shareholders at Coventry’s most recent annual general meeting;
- (p) “**Coventry Shares**” means common shares in the capital of Coventry, as currently constituted;
- (q) “**Coventry Shareholders**” means the holders of Coventry Shares;
- (r) “**Depository**” means any trust company, bank or financial institution agreed to in writing between Chalice and Coventry for the purpose of, among other things, distributing the Consideration Shares;
- (s) “**Dissent Rights**” shall have the meaning ascribed thereto in Article 4.01 hereof;
- (t) “**Dissenting Shareholder**” means a Coventry Shareholder who dissents in respect of the Arrangement in strict compliance with the Dissent Rights and who is ultimately entitled to be paid fair value for such holder’s Coventry Shares;
- (u) “**Effective Date**” means the date agreed to by Chalice and Coventry in writing as the effective date of the Arrangement, after all of the conditions precedent to the completion of the Arrangement as set out in the Arrangement Agreement and the Final Order have been satisfied or waived;
- (v) “**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date or such other time on the Effective Date as the Parties may agree;
- (w) “**Final Order**” means the final order of the Court pursuant to section 291 of the BCBCA, approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

- (x) **“Governmental Entity”** means: (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, board or authority of any of the foregoing; (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) any stock exchange, including, with respect to Coventry, the ASX and TSXV, and with respect to Chalice, the ASX and TSX;
- (y) **“including”** means including without limitation, and **“include”** and **“includes”** each have a corresponding meaning;
- (z) **“Interim Order”** means the interim order of the Court, providing for, among other things, the calling and holding of the Coventry Meeting, as the same may be amended by the Court;
- (aa) **“Law”** or **“Laws”** means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence of any Governmental Entity or self-regulatory authority (including, with respect to Coventry, the ASX and TSXV, and with respect to Chalice, the ASX and TSX), and the term **“applicable”** with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;
- (bb) **“Liens”** means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;
- (cc) **“Parties”** means Coventry, Chalice and Western Rift, and **“Party”** means one of them;
- (dd) **“Person”** includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;
- (ee) **“Plan of Arrangement”** means this plan of arrangement and any amendments or variations hereto made in accordance with Section 8.4 of the Arrangement Agreement or this plan of arrangement or made at the direction of the Court;
- (ff) **“Targets”** means Coventry Resources Ontario, Inc., Coventry Rainy Inc., 2235411 Ontario, Inc. and Cameron Gold Operations Ltd. and **“Target”** means any one of them;

- (gg) “**Target Shares**” means all of the issued and outstanding shares of each of the Targets, other than shares of a Target owned by another Target;
- (hh) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;
- (ii) “**Taxes**” means: (a) any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits taxes (including Canadian federal, provincial and territorial income taxes), payroll and employee withholding taxes, employment taxes, unemployment insurance, disability taxes, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, goods and services taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business licence taxes, mining royalties, alternative minimum taxes, estimated taxes, abandoned or unclaimed (escheat) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers’ compensation and other government pension plan premiums or contributions and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its subsidiaries is required to pay, withhold or collect, together with any interest, penalties or other additions to tax that may become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions whether disputed or not; and (b) any liability for the payment of any amount described in clause (a) of this definition as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, as a result of any Tax sharing or Tax allocation agreement, arrangement or understanding, or as a result of being liable to another Person’s Taxes as a transferee or successor, by contract or otherwise; and
- (jj) “**Western Rift**” means Western Rift Pty Ltd (ACN 124 875 323), a company incorporated under the laws of the Commonwealth of Australia.

In addition, words and phrases used herein and defined in the BCBCA and not otherwise defined herein shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

#### Section 1.02 *Interpretation Not Affected by Headings*

The division of this Plan of Arrangement into articles, sections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms “this Plan of Arrangement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

Section 1.03 *Number, Gender and Persons*

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and the word Person and words importing Persons shall include a natural Person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity or group of Persons of any kind or nature whatsoever.

Section 1.04 *Date for any Action*

If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

Section 1.05 *Statutory References*

Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

Section 1.06 *Currency*

Unless otherwise stated, all references herein to amounts of money are expressed in lawful money of Canada.

Section 1.07 *Governing Law*

This Plan of Arrangement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of British Columbia and the Laws of Canada applicable therein.

**ARTICLE 2**  
**ARRANGEMENT AGREEMENT**

Section 2.01 *Arrangement Agreement*

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein.

Section 2.02 *Binding Effect*

As of and from the Effective Time, this Plan of Arrangement shall be binding upon:

- (e) Chalice;
- (f) Coventry;
- (g) Western Rift;

- (h) the Dissenting Shareholders; and
- (i) the Coventry Shareholders.

### **ARTICLE 3 ARRANGEMENT**

#### **Section 3.01 *Arrangement***

At the Effective Time, the following shall occur and shall be deemed to occur sequentially in the following order without any further act or formality:

- (a) Each Target Share shall be transferred by Coventry to Western Rift (free and clear of any Liens, charges and encumbrances of whatsoever nature) and Coventry shall receive the Consideration Shares in exchange therefor and the name of Coventry will be removed from the central securities register of each Target with respect to such Target Shares and, in consideration therefor, Western Rift shall cause to be delivered the Consideration Shares, subject to Sections 3.02 and Article 5 hereof.
- (b) Concurrently with the step in Section 3.01(a) of this Plan of Arrangement, Chalice shall deliver on behalf of, and at the direction of, Western Rift the Consideration Shares to Coventry which delivery by Chalice shall be in full satisfaction of Western Rift's obligation to deliver such Consideration Shares under the step contemplated in Sections 3.01(a) of this Plan of Arrangement and, as consideration therefor, Western Rift shall enter into a loan with Chalice equal the value of such Consideration Shares.
- (c) Immediately following the step in Section 3.01(b), the stated capital maintained for the common shares of Coventry shall be reduced by an amount equal to the fair market value of the Consideration Shares and Coventry shall distribute the Consideration Shares to the Coventry Shareholders (other than any Dissenting Shareholders) by way of a distribution equal to the amount of such reduction of capital and not as a dividend, such that each Coventry Shareholder will be entitled to receive a *pro rata* number of the Consideration Shares issued to Coventry pursuant to Section 3.01(b) and as a result thereof: (i) Coventry shall be removed as the holder of such Consideration Shares from the register of Chalice Shares maintained on or behalf of Chalice; and (ii) such Coventry Shareholders' names shall be entered into the register of Chalice Shares maintained on or on behalf of Chalice.

#### **Section 3.02 *Effective Time Procedures***

- (a) Following the receipt of the Final Order and prior to the Effective Date, Western Rift shall cause Chalice to, deliver to the Depositary in escrow pending the Effective Time, sufficient certificates representing the Consideration Shares (or other appropriate evidence of such Consideration Shares) to be distributed to the Coventry Shareholders in accordance with the provisions of Section 3.01 hereof, and the Consideration Shares shall be held by the Depositary as agent and nominee for such Coventry Shareholders for distribution to such Coventry Shareholders in accordance with the provisions of Article 5 hereof.

- (b) Subject to the provisions of Article 5 hereof, on or after the Effective Date Coventry Shareholders shall be entitled to receive certificates representing the Consideration Shares (or other appropriate evidence of such Consideration Shares).

### Section 3.03 *Fractional Chalice Shares*

No fractional Chalice Shares (or certificates representing same) shall be distributed pursuant to Section 3.01(c) of this Plan of Arrangement. All fractional Chalice Shares otherwise distributable shall be rounded down to the nearest number of whole shares and no compensation shall be payable in respect of such fractional shares.

## **ARTICLE 4 DISSENT RIGHTS**

### Section 4.01 *Dissent Rights*

Pursuant to the Interim Order, registered holders of Coventry Shares may exercise rights of dissent (“**Dissent Rights**”) under Division 2 of Part 8 of the BCBCA, as modified by this Article 4, the Interim Order and the Final Order, provided that the written objection to the special resolution to approve the Arrangement contemplated by section 242 of the BCBCA must be sent to Coventry by registered holders who wish to dissent at least two days before the Coventry Meeting or any date to which the Coventry Meeting may be postponed or adjourned and provided further that registered holders who exercise such rights of dissent and who:

- (a) are ultimately entitled to be paid fair value for their Coventry Shares, which fair value shall be the fair value of such shares immediately before the passing by the Coventry Shareholders of the Arrangement Resolution, shall be paid an amount equal to such fair value by Coventry; and
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Coventry Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Coventry Shares and shall be entitled to receive only the Consideration Shares contemplated in Section 3.01 hereof, respectively, that such holder would have received pursuant to the Arrangement if such holder had not exercised Dissent Rights.

## **ARTICLE 5 DELIVERY OF CONSIDERATION**

### Section 5.01 *Delivery of Consideration Shares*

- (a) Upon the Effective Time, each Coventry Shareholder shall be entitled to receive, and the Depositary shall deliver to such Coventry Shareholder following the Effective Time, the certificates representing the Consideration Shares that such Coventry Shareholder is entitled to receive in accordance with Section 3.01 hereof.

## Section 5.02 *Withholding Rights*

Chalice, Western Rift, Coventry and the Depositary shall be entitled to deduct and withhold from any Consideration Shares payable, or otherwise deliverable to any Coventry Shareholder, such amounts as Chalice, Western Rift, Coventry or the Depositary is required or permitted to deduct and withhold with respect to such payment under the Tax Act or any provision of any Laws in respect of Taxes. To the extent that amounts are so deducted, withheld and remitted such amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. Chalice, Coventry or the Depositary, as applicable, may sell or otherwise dispose of any portion of the Consideration Shares otherwise payable to a Coventry Shareholder as is necessary to provide sufficient funds to enable Chalice, Coventry, Western Rift or the Depositary, as applicable, to comply with such deduction and/or withholding requirements.

## **ARTICLE 6 AMENDMENTS**

### Section 6.01 *Amendments to Plan of Arrangement*

- (a) Chalice, Western Rift and Coventry reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time, provided that each such amendment, modification or supplement must be (i) set out in writing; (ii) agreed to in writing by Chalice, Western Rift and Coventry; (iii) filed with the Court and, if made following the Coventry Meeting, approved by the Court; and (iv) communicated to the Coventry Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Coventry at any time prior to the Coventry Meeting provided that Chalice and Western Rift shall have consented thereto in writing, with or without any other prior notice or communication, and, if so proposed and accepted by the Persons voting at the Coventry Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Coventry Meeting shall be effective only if: (i) it is consented to in writing by each of Chalice, Western Rift and Coventry; and (ii) if required by the Court, it is consented to by the Coventry Shareholders voting in the manner directed by the Court.

**SCHEDULE B  
TO THE ARRANGEMENT AGREEMENT**

**ARRANGEMENT RESOLUTION**

**BE IT RESOLVED THAT:**

1. The arrangement (the “**Arrangement**”) under section 288 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) involving Coventry Resources Inc. (“**Coventry**”), all as more particularly described and set forth in the management information circular (the “**Circular**”) of Coventry dated [●], 2013, accompanying the notice of this meeting (as the Arrangement may be modified or amended), is hereby authorized, approved and adopted;
2. The plan of arrangement, as it may be or has been modified or amended (the “**Plan of Arrangement**”), involving Coventry and implementing the Arrangement, the full text of which is set out in Appendix [●] to the Circular, is hereby approved and adopted;
3. The arrangement agreement between Coventry, Western Rift and Chalice, dated November 15, 2013, (the “**Arrangement Agreement**”) and all the transactions contemplated therein the actions of the directors of Coventry in approving the Arrangement and the actions of the officers of Coventry in executing and delivering the Arrangement Agreement and any amendments thereto and causing the performance by Coventry of its obligations thereunder be and are hereby confirmed, ratified, authorized and approved;
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Coventry Shareholders or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Coventry are hereby authorized and empowered, without further notice to, or approval of, the Coventry Shareholders:
  - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
  - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement; and
5. Any one or more directors or officers of Coventry is hereby authorized, for and on behalf and in the name of Coventry, to execute and deliver, whether under corporate seal of Coventry or not, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:

- (a) all actions required to be taken by or on behalf of Coventry, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
- (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Coventry;

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

**SCHEDULE C**  
**COVENTRY DISCLOSURE LETTER**

November 15, 2013

To: Chalice Gold Mines Limited (“**Chalice**”)

And to: Western Rift Pty Ltd (“**Western Rift**”)

From: Coventry Resources Inc. (“**Coventry**”)

Dear Sirs/Mesdames

**Arrangement Agreement**

This letter, together with the attached Schedules, constitutes the Coventry Disclosure Letter referred to and defined in the arrangement agreement (the “**Arrangement Agreement**”) among Coventry, Chalice and Western Rift dated as of the date hereof.

The purpose of this Coventry Disclosure Letter is to set forth in the attached Schedules the disclosure of qualifications, modifications or exceptions to certain representations and warranties of Coventry contained in the Arrangement Agreement. This Coventry Disclosure Letter is deemed to constitute an integral part of such agreement.

The numbering of the attached Schedules corresponds to the same section or subsection in the Arrangement Agreement. For greater clarity, any introductory language and headings in this Coventry Disclosure Letter are inserted for convenience of reference only and will not create or be deemed to create a different standard for disclosure than the language set forth in the Arrangement Agreement. Information disclosed in any Schedule of this Coventry Disclosure Letter shall be deemed disclosed with respect to such other sections or subsections of the Arrangement Agreement or this Coventry Disclosure Letter, as long as the relevance of such disclosure to such other section or subsection of the Arrangement Agreement is reasonably apparent.

No item in this Coventry Disclosure Letter relating to any possible breach or violation of any agreement, law or regulation shall be construed as an admission or indication that any such breach or violation exists or has actually occurred, and nothing in this Coventry Disclosure Letter constitutes an admission of any liability or obligation of Coventry to any third party or shall confer or give to any third party any remedy, claim, liability, reimbursement, cause of action, or other right.

This Coventry Disclosure Letter is qualified in its entirety by reference to the provisions of the Arrangement Agreement and is not intended to constitute, and shall not be construed as constituting, any representation, warranty, undertaking, assurance, covenant, indemnity, guarantee or other commitment of any nature whatsoever not expressly given in the Arrangement Agreement.

All capitalized terms used in this Coventry Disclosure Letter shall have the meaning attributed to such term in the Arrangement Agreement, unless otherwise stated, and all references to dollars, unless otherwise specifically indicated, are to Canadian dollars. This Coventry Disclosure Letter shall be governed by and construed in all respects in accordance with the laws of the Province of British Columbia and the federal laws of Canada.

**COVENTRY RESOURCES INC.**

*"Nicholas Day"*

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Name: Nicholas Day

Title: Director

The Disclosure Letter is accepted and agreed this 15th day of November, 2013.

**CHALICE GOLD MINES LIMITED**

*"Timothy Rupert Barr Goyder"*

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Name: Timothy Rupert Barr Goyder

Title: Director

**WESTERN RIFT PTY LTD**

*"Timothy Rupert Barr Goyder"*

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Name: Timothy Rupert Barr Goyder

Title: Director

## Schedule 2.4

### Allocation of Consideration

The Consideration Shares shall be allocated as follows:

|   |                   |                |
|---|-------------------|----------------|
| Target Shares of Coventry Resources Ontario, Inc. | 2,400,000         | Chalice Shares |
| Target Shares of Coventry Rainy Inc.              | 8,800,000         | Chalice Shares |
| Target Shares of 2235411 Ontario, Inc.            | <u>34,800,000</u> | Chalice Shares |
|   | <u>46,000,000</u> | Chalice Shares |

**Schedule 3.1(f)**

**Qualifications to do Business**

Each of the Targets is registered to conduct business in Ontario, Canada.

### **Schedule 3.1(o)**

#### **Litigation**

Coventry Resources Inc. continues to negotiate on its current litigation within its Paraguayan Subsidiary. Settlement of this litigation may be done by way of a cash and/or share offer.

## **Schedule 3.1(p)**

### **Taxes**

Target Tax Returns are to be lodged for January 7, 2013 on or before 30 November 2013.

Tax returns have not been lodged for the Targets for June 30, 2013.

## Schedule 3.1(q)

### Property

#### Cameron Gold Project

- 8248567 Canada Limited, retains 3% NSR with Coventry right to buy back 2% of the royalty for \$2M

#### Nucanolan Property

- Lasir retains 3% NSR with joint right to buy back 1.5% of the royalty for \$1.5M
- Coventry owns 80% interest

#### Roy Property

- Prospectors retain a 2% NSR with Coventry right to buy back 1% of the royalty for \$500k

#### West Cedartree Property

|                |                        |
|----------------|------------------------|
| Jesse North    | see Annexure A/1 below |
| North Block    | see Annexure A/1 below |
| West Cedartree | see Annexure A/1 below |
| Dogpaw West    | see Annexure A/1 below |
| Gold Sun       | see Annexure A/1 below |
| Dogpaw Lake    | see Annexure A/1 below |
| McLennan       | see Annexure A/1 below |
| Dubenski       | see Annexure A/1 below |

#### Remaining Dubenski obligations:

- Under terms of the agreement, the option is to be exercised at any time prior to April 30, 2017. 3 more annual \$100k payments under the option plus an option exercise fee of \$3.5million.
- Production royalty and NSR royalty tonnage fee of \$10.00 for every tonne milled until the \$3.5M exercise price is paid before 2017.
- 2.5% NSR royalty which can be purchased back for \$500,000 for each 0.5% at any time.

#### English Nelles-Pattullo-Dilke-Potts-Mather Option Agreement

- 2% of net smelter returns, payable in accordance with the Royalty Agreement.

**Annexure A/1**

**PROPERTIES**

WEST CEDARTREE PROJECT PROPERTIES

|    | <b>Property Description</b> | <b>Mining Claim Number and Legal Description</b> | <b>Claim Units</b> | <b>Description of Mining Right</b>   |
|----|-----------------------------|--|--------------------|--|
| 1. | Jesse North                 | K1149862   | 9                  | Unpatented claim over 124.45 hectares (307.52 acres) recorded on April 10, 2001 and due to expire on April 10, 2015 as described in the Option Agreement between Vendor and Reginald F. Walker dated May 5, 2002 (the " <b>Jesse North Option Agreement</b> "). The mining rights are subject to a 2.5% NSR in favour of Reginald F. Walker.   |
| 2. | North Block                 | K1196649   | 2                  | Unpatented claim over 29.89 hectares (73.87 acres) recorded on October 16, 1995 and due to expire on October 16, 2016 as described in the Option Agreement between Vendor and Tim Twomey dated February 6, 1997 (the " <b>North Block Option Agreement</b> "). The mining rights are subject to a 2.0% NSR in favour of Tim Twomey with an option to purchase back at any time the entire NSR for a cumulative cap of \$1,000,000. |
| 3. | West Cedartree              | K3000802<br>K3000803<br>K3000804                 | 16<br>3<br>1       | Unpatented claims as follows:<br><br>Claim 3000802 over 274.60 hectares (678.55 acres) recorded on August 29, 2002 and due to expire on August 29, 2016;<br><br>Claim 3000803 over 46.83 hectares (115.85 acres) recorded on August 29, 2002 and due to  |

|    | Property Description | Mining Claim Number and Legal Description | Claim Units   | Description of Mining Right   |
|----|----------------------|---|---------------|---|
|    |                      |   |               | <p>expire on August 29, 2016; and</p> <p>Claim 3000804 over 17.28 hectares (42.69 acres) recorded on August 29, 2002 and due to expire on August 29, 2016.</p> <p>Vendor has staked these mining claims and is to retain a 2.5% NSR in accordance with the Royalty Agreement.</p>   |
| 4. | Dogpaw West          | K3001240                                  | 4             | <p>Unpatented claim over 56.42 hectares (139.42 acres) recorded on July 2, 2002 and due to expire on July 16, 2016, as described in the Option Agreement between Vendor and Endurance Gold Corporation ("<b>Endurance</b>") on January 22, 2007 (the "<b>Dogpaw West/Gold Sun Option Agreement</b>"). The mining rights are subject to a 2.5% NSR in favour of Endurance with an option to purchase up to 1.5% of the NSR for \$500,000 per 0.5%.</p> |
| 5. | Gold Sun             | K3001298<br>K3010497<br>K3012199          | 10<br>13<br>1 | <p>Unpatented claims:</p> <p>Claim 3001298 over 156.89 hectares (387.69 acres) recorded on August 09, 2002 and due to expire on August 09, 2016;</p> <p>Claim 3010497 over 188.14 hectares (464.90 acres) recorded on October 15, 2002 and due to expire on October 15, 2016; and</p> <p>Claim 3012199 over 16.34 hectares (40.39 acres) recorded on April 22, 2003 and due to expire on April 22, 2016, as described in the Dogpaw</p>               |

|    | Property Description | Mining Claim Number and Legal Description   | Claim Units | Description of Mining Right   |
|----|----------------------|---|-------------|---|
|    |                      |   |             | West/Gold Sun Option Agreement. The mining rights are subject to a 2.5% NSR in favour of Endurance with an option to purchase up to 1.5% of the NSR for \$500,000 per 0.5%.   |
| 6. | Dogpaw Lake          | <p>Block No. 42185:<br/> K10010 (PIN: 42185-0583 (LT))<br/> K9991 (PIN: 42185-0586 (LT))<br/> K9994 (PIN: 42185-0587 (LT))<br/> K9995 (PIN: 42185-0578 (LT))<br/> K9997 (PIN: 42185-0579 (LT))</p> <p>License of Occupation No. 11143:<br/> Block No. 42185:<br/> Pt K9990 (PIN: 42185-0208 (LT))<br/> Pt K9992 (PIN: 42185-0585 (LT))<br/> Pt K9993 (PIN: 42185-0577 (LT))<br/> Pt K9996 (PIN: 42185-0588 (LT))<br/> Pt K9999 (PIN: 42185-0581 (LT))<br/> Pt K10000 (PIN: 42185-0807 (LT))<br/> Pt K10011 (PIN: 42185-0584 (LT))<br/> Pt K10058 (PIN: 42185-0580 (LT))</p> | N/A         | 13 patented mining claims, subject to certain reserved surface rights and including a License of Occupation No. 11143 as described in the Option Agreement between Vendor and Golden CAML Mines Limited dated April 19, 2006 (the " <b>Dogpaw Lake Option Agreement</b> "). The mining rights are subject to a 2.5% NSR in favour of Golden CAML Mines Limited with an option to purchase up to 1.5% of the NSR for \$500,000 per 0.5%.   |
| 7. | McLennan             | <p>Block No. 42185:<br/> Pt K10024 (PIN: 42185-0796(LT))<br/> Pt K10025 (PIN: 42185-0799 (LT))<br/> Pt K10026 (PIN: 42185-0801(LT))<br/> Pt K10027 (PIN: 42185-0803(LT))<br/> K10028 (PIN: 42185-0593 (LT))<br/> K10029 (PIN: 42185-0594 (LT))<br/> K10030 (PIN: 42185-0595 (LT))</p> <p>(collectively, the "<b>McLennan Mining Claims</b>")</p>  | N/A         | 7 patented mining claims as described in the Option Agreement between Vendor and Reginald F. Walker dated May 5, 2002 (the " <b>RF Walker Option Agreement</b> ") and the Purchase Agreement between Vendor and Marbank Minerals Inc. dated February 5, 1997 (the " <b>Marbank Purchase Agreement</b> "). The mining rights are subject to a 1.5% NSR in favour of Reginald F. Walker and a ¾% NSR in favour of Marbank Minerals Inc, with an option to purchase the ¾% NSR in favour of Marbank Minerals Inc. for \$500,000 prior to commercial production and |

|    | Property Description                     | Mining Claim Number and Legal Description   | Claim Units | Description of Mining Right   |
|----|--|---|-------------|---|
|    |  |   |             | for \$750,000 after commercial production. Pursuant to the Marbank Purchase Agreement there is also an advance royalty of \$2,500 payable every 5 years until the NSR is bought back or returned.   |
| 8. | Dubenski Leasehold Parcels 2984 and 2985 | <p>Parcel No. 2985 SEC DKL</p> <p>Block No. 42185:<br/> Pt K273821 (PIN: 42185-0205 (LT))<br/> Pt K314926 (PIN: 42185-0205 (LT))<br/> Pt K314928 (PIN: 42185-0205 (LT))<br/> Pt K314929 (PIN: 42185-0205 (LT))<br/> Pt K314930 (PIN: 42185-0205 (LT))<br/> Pt K314931 (PIN: 42185-0205 (LT))<br/> Pt K351875 (PIN: 42185-0206 (LT))<br/> Pt K351876 (PIN: 42185-0206 (LT))</p> <p>Parcel No. 2984 SEC DKL</p> <p>K273822 (PIN: 42185-0204 (LT))<br/> K273823 (PIN: 42185-0204 (LT))<br/> K273824 (PIN: 42185-0204 (LT))<br/> K273825 (PIN: 42185-0204 (LT))<br/> K273826 (PIN: 42185-0204 (LT))<br/> K314923 (PIN: 42185-0204 (LT))<br/> K314924 (PIN: 42185-0204 (LT))<br/> K314925 (PIN: 42185-0204 (LT))<br/> K314927 (PIN: 42185-0204 (LT))<br/> K314932 (PIN: 42185-0204 (LT))<br/> K351873 (PIN: 42185-0204 (LT))<br/> K351874 (PIN: 42185-0204 (LT))<br/> K351877 (PIN: 42185-0204 (LT))<br/> K351878 (PIN: 42185-0204 (LT))</p> | N/A         | 22 leased mining claims held pursuant to Crown Mining Lease Number 103681, registered in the Office of the Land Registrar (No. 23) at the Town of Kenora as Instrument No. LT157684 on April 22, 1983, as amended by Instrument No. LT296647 registered on May 4, 2004 and Crown Mining Lease Number 103682, registered in the Office of the Land Registrar (No. 23) at the Town of Kenora as Instrument No. LT157964 on May 4, 1983, as amended by Instrument No. LT296648 registered on May 4, 2004, as described in the Dubenski Agreement. The mining rights are subject to a 2.5% NSR in favour of 52540 Ontario Inc. with an option to purchase the NSR for \$500,000 per 0.5%. |

**ANNEXURE A/2**

**Coventry Resources Ontario, Inc.**

| <b>Project</b> | <b>Tenement Type</b> | <b>Claim Number</b> | <b>Percentage Ownership</b> |
|----------------|----------------------|---------------------|-----------------------------|
| Rainy River    | Claim                | 4254475             | 100%                        |
| Rainy River    | Claim                | 4254476             | 100%                        |
| Rainy River    | Claim                | 4254477             | 100%                        |
| Rainy River    | Claim                | 4254478             | 100%                        |
| Rainy River    | Claim                | 4254479             | 100%                        |
| Rainy River    | Claim                | 4254472             | 100%                        |
| Rainy River    | Claim                | 4254480             | 100%                        |
| Rainy River    | Claim                | 4254481             | 100%                        |
| Rainy River    | Claim                | 4254482             | 100%                        |
| Rainy River    | Claim                | 4254483             | 100%                        |
| Rainy River    | Claim                | 4254484             | 100%                        |

| <b>Project</b> | <b>Tenement Type</b> | <b>Claim Number</b> | <b>Registered Holder</b> | <b>Percentage Ownership</b> |
|----------------|----------------------|---------------------|--------------------------|-----------------------------|
| Ardeen         | Claim                | 1022635             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1022636             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1022637             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1135465             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1135466             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1157496             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1157497             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1157666             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1157667             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1157668             | Pele Gold Corporation    | 51%                         |

| <b>Project</b> | <b>Tenement Type</b> | <b>Claim Number</b> | <b>Registered Holder</b> | <b>Percentage Ownership</b> |
|----------------|----------------------|---------------------|--------------------------|-----------------------------|
| Ardeen         | Claim                | 1157670             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1157671             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1164874             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1164875             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1164876             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1164877             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172315             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172316             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172317             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172340             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172345             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172346             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172347             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172348             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172349             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172350             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172355             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172356             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172365             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172366             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172367             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172368             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172369             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172375             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172385             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172386             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172387             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172388             | Pele Gold Corporation    | 51%                         |

| <b>Project</b> | <b>Tenement Type</b> | <b>Claim Number</b> | <b>Registered Holder</b> | <b>Percentage Ownership</b> |
|----------------|----------------------|---------------------|--------------------------|-----------------------------|
| Ardeen         | Claim                | 1172395             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1172396             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1195937             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1195940             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1196147             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1196239             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1196240             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1196870             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1196921             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1196923             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1196924             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1202036             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1202264             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1202265             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1202302             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1205201             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1205202             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1205203             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1205204             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1205287             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1209440             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1209441             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1209470             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1209697             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1209698             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1209770             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1210243             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1210245             | Pele Gold Corporation    | 51%                         |

| <b>Project</b> | <b>Tenement Type</b> | <b>Claim Number</b> | <b>Registered Holder</b> | <b>Percentage Ownership</b> |
|----------------|----------------------|---------------------|--------------------------|-----------------------------|
| Ardeen         | Claim                | 1210776             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1210792             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215147             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215148             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215149             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215450             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215451             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215452             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215453             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215454             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215751             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215752             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215758             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215760             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215831             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1215859             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1217105             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 1224629             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 3001505             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 3001506             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 3001507             | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 677468              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 677469              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 677470              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 677471              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 677472              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 677473              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 677474              | Pele Gold Corporation    | 51%                         |

| <b>Project</b> | <b>Tenement Type</b> | <b>Claim Number</b> | <b>Registered Holder</b> | <b>Percentage Ownership</b> |
|----------------|----------------------|---------------------|--------------------------|-----------------------------|
| Ardeen         | Claim                | 677475              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 677476              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 677477              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 677478              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 677479              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786521              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786522              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786523              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786524              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786525              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786526              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786527              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786528              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786529              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786541              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786542              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786543              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786544              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 786545              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 813157              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 813158              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 813159              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 813160              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 813161              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 813162              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 813163              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 813164              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 813165              | Pele Gold Corporation    | 51%                         |

| <b>Project</b> | <b>Tenement Type</b> | <b>Claim Number</b> | <b>Registered Holder</b> | <b>Percentage Ownership</b> |
|----------------|----------------------|---------------------|--------------------------|-----------------------------|
| Ardeen         | Claim                | 813166              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835178              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835179              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835184              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835185              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835186              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835187              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835188              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835189              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835190              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835195              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835196              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835197              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835304              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835305              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835306              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835307              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835308              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835309              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835310              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835311              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835312              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 835313              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 863760              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 873515              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 873516              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 873517              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 873518              | Pele Gold Corporation    | 51%                         |

| <b>Project</b> | <b>Tenement Type</b> | <b>Claim Number</b> | <b>Registered Holder</b> | <b>Percentage Ownership</b> |
|----------------|----------------------|---------------------|--------------------------|-----------------------------|
| Ardeen         | Claim                | 873519              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 873520              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Claim                | 873522              | Pele Gold Corporation    | 51%                         |
| Ardeen         | Patent               | A6                  | Pele Gold Corporation    | 51%                         |
| Ardeen         | Patent               | A7                  | Pele Gold Corporation    | 51%                         |
| Ardeen         | Patent               | 33B                 | Pele Gold Corporation    | 51%                         |
| Ardeen         | Patent               | 1H                  | Pele Gold Corporation    | 51%                         |
| Rainy River    | Patent               | 56046-0033          | Thomas Jasinski          | Option agreement            |
| Rainy River    | Patent               | 56041-0112          | Thomas Jasinski          | Option agreement            |

ANNEXURE B  
COVENTRY RAINY RIVER, INC.

| <b>Project</b> | <b>Tenement Type</b> | <b>Claim Number</b> | <b>Percentage Ownership</b> |
|----------------|----------------------|---------------------|-----------------------------|
| Rainy River    | Claim                | 4250316             | 100%                        |
| Rainy River    | Claim                | 4250319             | 100%                        |
| Rainy River    | Claim                | 4264664             | 100%                        |
| Rainy River    | Claim                | 4264665             | 100%                        |
| Rainy River    | Claim                | 4265461             | 100%                        |
| Rainy River    | Claim                | 4265465             | 100%                        |
| Rainy River    | Claim                | 4265462             | 100%                        |
| Rainy River    | Claim                | 4265463             | 100%                        |
| Rainy River    | Claim                | 4268070             | 100%                        |
| Rainy River    | Claim                | 4268071             | 100%                        |
| Rainy River    | Claim                | 4274467             | 100%                        |
| Rainy River    | Claim                | 4274468             | 100%                        |
| Rainy River    | Claim                | 4274469             | 100%                        |
| Rainy River    | Claim                | 4274460             | 100%                        |

| <b>Project</b> | <b>Tenement Type</b> | <b>Claim Number</b> | <b>Registered Holder</b> | <b>Percentage Ownership</b>  |
|----------------|----------------------|---------------------|--------------------------|------------------------------|
| Rainy River    | Claim                | 4260559             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4260560             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4260561             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4260562             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4260563             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4260564             | English, Perry Vern      | Earning in, option agreement |

| <b>Project</b> | <b>Tenement Type</b> | <b>Claim Number</b> | <b>Registered Holder</b> | <b>Percentage Ownership</b>  |
|----------------|----------------------|---------------------|--------------------------|------------------------------|
| Rainy River    | Claim                | 4260565             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4205809             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4205814             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4205815             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4205816             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4205817             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4205818             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4214438             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4214439             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4214440             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4214441             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4214442             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4267980             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4267981             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4267982             | English, Perry Vern      | Earning in, option agreement |
| Rainy River    | Claim                | 4267983             | English, Perry Vern      | Earning in, option agreement |
| South Cedar    | Claim                | 4254638             | English, Perry Vern      | Earning in, option agreement |
| South Cedar    | Claim                | 4257501             | English, Perry Vern      | Earning in, option agreement |
| South Cedar    | Claim                | 4257508             | English, Perry Vern      | Earning in, option agreement |
| South Cedar    | Claim                | 4257510             | English, Perry Vern      | Earning in, option agreement |
| South Cedar    | Claim                | 4257511             | English, Perry Vern      | Earning in, option agreement |
| South Cedar    | Claim                | 4257515             | English, Perry Vern      | Earning in, option agreement |
| South Cedar    | Claim                | 4257516             | English, Perry Vern      | Earning in, option agreement |
| South Cedar    | Claim                | 4257517             | English, Perry Vern      | Earning in, option agreement |
| South Cedar    | Claim                | 4260366             | English, Perry Vern      | Earning in, option agreement |
| South Cedar    | Claim                | 4260515             | English, Perry Vern      | Earning in, option agreement |
| South Cedar    | Claim                | 4260516             | English, Perry Vern      | Earning in, option agreement |
| South Cedar    | Claim                | 4263609             | English, Perry Vern      | Earning in, option agreement |

| <b>Project</b> | <b>Tenement Type</b> | <b>Claim Number</b> | <b>Registered Holder</b>      | <b>Percentage Ownership</b>  |
|----------------|----------------------|---------------------|-------------------------------|------------------------------|
| South Cedar    | Claim                | 4263700             | English, Perry Vern           | Earning in, option agreement |
| South Cedar    | Claim                | 4266941             | English, Perry Vern           | Earning in, option agreement |
| South Cedar    | Claim                | 4266942             | English, Perry Vern           | Earning in, option agreement |
| South Cedar    | Claim                | 4266943             | English, Perry Vern           | Earning in, option agreement |
| South Cedar    | Claim                | 4266944             | English, Perry Vern           | Earning in, option agreement |
| West Cedar     | Claim                | 4260514             | English, Perry Vern           | Earning in, option agreement |
| Rainy River    | Patent               | 56046-0030          | Joan Solomon                  | Earning in, Option agreement |
| Rainy River    | Patent               | 56046-0007          | Joan Solomon                  | Earning in, Option agreement |
| Rainy River    | Patent               | 56046-0077          | Shane & Rachel McQuaker       | Earning in, Option agreement |
| Rainy River    | Patent               | 56046-0079          | Jan Wullum                    | Earning in, Option agreement |
| Rainy River    | Patent               | 56046-0086          | Gene Boyce                    | Earning in, Option agreement |
| Rainy River    | Patent               | 56046-0076          | Stevan Michael                | Earning in, Option agreement |
| Rainy River    | Patent               | 56046-0031          | Kip Sharp                     | Earning in, Option agreement |
| Rainy River    | Patent               | 56046-0034          | Wade Kempka                   | Earning in, Option agreement |
| Rainy River    | Patent               | 56046-0038          | Wade & Shane Kempka & Madison | Earning in, Option agreement |
| Rainy River    | Patent               | 56046-0044          | Wade & Shane Kempka & Madison | Earning in, Option agreement |

ANNEXURE C  
2235411 ONTARIO, INC

Dormant Company. The Company does not own any tenements

ANNEXURE D  
CAMERON GOLD OPERATIONS LTD

| Project    | Tenement Type         | Patent, PIN Number      | Claim Number  | Percentage Ownership |
|------------|-----------------------|-------------------------|---|----------------------|
| Cameron    | Mining Lease          | 108400                  | CLM305. Claim K465069-K465075, K465351-K465358, K519950-K519965, K561022-K561025, K666295 | 100%                 |
| Cameron    | Mining Lease          | 108400                  | CLM306, Claim K386816-K386818, K386888-K386900, K533901-K533908, K666294                  | 100%                 |
| West Cedar | Mining Lease          | 107495                  | K314926, K351875-K351876, K314928-K314931, K273821  | 100%                 |
| Cameron    | Patented mining claim | PA8441, 42185-0720 (LT) | K2766   | 100%                 |
| Cameron    | Patented mining claim | PA8442, 42185-0722 (LT) | K2767   | 100%                 |
| Cameron    | Patented mining claim | PA8443, 42185-0724 (LT) | K2768   | 100%                 |
| Cameron    | Patented mining claim | PA9901, 42185-0726 (LT) | K4712   | 100%                 |
| West Cedar | Patented mining claim | 42185-0208 (LT)         | K9990   | 100%                 |
| West Cedar | Patented mining claim | 42185-0586 (LT)         | K9991   | 100%                 |
| West Cedar | Patented mining claim | 42185-0585 (LT)         | K9992   | 100%                 |
| West Cedar | Patented mining claim | 42185-0577 (LT)         | K9993   | 100%                 |
| West Cedar | Patented mining claim | 42185-0587 (LT)         | K9994   | 100%                 |
| West Cedar | Patented mining claim | 42185-0578 (LT)         | K9995   | 100%                 |
| West Cedar | Patented mining claim | 42185-0588 (LT)         | K9996   | 100%                 |
| West Cedar | Patented mining claim | 42185-0579 (LT)         | K9997   | 100%                 |
| West Cedar | Patented mining claim | 42185-0581 (LT)         | K9999   | 100%                 |
| West Cedar | Patented mining claim | 42185-0807 (LT)         | K10000  | 100%                 |
| West Cedar | Patented mining claim | 42185-0583 (LT)         | K10010  | 100%                 |

| Project    | Tenement Type         | Patent, PIN Number | Claim Number   | Percentage Ownership |
|------------|-----------------------|--------------------|--|----------------------|
| West Cedar | Patented mining claim | 42185-0584 (LT)    | K10011   | 100%                 |
| West Cedar | Patented mining claim | 42185-0580 (LT)    | K10058   | 100%                 |
| West Cedar | Patented mining claim | 42185-0796 (LT)    | K10024   | 100%                 |
| West Cedar | Patented mining claim | 42185-0799 (LT)    | K10025   | 100%                 |
| West Cedar | Patented mining claim | 42185-0801 (LT)    | K10026   | 100%                 |
| West Cedar | Patented mining claim | 42185-0803 (LT)    | K10027   | 100%                 |
| West Cedar | Patented mining claim | 42185-0593 (LT)    | K10028   | 100%                 |
| West Cedar | Patented mining claim | 42185-0594 (LT)    | K10029   | 100%                 |
| West Cedar | Patented mining claim | 42185-0595 (LT)    | K10030   | 100%                 |
| Cameron    | MLO                   | 10384              | K4709  | 100%                 |
| Cameron    | MLO                   | 10405              | K4711  | 100%                 |
| Cameron    | MLO                   | 10406              | K4710  | 100%                 |
| Cameron    | MLO                   | 10407              | K4712  | 100%                 |
| Cameron    | MLO                   | 3366               | K2767  | 100%                 |
| Cameron    | MLO                   | 3367               | K2768  | 100%                 |
| West Cedar | MLO                   | 11143              | K9990, K9992, K9993, K9996,<br>K9999, K10000, K10011, K10058 | 100%                 |
| Cameron    | Claim                 | 1105444            |  | 100%                 |
| Cameron    | Claim                 | 1105445            |  | 100%                 |
| Cameron    | Claim                 | 1161574            |  | 100%                 |
| Cameron    | Claim                 | 1161575            |  | 100%                 |
| Cameron    | Claim                 | 1210120            |  | 100%                 |
| Cameron    | Claim                 | 1210121            |  | 100%                 |
| Cameron    | Claim                 | 1210122            |  | 100%                 |
| Cameron    | Claim                 | 1210123            |  | 100%                 |
| Cameron    | Claim                 | 1210124            |  | 100%                 |
| Cameron    | Claim                 | 1210125            |  | 100%                 |
| Cameron    | Claim                 | 1210126            |  | 100%                 |

| <b>Project</b> | <b>Tenement Type</b> | <b>Patent, PIN Number</b> | <b>Claim Number</b> | <b>Percentage Ownership</b> |
|----------------|----------------------|---------------------------|---------------------|-----------------------------|
| Cameron        | Claim                | 1210128                   |                     | 100%                        |
| Cameron        | Claim                | 1210129                   |                     | 100%                        |
| Cameron        | Claim                | 1210130                   |                     | 100%                        |
| Cameron        | Claim                | 1210131                   |                     | 100%                        |
| Cameron        | Claim                | 1210132                   |                     | 100%                        |
| Cameron        | Claim                | 1210133                   |                     | 100%                        |
| Cameron        | Claim                | 1210134                   |                     | 100%                        |
| Cameron        | Claim                | 1210135                   |                     | 100%                        |
| Cameron        | Claim                | 1210136                   |                     | 100%                        |
| Cameron        | Claim                | 4254297                   |                     | 100%                        |
| Cameron        | Claim                | 4258281                   |                     | 100%                        |
| Cameron        | Claim                | 4258282                   |                     | 100%                        |
| Cameron        | Claim                | 4258283                   |                     | 100%                        |
| Cameron        | Claim                | 4258284                   |                     | 100%                        |
| Cameron        | Claim                | 4258285                   |                     | 100%                        |
| Cameron        | Claim                | 4258286                   |                     | 100%                        |
| Cameron        | Claim                | 4258287                   |                     | 100%                        |
| Cameron        | Claim                | 4258288                   |                     | 100%                        |
| Cameron        | Claim                | 4258289                   |                     | 100%                        |
| Cameron        | Claim                | 4258290                   |                     | 100%                        |
| Cameron        | Claim                | 4258291                   |                     | 100%                        |
| Cameron        | Claim                | 4258292                   |                     | 100%                        |
| Cameron        | Claim                | 4258421                   |                     | 100%                        |
| Cameron        | Claim                | 4258422                   |                     | 100%                        |
| Cameron        | Claim                | 4258423                   |                     | 100%                        |
| Cameron        | Claim                | 4258424                   |                     | 100%                        |
| Cameron        | Claim                | 4258425                   |                     | 100%                        |
| Cameron        | Claim                | 4258426                   |                     | 100%                        |

| <b>Project</b> | <b>Tenement Type</b> | <b>Patent, PIN Number</b> | <b>Claim Number</b> | <b>Percentage Ownership</b> |
|----------------|----------------------|---------------------------|---------------------|-----------------------------|
| Cameron        | Claim                | 4258427                   |                     | 100%                        |
| Cameron        | Claim                | 4258428                   |                     | 100%                        |
| Cameron        | Claim                | 4258429                   |                     | 100%                        |
| Cameron        | Claim                | 4258430                   |                     | 100%                        |
| Cameron        | Claim                | 4258431                   |                     | 100%                        |
| Cameron        | Claim                | 4258432                   |                     | 100%                        |
| Cameron        | Claim                | 4258433                   |                     | 100%                        |
| Cameron        | Claim                | 4258434                   |                     | 100%                        |
| Cameron        | Claim                | 4258435                   |                     | 100%                        |
| Cameron        | Claim                | 4258436                   |                     | 100%                        |
| Cameron        | Claim                | 4258437                   |                     | 100%                        |
| Cameron        | Claim                | 4258438                   |                     | 100%                        |
| Cameron        | Claim                | 4258439                   |                     | 100%                        |
| Cameron        | Claim                | 4258440                   |                     | 100%                        |
| Cameron        | Claim                | 4258441                   |                     | 100%                        |
| Cameron        | Claim                | 4258442                   |                     | 100%                        |
| Cameron        | Claim                | 4258443                   |                     | 100%                        |
| Cameron        | Claim                | 4258444                   |                     | 100%                        |
| Cameron        | Claim                | 4258445                   |                     | 100%                        |
| Cameron        | Claim                | 4258446                   |                     | 100%                        |
| Cameron        | Claim                | 4258447                   |                     | 100%                        |
| Cameron        | Claim                | 4258448                   |                     | 100%                        |
| Cameron        | Claim                | 4258449                   |                     | 100%                        |
| Cameron        | Claim                | 4258450                   |                     | 100%                        |
| Cameron        | Claim                | 4257392                   |                     | 100%                        |
| Cameron        | Claim                | 4255667                   |                     | 100%                        |
| Cameron        | Claim                | 4255668                   |                     | 100%                        |
| Cameron        | Claim                | 4255669                   |                     | 100%                        |

| Project    | Tenement Type | Patent, PIN Number | Claim Number | Percentage Ownership |
|------------|---------------|--------------------|--------------|----------------------|
| West Cedar | Claim         | 3000802            |              | 100%                 |
| West Cedar | Claim         | 3000803            |              | 100%                 |
| West Cedar | Claim         | 3000804            |              | 100%                 |
| West Cedar | Claim         | 1149862            |              | 100%                 |
| West Cedar | Claim         | 1196649            |              | 100%                 |
| West Cedar | Claim         | 3001240            |              | 100%                 |
| West Cedar | Claim         | 3001298            |              | 100%                 |
| West Cedar | Claim         | 3010497            |              | 100%                 |
| West Cedar | Claim         | 3012199            |              | 100%                 |

| Project    | Tenement Type | Lease Number | Claim Number   | Registered Holder   | Percentage Ownership   |
|------------|---------------|--------------|--|---|--|
| Cameron    | Mining Lease  | 108466       | CLM289. Claims K527548-K527567, Nucanolan Property   | Cameron Gold Operations Inc (& White Pine Resources Inc.)   | Earning up to 80% interest, option agreement with Kings Bay Gold Corporation & Lasir Gold Inc. |
| Cameron    | Claim         | 4248906      |  | BARKAUSKAS, EDWARD ANTHONY (40%). BERGEN, CINDRA LEE ( 60%) | Earning in, option agreement   |
| West Cedar | Mining Lease  | 107494       | K314927, K314932, K351873, K351874, K351877, K351878 | 525400 ONTARIO INC.   | Option to purchase between HLM & Dubenski, (MR and SR).  |

**Schedule 3.1(r)**  
**Personal Property**

| <b>Asset</b>                | <b>Net Book Value C\$</b> |
|-----------------------------|---------------------------|
| Core Saw                    | 13,865.85                 |
| Back Hoe                    | 30,030.24                 |
| Diesel Generators           | 16,880.91                 |
| Camp Units                  | 164,545.74                |
| Core Racks and Roof Trusses | 18,566.50                 |

## **Schedule 3.1(s)**

### **Contracts**

1. Cameron Gold Lake Agreement
2. Cameron Roy Property Agreement
3. Cameron West Cedartree Agreement
4. Nucanalon Agreement
5. Executed English Nelles-Pattullo-Dilke-Potts-Mather Option Agreement

## Schedule 3.1(bb)

### Brokers

Only broker fees to do with the current Transaction include the Primary Capital fees for the Fairness Opinion of approximately **[amount of fee redacted]**. If a second opinion was required another **[amount of fee redacted]** would be payable.

**Schedule 7.5(b)**

**Indemnification**

Anthony Brendon Goddard

Michael John Alexander Haynes

Nicholas Day

Ming Jang

Nicholas Walker

**SCHEDULE D**  
**CHALICE DISCLOSURE LETTER**

November 15, 2013

To: Coventry Resources Inc. (“**Coventry**”)

From: Chalice Gold Mines Limited (“**Chalice**”)

Dear Sirs/Mesdames

**Arrangement Agreement**

This letter, together with the attached Schedules, constitutes the Chalice Disclosure Letter referred to and defined in the arrangement agreement (the “**Arrangement Agreement**”) between Chalice, Western Rift and Coventry dated as of the date hereof.

The purpose of this Chalice Disclosure Letter is to set forth in the attached Schedules the disclosure of qualifications, modifications or exceptions to certain representations and warranties of Chalice contained in the Arrangement Agreement. This Chalice Disclosure Letter is deemed to constitute an integral part of such agreement.

The numbering of the attached Schedules corresponds to the same section or subsection in the Arrangement Agreement. For greater clarity, any introductory language and headings in this Chalice Disclosure Letter are inserted for convenience of reference only and will not create or be deemed to create a different standard for disclosure than the language set forth in the Arrangement Agreement. Information disclosed in any Schedule of this Chalice Disclosure Letter shall be deemed disclosed with respect to such other sections or subsections of the Arrangement Agreement or this Chalice Disclosure Letter, as long as the relevance of such disclosure to such other section or subsection of the Arrangement Agreement is reasonably apparent.

No item in this Chalice Disclosure Letter relating to any possible breach or violation of any agreement, law or regulation shall be construed as an admission or indication that any such breach or violation exists or has actually occurred, and nothing in this Chalice Disclosure Letter constitutes an admission of any liability or obligation of Chalice to any third party or shall confer or give to any third party any remedy, claim, liability, reimbursement, cause of action, or other right.

This Chalice Disclosure Letter is qualified in its entirety by reference to the provisions of the Arrangement Agreement and is not intended to constitute, and shall not be construed as constituting, any representation, warranty, undertaking, assurance, covenant, indemnity, guarantee or other commitment of any nature whatsoever not expressly given in the Arrangement Agreement.

All capitalized terms used in this Chalice Disclosure Letter shall have the meaning attributed to such term in the Arrangement Agreement, unless otherwise stated, and all references to dollars, unless otherwise specifically indicated, are to Canadian dollars. This Chalice Disclosure Letter shall be governed by and construed in all respects in accordance with the laws of the Province of British Columbia and the federal laws of Canada.

**CHALICE GOLD MINES LIMITED**

*"William Bent"*

---

Name: William Bent

Title: MD

The Disclosure Letter is accepted and agreed this 15th day of November, 2013.

**COVENTRY RESOURCES INC.**

*"Steven Chadwick"*

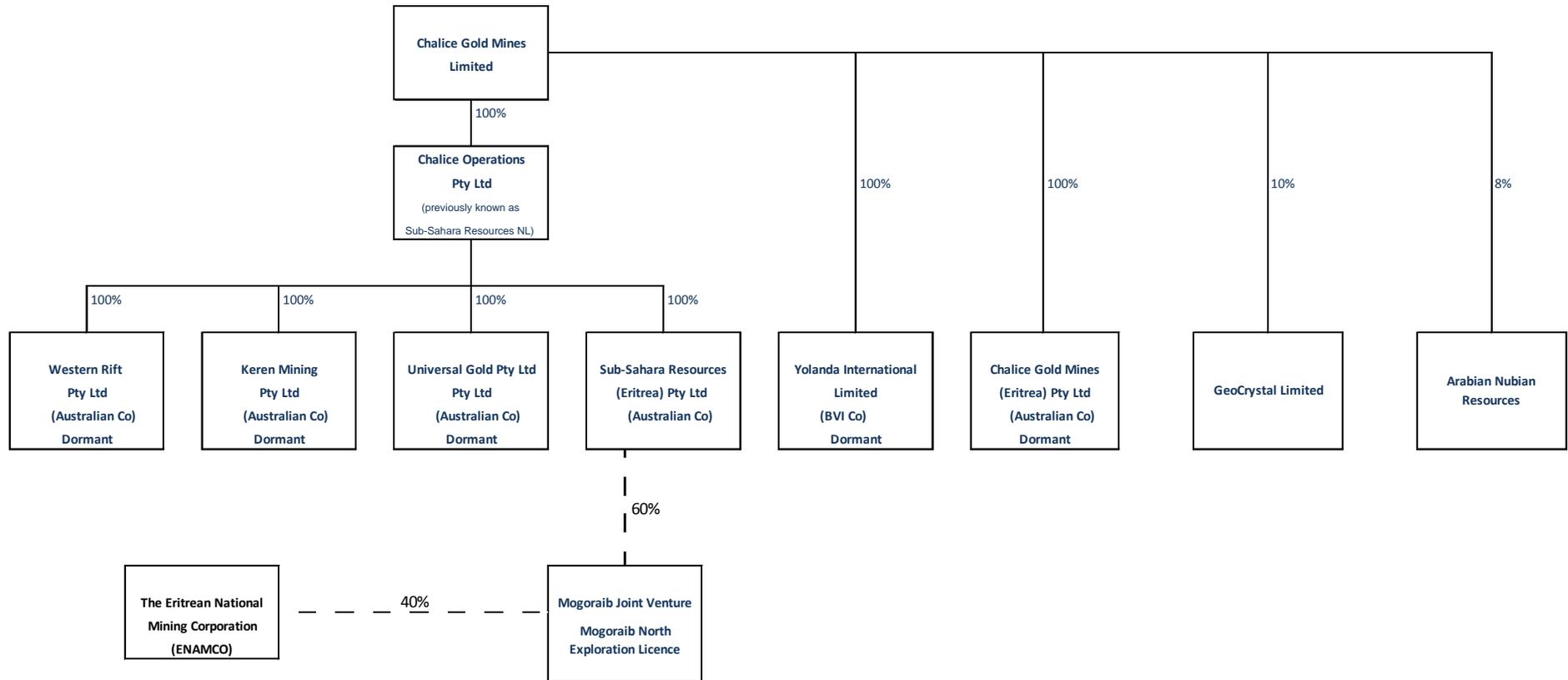
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Name: Steven Chadwick

Title: President & CEO

## Schedule 4.1(b)

### Organization



## Schedule 4.1(c)

### Capitalization

As of November 15, 2013 there were 251,230,886 Shares issued and outstanding. All issued Shares are fully paid. As of November 15, 2013 the Company had 5,150,000 options outstanding. Each option entitles the holder thereof to acquire one Share with exercise prices ranging from A\$0.25 to A\$0.65 as detailed below:

| Grant Date         | Expiry Date        | Exercise Price (A\$) | Balance Unexercised |
|--------------------|--------------------|----------------------|---------------------|
| November 17, 2009  | March 31, 2014     | \$0.25               | 1,250,000           |
| November 17, 2009  | March 31, 2014     | \$0.35               | 1,250,000           |
| November 25, 2010  | April 30, 2014     | \$0.45               | 187,500             |
| November 25, 2010  | April 30, 2014     | \$0.55               | 187,500             |
| November 25, 2010  | April 30, 2014     | \$0.65               | 375,000             |
| September 14, 2011 | September 14, 2014 | \$0.35               | 750,000             |
| December 16, 2011  | November 30, 2014  | \$0.35               | 100,000             |
| June 5, 2013       | June 30, 2016      | \$0.30               | 1,050,000           |

As of November 15, 2013, the Company had 2,954,149 performance rights (each, a “**Performance Right**”) outstanding. Each Performance Right entitles the holder thereof to one Share. All Performance Rights have a nil exercise price.

The following table outlines the vesting conditions of the Performance rights:

| Grant date        | Number of Performance rights | Measurement date | Vesting condition       |
|-------------------|------------------------------|------------------|-------------------------|
| December 16, 2011 | 200,000                      | October 1, 2013  | Retention period        |
| June 5, 2013      | 2,108,444                    | January 1, 2015  | *See below <sup>1</sup> |
| June 6, 2013      | 645,705                      | January 1, 2015  | *See below <sup>1</sup> |

---

(1) The number of Performance Rights that will vest will be solely dependent on the Company’s share price as at the measurement (or test) date of January 1, 2015 as compared to the Share price hurdles outlined in the following table. The Company’s share price will be calculated on its 30 day VWAP.

| <b>If the 30 day VWAP as at January 1, 2015 is (A\$)</b> | <b>Percentage of Performance Rights which will vest</b> |
|--|---|
| Below 25 cents   | 0%  |
| 25 cents   | 33%   |
| Between 25 cents and 38 cents                            | Pro rata between 33% and 100%                           |
| Above 38 cents   | 100%  |

Following the measurement date on January 1, 2015, it is a condition that an additional 6 month service period must be completed by the executives meaning that any vested performance rights which are converted to shares after the measurement date will be subject to a holding lock until June 30, 2015. It is also a condition the executive be an employee of the Company at June 30, 2015.

**Schedule 4.1(g)**

**Financial Statements**

The audited financial statements prepared for the Mogoraib North Joint Venture and for the Eritrean branch subsidiaries are not in accordance with IFRS.

## **Schedule 4.1(i)**

### **Material Change**

As cash held by Chalice is predominately denominated in United States dollars, Chalice is subject to unfavourable/favourable movements in the AUD/USD exchange rates. This can have a material effect on the Australian dollar cash balance as compared to the balances recorded in the June 30, 2013 financial statements.

## **Schedule 4.1(n)**

### **Taxes**

- Chalice currently owes approximately US\$247,000 in outstanding taxes to the Eritrean Inland Revenue Authority.
- The 2013 tax returns for Chalice and its subsidiaries have not yet been lodged and are due May 2014.

**Schedule 4.1 (o)**

**Property**

**Projects – Eritrea**

| <b>Project name</b> | <b>Licence Type</b> | <b>Status</b> | <b>Registered holder</b>               | <b>Current Equity</b> |
|---------------------|---------------------|---------------|--|-----------------------|
| Mogoraib North      | Exploration Licence | Owned         | Sub-Sahara Resources (Eritrea) Pty Ltd | 60%                   |

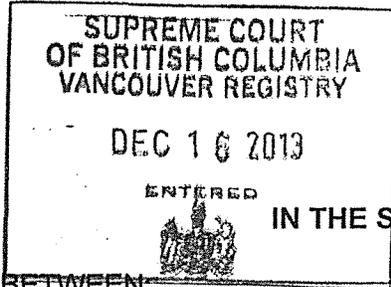
1. The Mogoraib North Exploration Licence is due for renewal in January 2014. Discussions are underway to potentially sell or joint venture the project.
2. In relation to the Mogoraib North Exploration Licence, any dealings, including sale or transfer is subject to Eritrean Law.
3. The Mogoraib North Exploration Licence is held 60% by Chalice’s wholly owned subsidiary Sub-Sahara Resources (Eritrea) Pty Ltd and 40% is held by the Eritrean National Mining Corporation.

**Projects – Australia**

| <b>Project Name</b> | <b>Tenement #</b> | <b>Status</b> | <b>Registered holder</b>                              | <b>Current Equity</b>   |
|---------------------|-------------------|---------------|---|-------------------------|
| Gnaweeda Project    | E51/0926          | Owned         | Chalice Gold Mines Limited and Teck Australia Pty Ltd | 12.03%                  |
|                     | E51/0927          | Owned         | Chalice Gold Mines Limited and Teck Australia Pty Ltd | 12.03%                  |
| Marla               | EL4655            | Owned         | GE Resources Pty Ltd                                  | 0% - earning up to 70%. |
|                     | EL4656            | Owned         | GE Resources Pty Ltd                                  | 0% - earning up to 70%. |
|                     | EL4657            | Owned         | GE Resources Pty Ltd                                  | 0% - earning up to 70%. |
|                     | EL4658            | Owned         | GE Resources Pty Ltd                                  | 0% - earning up to 70%. |
|                     | EL4659            | Owned         | GE Resources Pty Ltd                                  | 0% - earning up to 70%. |

| <b>Project Name</b> | <b>Tenement #</b> | <b>Status</b> | <b>Registered holder</b> | <b>Current Equity</b>   |
|---------------------|-------------------|---------------|--------------------------|-------------------------|
|                     | EL4660            | Owned         | GE Resources Pty Ltd     | 0% - earning up to 70%. |
|                     | EL4661            | Owned         | GE Resources Pty Ltd     | 0% - earning up to 70%. |
| Oodnadatta          | EL4679            | Owned         | GE Resources Pty Ltd     | 0% - earning up to 70%. |
|                     | EL4682            | Owned         | GE Resources Pty Ltd     | 0% - earning up to 70%. |
|                     | EL4683            | Owned         | GE Resources Pty Ltd     | 0% - earning up to 70%. |
|                     | EL4684            | Owned         | GE Resources Pty Ltd     | 0% - earning up to 70%. |
|                     | EL4686            | Owned         | GE Resources Pty Ltd     | 0% - earning up to 70%. |
|                     | EL4687            | Owned         | GE Resources Pty Ltd     | 0% - earning up to 70%. |
|                     | EL4688            | Owned         | GE Resources Pty Ltd     | 0% - earning up to 70%. |
|                     | EL4959            | Owned         | GE Resources Pty Ltd     | 0% - earning up to 70%. |
|                     | EL5144            | Owned         | GE Resources Pty Ltd     | 0% - earning up to 70%. |

**APPENDIX "B"**  
**INTERIM ORDER**



No. S-139286  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

COVENTRY RESOURCES INC.

PETITIONER

RE: IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING COVENTRY RESOURCES INC., ITS SHAREHOLDERS, CHALICE GOLD MINES LIMITED, AND WESTERN RIFT PTY LTD., PURSUANT TO SECTIONS 288 to 299 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA), S.B.C. 2002, c. 57, AS AMENDED

**ORDER MADE AFTER APPLICATION**

BEFORE ) ) MONDAY, THE  
          ) Master Scarth ) 16th DAY OF  
          ) ) DECEMBER, 2013

ON THE APPLICATION of the Petitioner, Coventry Resources Inc.

- without notice, coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on Monday, the 16th day of December, 2013 and on hearing counsel for the Petitioner, Christopher M. Dafoe;

THIS COURT ORDERS that:

1. The Petitioner, Coventry Resources Inc. (the "Petitioner" or "Coventry"), be permitted to convene, hold and conduct a special meeting of its shareholders (the "Coventry Shareholders") to be held at 10:00 a.m. (Pacific Standard Time) on January 21, 2014 at the offices of Anfield Sujir Kennedy & Durno LLP at Suite 1600 – 609 Granville Street, Vancouver, British Columbia (the "Special Meeting") to consider and, if deemed advisable, pass with or without amendment, a special resolution (the "Arrangement Resolution"), authorizing, approving and agreeing to adopt a plan of arrangement (the "Plan of Arrangement") among the Petitioner, the Coventry Shareholders, Chalice Gold Mines Limited ("Chalice") and Western Rift Pty Ltd. ("Western Rift") as described in the Plan of Arrangement attached as part of Exhibit "A" to the Affidavit No. 1 of Don Halliday made on December 12, 2013 (the "Halliday Affidavit No. 1") and to transact such other business as may properly come before the Special Meeting.

2. The Special Meeting shall be called, held and conducted in accordance with the provisions of the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as amended (the "BCBCA"), applicable securities legislation and the Articles of the Petitioner, subject to the terms of this Order.
3. The following information (collectively, the "Meeting Materials"):
  - (a) the Notice of Special Meeting;
  - (b) the management information circular (the "Circular") and appendices to the Circular;
  - (c) the Requisition for the Hearing of the Application for a Final Order approving the Arrangement; and
  - (d) the form of proxy

in substantially the same form annexed as Exhibit "A" to the Halliday Affidavit No. 1, with such amendments and inclusions thereto as counsel for the Petitioner may advise are necessary or desirable, provided that such amendments and inclusions are not inconsistent with the terms of this Order, shall be mailed by prepaid ordinary mail or sent by facsimile or other electronic transmission:

- (a) to the Coventry Shareholders at their registered addresses as they appeared on the books of the Petitioner at the close of business on December 17, 2013, being the record date fixed by the Board of Directors of the Petitioner for the determination of Coventry Shareholders entitled to notice of the Special Meeting;
- (b) to the holders of options and warrants of the Petitioner as at December 17, 2013; and
- (c) to the directors and auditors of the Petitioner,

which mailing shall occur at least twenty-one (21) days prior to the date of the Special Meeting, excluding the date of mailing and excluding the date of the Special Meeting, and that service of the Meeting Materials as herein described, shall constitute good and sufficient service of such Notice of Special Meeting and Notice of the Application for a Final Order, upon all who may wish to appear in these proceedings, and no other service need be made, and such service shall be effective on the fifth day after the said Meeting

Materials are mailed or, if sent by facsimile or other electronic transmission, on the date of said transmission.

4. The Meeting Materials shall be delivered to non-registered holders of common shares of the Petitioner by providing copies of the Meeting Materials to intermediaries and registered nominees for sending to beneficial owners in accordance with National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators.
5. The Petition and the Halliday Affidavit No. 1 shall be served on Compañía Paraguaya de Minería S.A. (also known as “Copami”) care of its legal counsel Messrs. Eduardo Livieres Guggiari and Luis Carlos Guggiari Banks at Pitiantuta No. 640 e/ Siria y Juan de Salazar, Asuncion, Paraguay at least twenty-one (21) days prior to the date of the Special Meeting, excluding the date of service and excluding the date of the Special Meeting.
6. Notice of any amendments, updates or supplement to any of the information provided in the Meeting Materials may be communicated to the persons specified herein by press release, news release, newspaper advertisement or by notice by any of the means set forth in paragraph 3 herein, as determined to be the most appropriate method of communication by the Coventry Board of Directors.
7. The accidental omission to give the Notice of the Special Meeting or Notice of the Application for a Final Order to, or the non-receipt of such notices by, one or more of the persons specified herein, shall not invalidate any resolution passed or proceedings taken at the Special Meeting.
8. The chairperson of the Special Meeting (the “Chair”) shall be an officer or director of the Petitioner or such other person as may be appointed by the Coventry Shareholders for that purpose.
9. The Chair is at liberty to call on the assistance of legal counsel to the Petitioner at any time and from time to time, as the Chair may deem necessary or appropriate during the Special Meeting, and such legal counsel is entitled to attend the Special Meeting for this purpose.

10. The Special Meeting may be adjourned or postponed for any reason upon the approval of the Chair, and if the Special Meeting is adjourned or postponed, it shall be reconvened or held at a place and time to be designated by the Chair.
11. The quorum required at the Special Meeting shall be the quorum required by the Articles of the Petitioner.
12. The vote of the Coventry Shareholders required to adopt the Arrangement Resolution at the Special Meeting shall be the affirmative vote of not less than two-thirds of the votes cast by the Coventry Shareholders entitled to vote at the Special Meeting who vote in person or by proxy on the Arrangement Resolution.
13. The Chair or Secretary of the Special Meeting shall, in due course, file with the Court Affidavit(s) verifying the actions taken and the decisions reached by the Coventry Shareholders at the Special Meeting with respect to the Arrangement.
14. Subject to the other provisions herein, the only persons entitled to notice of or vote at the Special Meeting or any adjournment(s) or postponement(s) thereof either in person or by proxy shall be the Coventry Shareholders as at the close of business on December 17, 2013 (and under applicable securities legislation and policies, the beneficial owners of the common shares of the Petitioner registered in the name of intermediaries) and the directors and auditors of the Petitioner.
15. Each registered Coventry Shareholder shall have the right to dissent in respect of the Arrangement Resolution in accordance with the provisions of sections 237-247 of the BCBCA, as modified by the terms of this Interim Order and the Plan of Arrangement. A beneficial holder of Coventry Shares registered in the name of a broker, custodian, trustee, nominee or other intermediary who wishes to dissent must make arrangements for the registered Coventry Shareholder to dissent on behalf of the beneficial holder of Shares or, alternatively, make arrangements to become a registered Coventry Shareholder.
16. Registered Coventry Shareholders shall be the only shareholders of Coventry entitled to exercise rights of dissent.

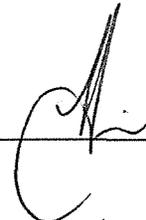
17. Notice to Coventry Shareholders of their dissent rights with respect to the Arrangement Resolution and their right to receive, subject to the provisions of the BCBCA and the Arrangement, the fair value of their securities shall be given by including information with respect to this right in the Circular to be sent to Coventry Shareholders in accordance with this Interim Order.
18. Subject to further order of this Court, the rights available to the Coventry Shareholders under the BCBCA and the Plan of Arrangement to dissent from the Arrangement shall constitute full and sufficient dissent rights for the Coventry Shareholders with respect to the Arrangement.
19. The Petitioner be at liberty to give notice of this application to persons outside the jurisdiction of this Honourable Court in the manner specified herein.
20. Unless the directors of the Petitioner by resolution determine to abandon the Arrangement, the Application for the Final Order (the "Final Application") be set down for hearing before the presiding Judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, on Friday, January 24, 2014 at 9:45 a.m., or so soon thereafter as counsel may be heard, and that, upon approval by the Coventry Shareholders at the Special Meeting of the Arrangement Resolution approving the Arrangement, all in the manner required by Section 289 of the BCBCA, the Petitioner be at liberty to proceed with the Final Application on that date.
21. Any Coventry Shareholder, director or auditor of the Petitioner, authorized representative of Copami or any other interested party with leave of the Court may appear at the Final Application provided that such person shall file a Response to the Petition filed herein, in the form prescribed by the Rules of Court of the Supreme Court of British Columbia, and deliver a copy of the filed Response, together with a copy of all material on which such person intends to rely at the Final Application, including an outline of such person's proposed submissions, to counsel for the Petitioner at its address for delivery as set out in the Petition, on or before 4:00 p.m. (Pacific Standard Time) on Friday, January 17, 2014, or as the Court may otherwise direct.

22. Subject to other provisions in this Order, no material other than that contained in the Meeting Materials need be served on any persons in respect of these proceedings.
23. If the Final Application is adjourned, only those persons who have filed and delivered a Response in accordance with this Interim Order need to be served and provided with notice of the adjourned date.
24. The provisions of Rules 8-1 (apart from the requirement for an Application Record) and 16-1 be hereby dispensed with for the purposes of any further application to be made pursuant to this Petition.
25. The Petitioner and the persons specified herein shall, and hereby do, have liberty to apply for such further Orders as may be appropriate.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

  
\_\_\_\_\_  
Signature of Christopher M. Dafoe

Petitioner     lawyer for Petitioner

*Handwritten initials*  .   
\_\_\_\_\_  
By the Court  
Registrar

No. \_\_\_\_\_  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

COVENTRY RESOURCES INC.

PETITIONER

RE: IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING COVENTRY RESOURCES INC., ITS SHAREHOLDERS, CHALICE GOLD MINES LIMITED, AND WESTERN RIFT PTY LTD., PURSUANT TO SECTIONS 288 to 299 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA), S.B.C. 2002, c. 57, AS AMENDED

---

**ORDER**

---

TAYLOR VEINOTTE SULLIVAN  
Barristers  
Suite 300-1168 Hamilton Street  
Vancouver, BC V6B 2S2  
Attention: Christopher M. Dafoe

**AGENT: WEST COAST**

Telephone: 604.687.7007 Fax: 604.687.7384

File 130152.001

**APPENDIX "C"**  
**ARRANGEMENT RESOLUTION**

**BE IT RESOLVED THAT:**

1. The arrangement (the "**Arrangement**") under section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") involving Coventry Resources Inc. ("**Coventry**"), all as more particularly described and set forth in the management information circular (the "**Circular**") of Coventry dated [**December 17, 2013**], accompanying the notice of this meeting (as the Arrangement may be modified or amended), is hereby authorized, approved and adopted;
2. The plan of arrangement, as it may be or has been modified or amended (the "**Plan of Arrangement**"), involving Coventry and implementing the Arrangement, the full text of which is set out in Appendix A to the Circular, is hereby approved and adopted;
3. The arrangement agreement between Coventry, Western Rift and Chalice, dated November 15, 2013, (the "**Arrangement Agreement**") and all the transactions contemplated therein the actions of the directors of Coventry in approving the Arrangement and the actions of the officers of Coventry in executing and delivering the Arrangement Agreement and any amendments thereto and causing the performance by Coventry of its obligations thereunder be and are hereby confirmed, ratified, authorized and approved;
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Coventry Shareholders or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Coventry are hereby authorized and empowered, without further notice to, or approval of, the Coventry Shareholders:
  - (1) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
  - (2) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement;
5. Any one or more directors or officers of Coventry is hereby authorized, for and on behalf and in the name of Coventry, to execute and deliver, whether under corporate seal of Coventry or not, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:

all actions required to be taken by or on behalf of Coventry, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

  - (3) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Coventry;

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing; and
6. for the purposes of ASX Listing Rule 11.2, approval is given for the disposal by the Company of its main undertaking under the Plan of Arrangement on the terms and conditions set out in the Circular.

***ASX Imposed Voting Exclusion***

*Coventry will disregard any votes cast on this ASX Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of common shares if this ASX Resolution is passed, and an associate of those persons. However, Coventry need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

**APPENDIX "D"**  
**SECTIONS 237 – 247 OF THE**  
***BUSINESS CORPORATIONS ACT* (British Columbia)**

## Division 2 – Dissent Proceedings

### Definitions and application

**237** (1) In this Division:

"**dissenter**" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"**notice shares**" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"**payout value**" means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291(2)(c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) this Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238(1)(g), the court orders otherwise or the resolution provides otherwise.

### Right to dissent

**238** (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
  - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or
  - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301(5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
  - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242(4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
- (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

### **Waiver of right to dissent**

**239** (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

- (a) provide to the company a separate waiver for
  - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
- (b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
- (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

#### **Notice of resolution**

**240** (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
- (b) a statement advising of the right to send a notice of dissent, and

- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

#### **Notice of court orders**

**241** If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

#### **Notice of dissent**

**242** (1) A shareholder intending to dissent in respect of a resolution referred to in section 238(1)(a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240(1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240(3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240(1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
  - (i) the date on which the shareholder learns that the resolution was passed, and
  - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238(1)(g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240(2)(b) or (3) (b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238(1)(h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
- (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
  - (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
- (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
  - (i) the name and address of the beneficial owner, and
  - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

### **Notice of intention to proceed**

**243** (1) A company that receives a notice of dissent under section 242 from a dissenter must,

- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
  - (i) the date on which the company forms the intention to proceed, and
  - (ii) the date on which the notice of dissent was received, or
- (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1)(a) or (b) of this section must

- (a) be dated not earlier than the date on which the notice is sent,
- (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

- (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

### **Completion of dissent**

**244** (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
  - (b) the certificates, if any, representing the notice shares, and
  - (c) if section 242(4)(c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1)(c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
  - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

- (a) the dissenter is deemed to have sold to the company the notice shares, and
- (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

## Payment for notice shares

**245** (1) A company and a dissenter who has complied with section 244(1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

- (a) promptly pay that amount to the dissenter, or
- (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
- (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
- (c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2)(a) of this section, the company must

- (a) pay to each dissenter who has complied with section 244(1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
- (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1)(b) or (3)(b),

- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
- (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

- (a) the company is insolvent, or
- (b) the payment would render the company insolvent.

### **Loss of right to dissent**

**246** The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

### **Shareholders entitled to return of shares and rights**

**247** If, under section 244(4) or (5), 245(4)(a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244(1)(b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244(6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

**APPENDIX "E"**  
**FAIRNESS OPINION OF PRIMARY CAPITAL INC.**



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November 18, 2013

Coventry Resources Inc.  
Suite 760-36 Toronto Street  
Toronto  
Ontario  
CANADA M5C 2C5

To the Board of Directors:

Primary Capital Inc. ("Primary") understands that Coventry Resources Inc. ("Coventry" and which term shall, to the extent required or appropriate in the context, include the affiliates of Coventry) and Chalice Gold Mines Ltd. ("Chalice" and which term shall, to the extent required or appropriate in the context, include the affiliates of Chalice) have agreed to enter into a transaction (the "Transaction") pursuant to which Chalice will purchase Coventry's legal interest in all of the issued and outstanding shares of the Coventry Subsidiaries listed below which Coventry Subsidiaries own the Projects listed in the Annexures to the Binding Term Sheet (as defined below); and all assets (including equipment, equipment leases, technical information and books and records) held by Coventry or the Coventry Subsidiaries that are related to such Projects; and certain intercompany loan balances owing by the Coventry Subsidiaries (subject to adjustment):

Coventry Resources Ontario Inc.  
Coventry Rainy River, Inc.  
2235411 Ontario, Inc.  
Cameron Gold Operations Ltd.

### ***Engagement***

By letter agreement dated November 6, 2013 (the "Letter Agreement"), the board of directors of Coventry (the "Board") retained Primary to act as exclusive financial advisor to Coventry in connection with the Transaction to prepare an opinion as to the fairness, from a financial point of view, of the consideration to be received by Coventry (which consideration will be issued to Coventry's shareholders in proportion to their respective interests in Coventry) in connection with the Transaction (the "Fairness Opinion"). Following a review by Primary of the terms of the Binding Term Sheet in relation to the Transaction, Primary rendered its oral opinion to the Board as to the fairness, from a financial point of view, of the consideration to be received by Coventry and Coventry's shareholders (other than Chalice) in connection with the Transaction. This Fairness Opinion confirms the oral opinion rendered by Primary to the Board on November 14, 2014, and is effective as of November 15, 2013.

The terms of the Letter Agreement provide that Primary is to be paid for its services in connection with this Fairness Opinion. In addition, Coventry agrees to reimburse Primary for any reasonable out-of-pocket expenses and to indemnify Primary in certain circumstances.

### ***Credentials of Primary***

Primary is a privately-owned exempt market dealer based in Toronto, Canada. Primary's principal activity is financing early-stage Canadian public companies requiring development capital for growth. The opinion expressed herein is the opinion of Primary and the form and content herein have been approved for release by a committee of its senior management and legal counsel, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters.

### ***Scope of Review***

In connection with rendering this Fairness Opinion, Primary has reviewed and relied upon, or carried out, among other things, the following:

- a. the term sheet entitled "TERM SHEET FOR ACQUISITION OF SUBSIDIARY COMPANIES" dated November 1, 2013 between Coventry and Chalice (the "Binding Term Sheet");
- b. the arrangement agreement dated November 15, 2013 between Chalice, Western Rift Pty Ltd. and Coventry;
- c. the audited consolidated financial statements of Crescent Resources Cop. (Coventry predecessor) for the years ended December 31, 2009, 2010 and 2011, and Coventry for the year ended June 30, 2013 and the related management's discussion and analysis;
- d. the unaudited condensed interim consolidated financial statements and management's discussion and analysis of Coventry (and its predecessor Crescent Resources Corp.) for the three months ended March 31, June 30, September 30, and December 31, for the calendar years 2010, 2011, and 2012, and the three months ended March 31, 2013;
- e. the Management Information Circular of Crescent Resources Corp. for the merger involving Coventry Resources Limited dated 9-November-2012;
- f. Management Information Circulars of Coventry dated 14-May-2010, 10-Nov-2010, 10-May-2011, 27-Mar-2012, 19-Mar-2013 and 24-Sept-2013;
- g. Coventry's Short Form Prospectus dated February 15, 2013;
- h. Copy of excel cashflow forecast as provided by Coventry Management 5-Nov-2013;
- i. Copy of Organisation Chart, as provided by Coventry Management 1-Nov-2013;
- j. Technical Report: Cameron Gold Project Western Ontario, Canada prepared by DATAGEO Geological Consultants effective 5 July 2012;

- k. Preliminary Economic Assessment of Coventry's Cameron Gold Camp Project by Lycopodium January 2013, and the Revised Technical Report on the Cameron Gold Project by Lycopodium dated February 18, 2013;
- l. Dogpaw Gold Deposit 43-101 Technical Report dated May 13, 2013 prepared by DATAGEO Geological Consultants;
- m. Technical Report on the Coronel Oviedo Uranium Project in Paraguay 43-101 dated January 25<sup>th</sup>, 2008, prepared by Scott Wilson Roscoe Postle Associates Inc;
- n. Uncle Sam Property, Yukon-Tanana Terrane, East-Central Alaska National Instrument 43-101 Technical Report dated November 8, 2010;
- o. Press Release of January 06, 2012, whereby Millrock Resources Inc. reports amendment of terms of option to earn 100% Interest by Crescent Resources Corp. In Uncle Sam Gold Project, Alaska;
- p. Coventry's website;
- q. a certificate addressed to us, dated as of the date hereof, from two senior officers of Coventry, as to the completeness and accuracy of the information provided to us by them;
- r. certain internal financial, operational, business and other information concerning Coventry that was prepared or provided to us by Coventry's management;
- s. the annual reports for 2011, 2012 and audited consolidated financial statements of Chalice for the years ended June 30, 2011, 2012 and 2013 and the related management's discussion and analysis, as well as the amendment to the 2012 financials dated 10 October 2012;
- t. the annual information forms of Chalice for the years ended September 2011, 2012, 2013;
- u. Chalice Corporate presentations of February, June and November 2013;
- v. Chalice's website;
- w. the unaudited condensed interim consolidated financial statements and management's discussion and analysis of Chalice for the three months ended March, and June of 2011, 2012 and 2013, and September 2013, as well as for December 2011, and 2012;
- x. Chalice's management information circulars relating to its annual meetings of shareholders for 2011, 2012, 2013;
- y. trading statistics and selected financial information of Coventry, Chalice and other selected public entities and comparable acquisition transactions considered by us to be relevant; and
- z. such other information, analyses, investigations and discussions as we considered necessary or appropriate in the circumstances.

In addition, Primary has participated in discussions with members of the senior management of Coventry regarding Coventry's business, operations, financial condition and prospects that could result from the Transaction and potential alternatives to the Transaction.

### ***Assumptions and Limitations***

This Fairness Opinion is subject to the assumptions, qualifications and limitations set forth below.

Primary has not been asked to prepare, and has not prepared, a formal valuation or appraisal of any of the assets or securities of Coventry, Chalice, or any of their respective affiliates, and this Fairness Opinion should not be construed as such.

With permission from the Board, Primary has relied upon, and has assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by Primary from public sources, or provided to Primary by Coventry or its affiliates or advisors or otherwise obtained by Primary pursuant to Primary's engagement by Coventry, and this Fairness Opinion is conditional upon such completeness, accuracy and fair presentation. Primary has not been requested to, or attempted to, independently verify the accuracy, completeness or fairness of presentation of any such information, data, advice, opinions or representations. Primary has not met separately with the independent auditors of Coventry in connection with preparing this Fairness Opinion and, with permission from the Board, Primary has assumed the accuracy and presentation of, and relied upon, Coventry's audited financial statements and interim unaudited financial statements and the respective reports of the auditors.

With respect to the historical financial data, operating and financial forecasts and budgets provided to Primary concerning Coventry and relied upon in Primary's financial analyses, Primary has assumed that they have been reasonably prepared on bases reflecting the most reasonable assumptions, estimates and judgement of management of Coventry, giving regard to Coventry's business plans, financial condition and prospects.

Coventry has represented to Primary, in a certificate signed by two of its senior officers and dated the date hereof, among other things, that the information, data and other material (financial or otherwise) provided to Primary in writing by or on behalf of Coventry, including the written information concerning Coventry referred to above under the heading "Scope of Review" (collectively, the "Information"), are complete and correct in all material respects as at the date the Information was provided to Primary and that, since the date of the Information, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Coventry or any of its affiliates and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on this Fairness Opinion.

Primary is not a legal, tax or accounting expert and it expresses no opinion concerning any legal, tax or accounting matters concerning the Transaction or the sufficiency of this letter for the purpose it is intended by Coventry. In preparing the Fairness Opinion, we have made several assumptions, including that all of the conditions required to complete the Transaction will be met.

This Fairness Opinion is rendered on the basis of: securities markets; economic, general business and financial conditions prevailing as at the date hereof; and the conditions and prospects, financial and otherwise, of Coventry as they are reflected in the Information and as they were represented to Primary in Primary's discussions with management of Coventry and its affiliates and advisors. In Primary's analyses and in connection with the preparation of this Fairness Opinion, Primary made numerous assumptions with respect to industry performance, general business, markets and economic conditions and other matters, many of which are beyond the control of any party involved in the Transaction.

This Fairness Opinion is being provided to the Board and Coventry for their exclusive use only in considering the Transaction and may not be published, disclosed to any other person, relied upon by any other person, or used for any other purpose, without the prior written consent of Primary.

Primary believes that its financial analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying this Fairness Opinion. The preparation of a fairness opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to carry out such could lead to undue emphasis on any particular factor or analysis.

This Fairness Opinion is given as November 15, 2013 and, although Primary reserves the right to change or withdraw this Fairness Opinion, if Primary learns that any of the information that it relied upon in preparing this Fairness Opinion was inaccurate, incomplete or misleading in any material respect, Primary disclaims any obligation to change or withdraw this Fairness Opinion or to advise any person of any change that may come to Primary's attention.

### ***Opinion***

Based upon and subject to the foregoing and such other matters as Primary considers relevant, it is Primary's opinion that the consideration to be received by Coventry and Coventry's shareholders (other than Chalice) in connection with the Transaction is fair, from a financial point of view.

Yours truly,

*(signed)* "Primary Capital Inc."

**PRIMARY CAPITAL INC.**

**APPENDIX "F"**  
**INFORMATION CONCERNING**  
**COVENTRY RESOURCES INC.**

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Unless the content otherwise requires, all capitalized terms used in this Appendix but not otherwise defined shall have the meanings ascribed to them in the Glossary of Terms in the Information Circular.

### **Documents Incorporated by Reference**

Information has been incorporated by reference herein from documents filed with securities commissions or similar authorities in the provinces and territories of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Coventry at Suite 504 – 602 West Hastings Street, Vancouver, BC V6B 1P2 and are also available electronically under Coventry's company profile at [www.sedar.com](http://www.sedar.com).

The following documents of Coventry are filed with the various securities commissions or similar authorities in the provinces and territories of Canada (under the SEDAR profile of Coventry) and are specifically incorporated by reference into and form an integral part of this Appendix, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained herein or in any other subsequently filed document that is also incorporated by reference herein:

- a) Coventry's information circular (the "Coventry Information Circular") and notice of annual general meeting for Coventry's annual general meeting held on April 18, 2013;
- b) Coventry's audited consolidated financial statements together with the notes thereto and auditors' report thereon for the years ended June 30, 2013 and June 30, 2012.
- c) the management discussion and analysis of the financial condition and operations of Coventry for the year ended June 30, 2013.
- d) Coventry's unaudited consolidated financial statements together with the notes thereto for the three months ended September 30, 2013.
- e) the management discussion and analysis of the financial condition and operations of Coventry for the three months ended September 30, 2013.
- f) Coventry's material change report filed on October 2, 2013 relating to the proposed merger with Chalice by way of a plan of arrangement.
- g) Coventry's material change report filed on November 5, 2013 relating to the Arrangement.

Any documents of the type required by National Instrument 44-101 – Short Form Prospectus Distributions to be incorporated by reference herein, including any annual information forms, annual consolidated financial statements and the independent auditor's report thereon, interim consolidated financial statements, management's discussion and analysis of financial conditions and results of operations, material change report (except a confidential material change report), business acquisition report and information circular, filed by Coventry with the securities commissions or similar authorities in Canada subsequent to the date of this Appendix and prior to the earlier of the completion of the Arrangement or termination of the Arrangement Agreement are deemed to be incorporated by reference in this Appendix.

Any statement contained in this Appendix or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Appendix to the extent that a statement contained in this Appendix or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into this Appendix modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or

superseded, to constitute part of this Appendix. Information contained or otherwise accessed through Coventry's website [www.coventryres.com](http://www.coventryres.com) or any other website, other than those documents specifically incorporated by reference herein and filed on SEDAR at [www.sedar.com](http://www.sedar.com), does not form part of this Appendix.

## Summary Description of Coventry's Business

### Overview

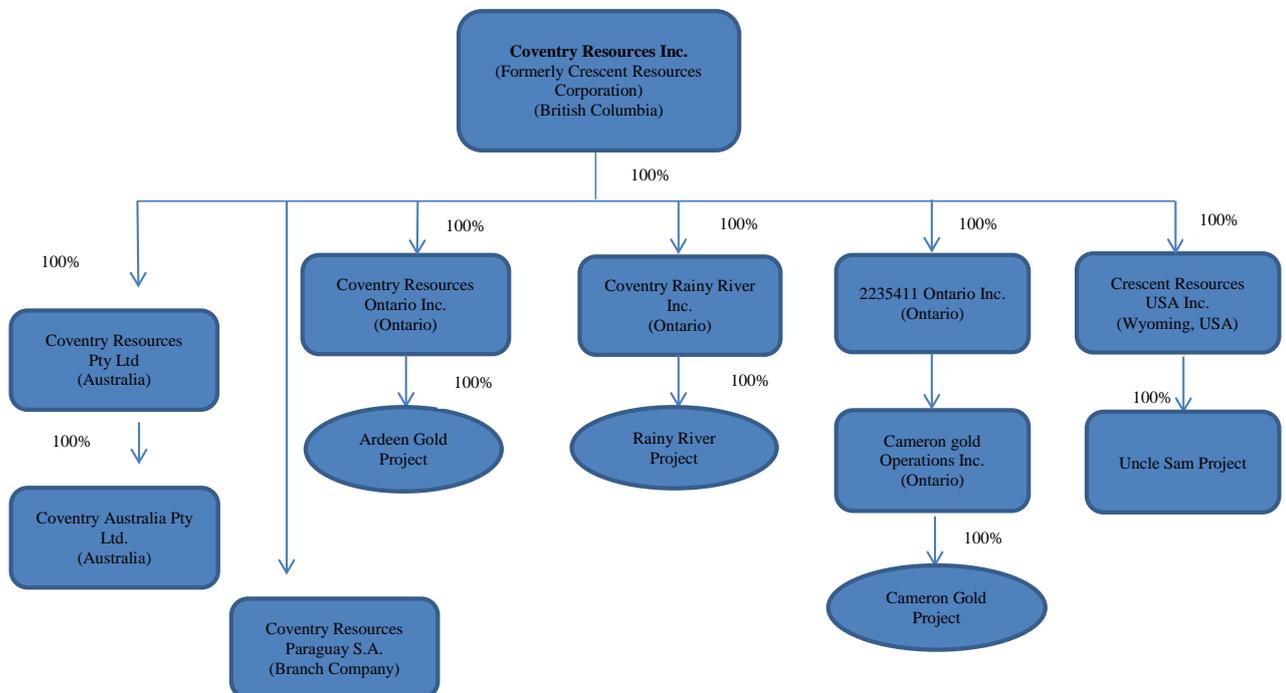
Coventry was incorporated under the laws of Ontario in 1945 and continued under the BCBCA in 1984. On December 21, 2012, Coventry filed Articles of Amendment to give effect to a consolidation of its common shares on a 5:1 basis, whereby every five (5) old common shares were exchanged for one new common share (the "**Share Consolidation**").

Coventry is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. The Coventry Shares are listed on the TSXV under the symbol "CYY" and Coventry CDIs are quoted on the ASX under the symbol "CYY".

The head office and registered office of Coventry is located at Suite 504 – 602 West Hastings Street, Vancouver, BC V6B 1P2 and its registered office is located at Suite 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3.

### Intercorporate Relationships

The following indicates the corporate structure of Coventry and its subsidiaries, the percentage of voting securities of each subsidiary beneficially owned, or controlled or directed, directly or indirectly, and the jurisdiction of incorporation of each subsidiary.



## *The Merger*

On January 8, 2013, Coventry and Coventry Resources Limited ("**Coventry Australia**") completed a business combination transaction (the "**Merger**"). The Merger was implemented pursuant to a merger implementation deed between Coventry and Coventry Australia dated September 7, 2012.

Pursuant to the Merger: (i) Coventry completed the Share Consolidation; (ii) Coventry Australia shareholders received 0.2513 post-Share Consolidation Coventry Shares for each Coventry Australia share held; and (iii) Coventry Australia optionholders received options to purchase post-Share Consolidation common shares of Coventry. Immediately following the completion of the Merger, Coventry Australia became a wholly-owned subsidiary of Coventry and the shareholders of Coventry Australia held approximately 86.07% of the issued and outstanding Coventry Shares. Coventry also changed its name from "Crescent Resources Corp." to "Coventry Resources Inc."

Coventry commenced trading on the TSXV under the symbol "CYY" at the opening of trading on January 9, 2013, at which time the Coventry Shares ceased trading under the symbol "CRC".

The ordinary shares of Coventry Australia were delisted from trading on the ASX on January 8, 2013 and Coventry Shares common shares, represented by CDIs, began trading on the ASX on January 9, 2013.

## *Business of Coventry*

Coventry carries on the business of mineral exploration and development. Its principal asset and focus is its 100% interest in the Cameron Gold Camp Project, a gold exploration project located approximately 80 kilometres southeast of the City of Kenora and 80 kilometres north-northwest of the City of Fort Frances, in the southern-most part of western Ontario.

Coventry also owns (i) a 100% interest in the Uncle Sam Project, a gold exploration project in Alaska (the "**Uncle Sam Project**"); (ii) mineral rights and options to acquire mineral rights covering 132.7 square kilometres in north-western Ontario (the "**Rainy River Project**"); and (iii) a 51% interest in the Ardeen Gold Project in Ontario (the "**Ardeen Gold Project**").

For a description of the Cameron Gold Camp Project see "Cameron Gold Camp Project" below.

## *Cameron Gold Camp Project*

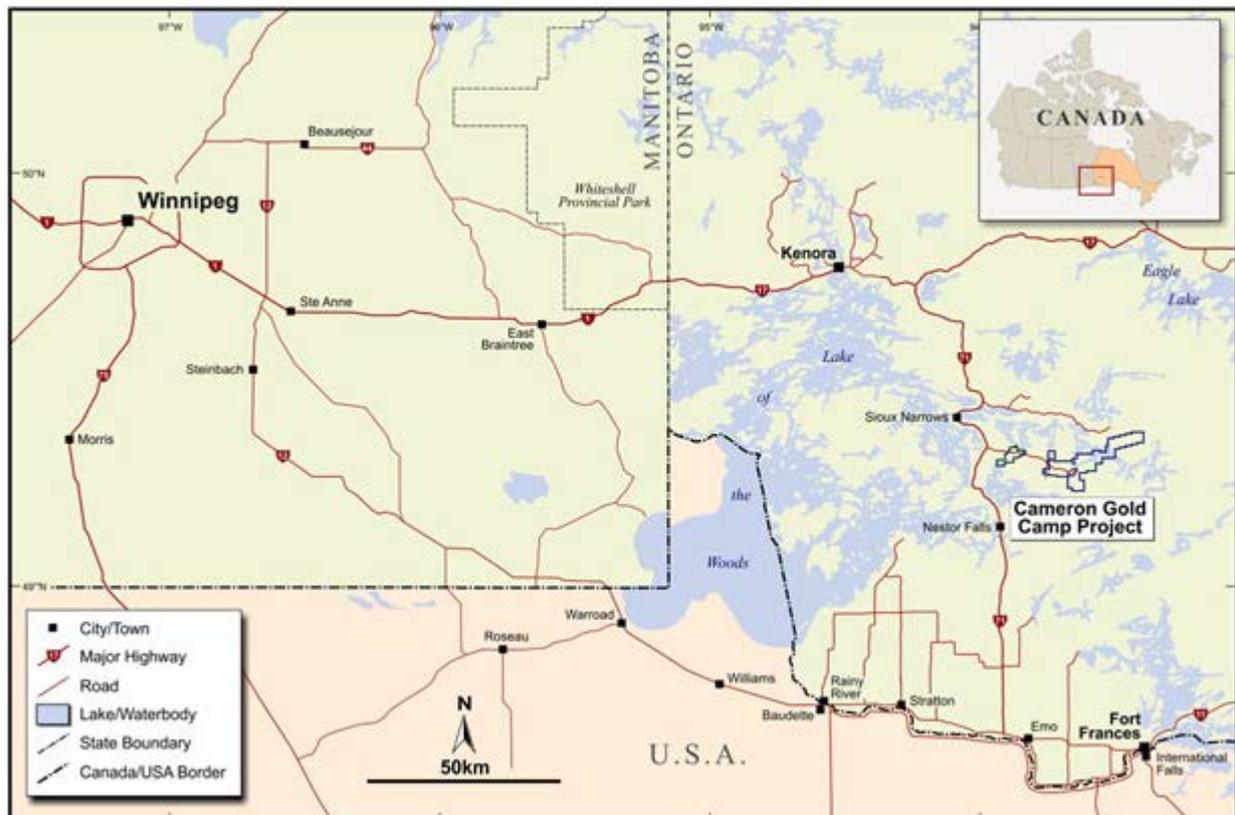
The following description of the Cameron Gold Camp Project is derived from the revised technical report entitled "Revised Technical Report on the Cameron Gold Camp Project, Western Ontario, Canada" dated February 18, 2013 (the "**Cameron Gold Technical Report**") prepared by Peter Ball, Stephen Mlot, David Morgan and David Gordon, each of whom is a "qualified person" and "independent" as such terms are defined in NI 43-101 and from the technical report entitled "Technical Report on the Dogpaw Gold Deposit, Western Ontario, Canada", dated May 13, 2013 (the "**Dogpaw Technical Report**") prepared by Peter Ball who is a "qualified person" and "independent" as such terms are defined in NI 43-101.

The Cameron Gold Technical Report and the Dogpaw Technical Report have been filed with the applicable securities regulatory authorities and are available for review under Coventry's profile at [www.sedar.com](http://www.sedar.com). The following summary should be read in conjunction with and is qualified in its entirety by the information presented in the Cameron Gold Technical Report and the Dogpaw Technical Report.

## Overview

The Cameron Gold Camp Project comprises the Cameron Gold Project and the West Cedartree Gold Project located approximately 80 km to the southeast of Kenora in western Ontario, Canada (Figure 1). In total, the combined area of the two properties that make up the Cameron Gold Camp Project is 140 sq km or 14,000 hectares.

Coventry has defined a gold resource at the Cameron Gold Camp Project, with a NI 43-101 and JORC Code compliant Measured & Indicated Mineral Resource of 8.26 million tonnes at 2.45 grams gold per tonne for 651,000 ounces of contained gold.



**Figure 1: Location Plan of the Cameron Gold Camp Project (Source: Coventry)**

## History

Modern exploration at the Cameron Gold Project commenced in the 1960s and numerous companies have carried out prospecting, geological mapping, trenching, soil and outcrop sampling and ground magnetic and electromagnetic (EM) geophysical surveys. The first drilling was undertaken in 1960 at what is now the Cameron Gold Deposit. Prior to Coventry purchasing the project in 2010, 836 holes comprising in excess of 90 kilometres of diamond drillcore were drilled by six companies. The majority of the exploration conducted previously was completed by Nuinsco Resources Limited.

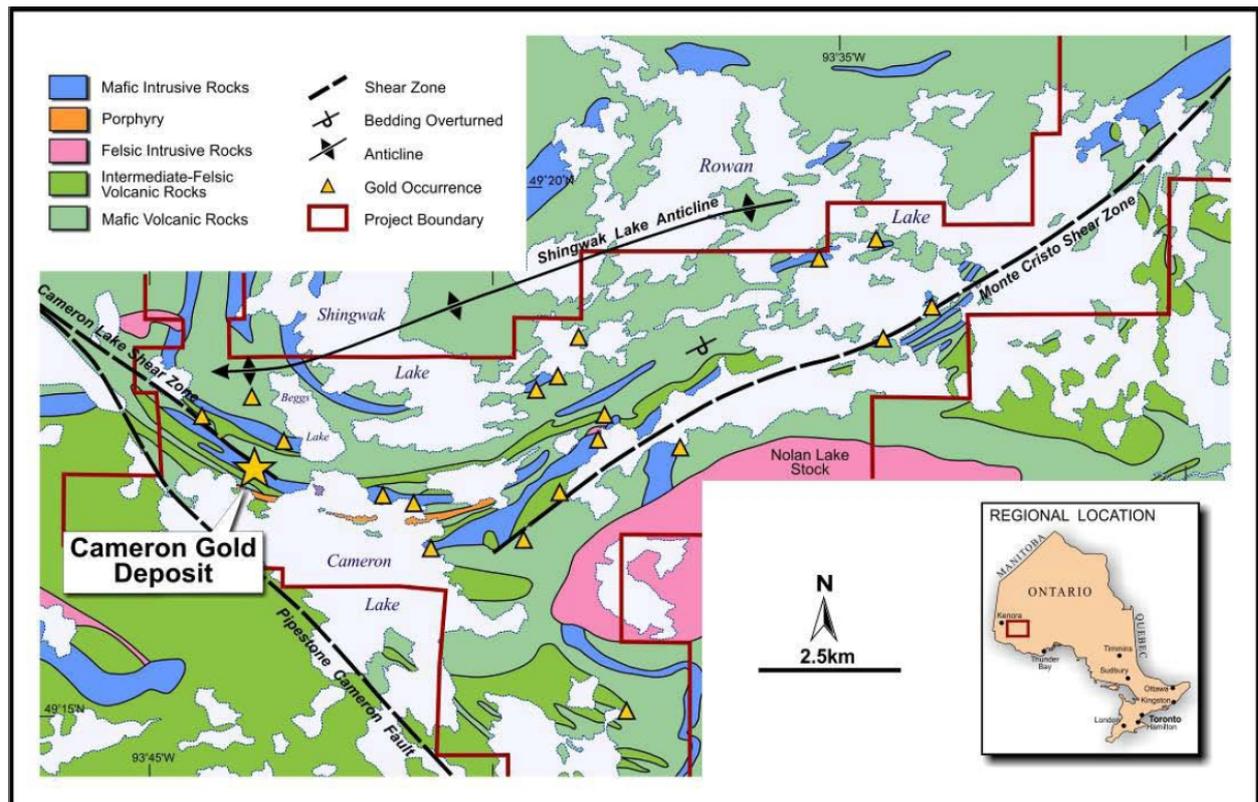
In 1987, underground development for an extensive sampling program was undertaken. Some 65,000m<sup>3</sup> of material was excavated and bulk sampling, diamond drilling and rock chip sampling was completed, however no commercial production has ever been undertaken.

Company-driven exploration at the West Cedartree Gold Project commenced in 1945 and has been conducted intermittently until the present day. The most significant exploration directed at the Dubenski Gold Deposit has been undertaken during the late 1990's by Avalon Ventures Inc. and from 2007 onwards by Houston Lake Mining Inc.

## Geology

The Cameron Gold Camp Project is located at the western end of the Late Archaean Savant Lake-Crow Lake Greenstone Belt in north-western Ontario. The region is dominated by the crustal-scale, southeast-striking and northwest-dipping Cameron-Pipestone Fault which extends over a strike length of greater than 100 kilometres.

A series of large-scale secondary shear zones and faults splay from the Cameron-Pipestone Fault, trending southeast from this regional crustal-scale structure, before striking east-northeast along the northern margin of the intrusive body. There are two main splays, the Cameron Lake and Monte Cristo Shear Zones (Figure 2).



**Figure 2: Regional Geology – Cameron Gold Project (Source: Coventry)**

The Cameron Gold Deposit is associated with, and partially hosted by, the Cameron Lake Shear Zone. The Monte Cristo Shear Zone is also associated with a number of gold occurrences, principally the Victor and Monte Cristo prospects. The Cameron Gold Project is located on the southeastern limb of the large-scale, east-northeast-trending Shingwak Lake Anticline. The Shingwak Lake Anticline is dominated by tholeiitic basalt of the Rowan Lake Volcanics, overlain by felsic to mafic volcanics and lesser sedimentary rocks of the Cameron Lake Volcanics. These units have been intruded by a series of mafic and felsic intrusive bodies. The mineralisation at the Cameron Lake Gold Deposit is hosted by mafic volcanic rocks within the northwest-trending CLSZ, which forms the contact between these lithologies and gabbro in the footwall (Figure 3).

The geological setting of the West Cedar Tree Project deposits is less well-known. It is believed that the Dubenski Gold Deposit is hosted by the Flint Lake Shear Zone, a zone of highly-foliated and variably-sheared rocks traceable for about 2 km. It appears to be a splay from the Cameron-Pipestone Fault, similar to the Cameron Lake Shear Zone. The Dogpaw Deposit is hosted by mafic and ultramafic pyroclastic rocks mineralized over a strike length of 200m.

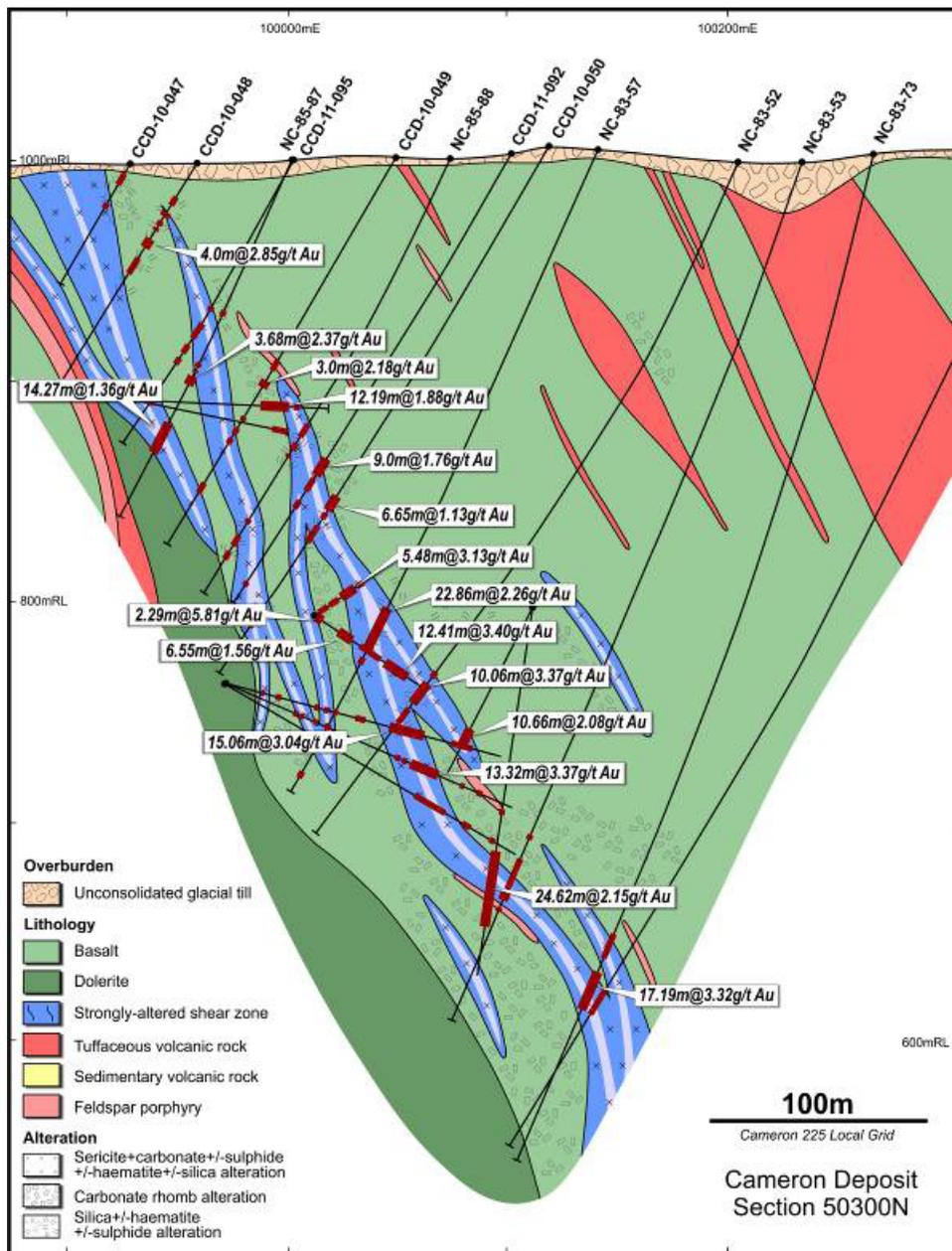
The Cameron Gold Camp Project is extensively mantled by unconsolidated glacial overburden. The thickness of glacial overburden across the project is variable and ranges from less than 1-3m up to 20m. This, along with the extensive lakes, presents a significant impediment to exploration.

#### *Mineralisation*

Mineralisation at the Cameron Gold Deposit comprises quartz-albite veins and breccia associated with intense silica-sericite-carbonate-pyrite alteration in a series of zones that dip moderate-steeply to the north and plunge steeply to the northwest (Figure 3). Mineralisation has been intersected in drilling over a strike length of more than 1,000 metres and to a vertical depth of greater than 700 metres. The mineralisation is continuous over these extents, but varies in thickness from between 5 to more than 50 metres wide, depending on its position within the orebody.

Disseminated sulphide replacements makes up the largest component of the mineralized material. This style comprises mostly fine-grained pyrite, ranging from trace amounts to greater than 10% in rare cases, in association with carbonate-sericite alteration (lower gold-grades) and also carbonate-sericite-silica-albite alteration (high gold-grades). Generally pyrite comprises between 0.5% - 2% by volume. Gold is associated with disseminated pyrite, with high sulphide concentrations generally corresponding with higher grades. Visible gold is present, but rare.

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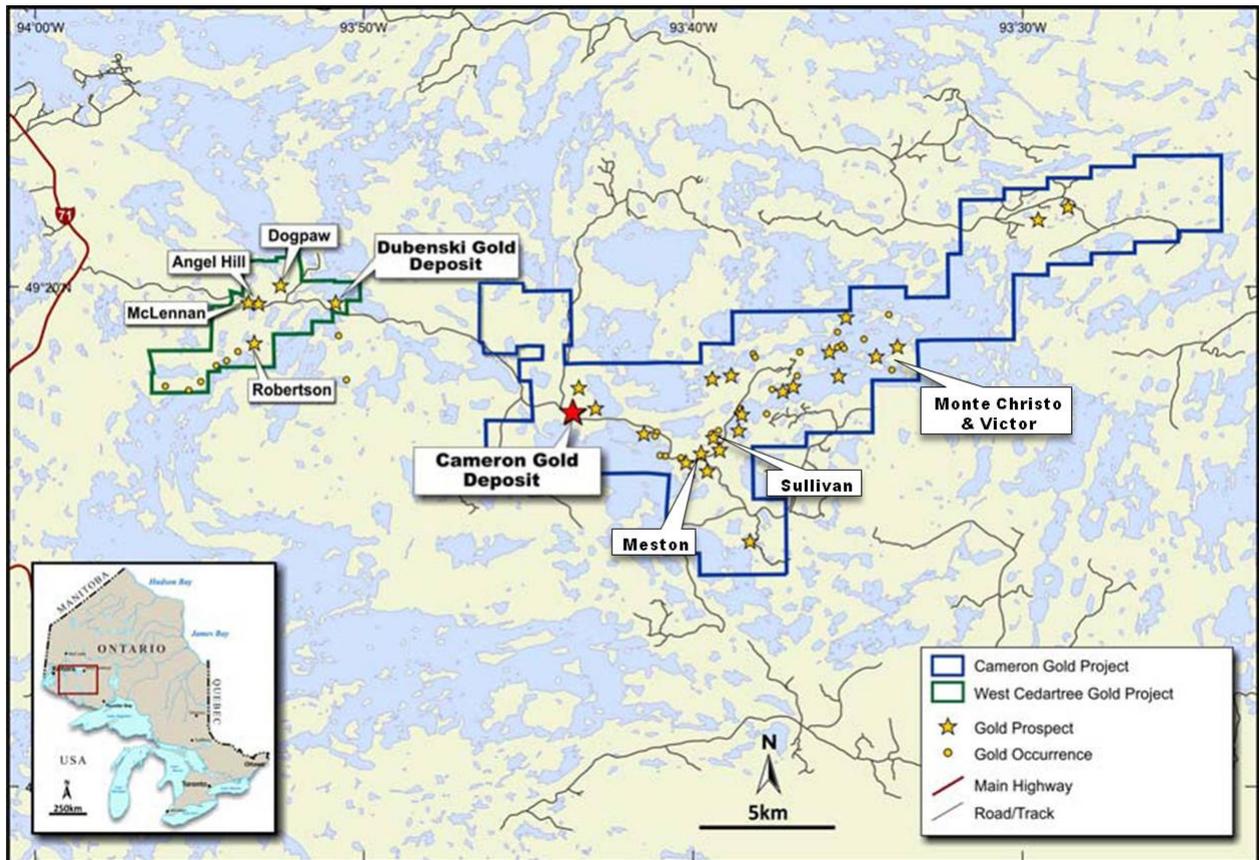
**Figure 3: Cameron Gold Project Cross Section 50300N (Source: Coventry)**

Mineralisation at the Dubenski Gold Deposit is hosted by a sub-vertical shear zone over a strike of 400m that is up to 20m wide and has been delineated to a vertical depth of more than 150m. The mineralisation consists of fine-grained pyrite and free gold associated with carbonate, sericite, silica and locally, fuchsite alteration within strongly-deformed mafic volcanic rocks. The mineralisation is open in all directions.

The Dogpaw Deposit mineralization occurs in discrete steeply dipping silicified and carbonized veins and/or replacement zones with location appearing to be fracture controlled. The mineralization is open at depth.

The Cameron Gold Project area also contains more than 30 known gold prospects and occurrences. Several of these, including the Monte Cristo and Victor prospects have had significant gold mineralisation intersected in previous exploration drilling. Like the Cameron Gold Deposit, most of the other gold prospects are associated with a similar style of mineralisation and alteration and are commonly associated with shear zones developed at or near lithological contacts with competency

contrasts. The West Cedartree Project, in addition to the Dubenski and Dogpaw Gold Deposits, also holds the Angel Hill and McLennan Prospects, as well as a number of other prospective targets.



**Figure 4: Regional prospects, Cameron Gold Camp Project (Source: Coventry)**

#### *Resource Estimates*

The independent Mineral Resource estimates and reports for the Cameron, Dubenski and Dogpaw Gold Deposits are set out in the "Revised Technical Report on the Cameron Gold Project, Western Ontario, Canada" dated February 18, 2013 and the "Technical Report on the Dogpaw Gold Deposit, Western Ontario, Canada" dated May 13, 2013. The Cameron, Dogpaw and Dubenski resource estimates were prepared in accordance with the JORC Code and NI 43-101. Mineralised zones were defined using both geological and assay data.

The Mineral Resource estimate for the Cameron Gold Deposit was based on data up to 30 October 2011 and consisted of 908 diamond drillholes with a combined length of 112,293 m. The holes varied in core diameter from BQ to NQ and were drilled from both surface and underground.

The Mineral Resource estimate for the Dubenski Gold Deposit was based on data up to September 2012 and consisted of 112 diamond drillholes with a combined length of 15,421 m. The core diameter was mostly NQ-size and all holes were drilled from surface.

The Mineral Resource estimate for the Dogpaw Gold Deposit was based on data up to 30 January 2013 and consisted of 93 diamond drillholes with a combined length of 10,475 m. The core diameter was mostly NQ-size and all holes were drilled from surface.

The following tables present the resource estimates for the various deposits. Note in all cases that Mineral Resources are not mineral reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate.

**NI 43-101 and JORC-Code (2012) compliant Mineral Resource estimate for the Cameron Gold Deposit, part of the Cameron Gold Camp Project.**

| Cut-off grade (g/t gold) | Category                        | Tonnes            | Grade (g/t gold) | Ounces of Gold |
|--------------------------|---------------------------------|-------------------|------------------|----------------|
| <b>1.0</b>               | Measured                        | 2,472,000         | 2.68             | 213,000        |
|                          | Indicated                       | 4,724,000         | 2.33             | 354,000        |
|                          | <b>Measured &amp; Indicated</b> | <b>7,196,000</b>  | <b>2.45</b>      | <b>567,000</b> |
|                          | <i>Inferred</i>                 | <i>12,226,000</i> | <i>2.11</i>      | <i>829,000</i> |

**NI 43-101 and JORC-Code (2012) compliant Mineral Resource estimate for the Dubenski Gold Deposit, part of the Cameron Gold Camp Project.**

| Cut-off grade (g/t gold) | Category        | Tonnes         | Grade (g/t gold) | Ounces of Gold |
|--------------------------|-----------------|----------------|------------------|----------------|
| <b>1.0</b>               | Indicated       | 806,000        | 2.28             | 59,000         |
|                          | <i>Inferred</i> | <i>392,000</i> | <i>1.44</i>      | <i>18,200</i>  |

**NI 43-101 and JORC-Code (2012) Compliant Mineral Resource Estimate, Dogpaw Gold Deposit, part of the Cameron Gold Camp Project.**

| Cut-off grade (g/t gold) | Category        | Tonnes        | Grade (g/t gold) | Ounces of Gold |
|--------------------------|-----------------|---------------|------------------|----------------|
| <b>0.5</b>               | Indicated       | 247,000       | 3.02             | 24,000         |
|                          | <i>Inferred</i> | <i>64,000</i> | <i>2.27</i>      | <i>4,600</i>   |

*Preliminary Economic Assessment*

A National Instrument 43-101 compliant Preliminary Economic Assessment ("PEA") has been completed for the Cameron Gold Camp Project. The PEA is set in the Cameron Gold Technical Report and evaluates the conceptual development of a mine and centralized processing plant at Cameron. . All dollar amounts below are stated in US dollars.

The PEA is considered preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as mineral reserves and there is no certainty that the PEA will be realised. Mineral Resources that are not mineral reserves do not have demonstrated economic viability.

### *PEA Highlights*

- Base case pre-tax NPV of \$111 million, 20.1% IRR (at \$1,472/oz gold); Pre-tax NPV of \$205 million, 31.2% IRR (at \$1,700/oz gold) at a discount rate of 5%.
- Base case after-tax NPV of \$79 million, 17.0% IRR (at \$1,472/oz gold); After-tax NPV of \$143 million, 25.7% IRR (at \$1,700/oz gold) at a discount rate of 5%.
- Initial 10 year mine life producing 604,673 ounces of gold from only the Cameron and Dubenski gold deposits.
- Average annual production of 61,000 ounces of gold at an average cash cost of \$852/oz; Average open-pit fully diluted head grade of 1.96 g/t Au, average fully diluted underground head grade of 2.60 g/t Au (on the basis of initial "un-optimized" mine plans and schedules).
- Life of mine gold recoveries averaging 91.5%.
- Estimated initial development capital expenditure of \$110 million, including 20% contingency.
- High level of confidence with Measured and Indicated Mineral Resources accounting for 75% of the total material included in the PEA:
  - Cameron Gold Deposit open pit (47% Measured, 52% Indicated and 1% Inferred).
  - Dubenski Gold Deposit open pit (88% Indicated and 12% Inferred).
  - Cameron Gold Deposit underground (3% Measured, 25% Indicated and 72% Inferred).
- 2,750 tonne per day (1 million tonne per annum) conventional crush, grind, and CIL processing route.

The study found further opportunities to substantially improve the economics at Cameron including:

- Further planned geotechnical drilling to lower the strip ratio by optimising pit wall angles. Pits were designed with conservative slope angles due to limited geotechnical data.
- Optimization of mine scheduling, including results of ongoing exploration and pending resource estimates at satellite prospects in the area.
- Optimization of processing costs and metallurgy, including refining power costs (\$0.10/kWh used in the PEA) and a reduction in milling consumables, in particular cyanide.

### ***Other Coventry Exploration Projects***

#### *Rainy River, Canada*

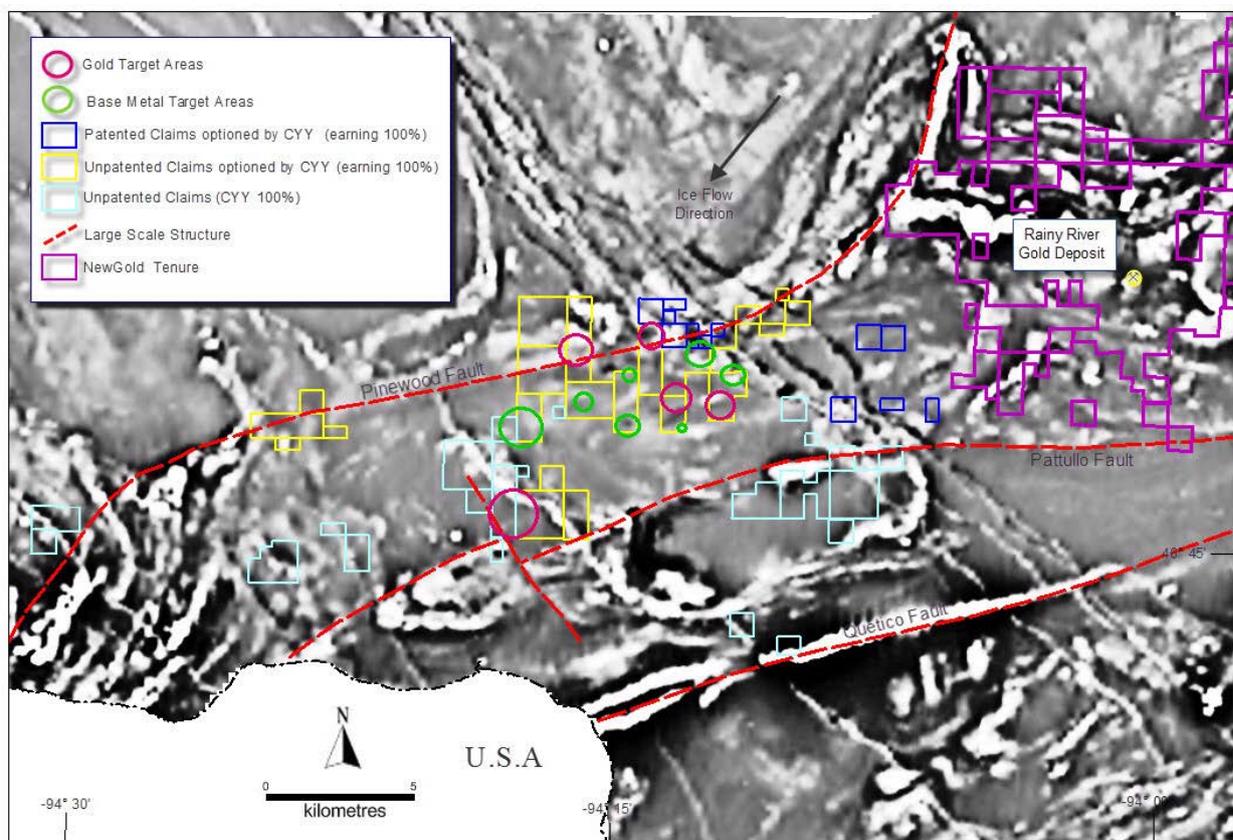
The Rainy River Project is located in the western-most part of northern Ontario, immediately to the north of Canada's border with the United States and approximately 60 kilometres to the northwest of the City of Fort Frances.

The Rainy River District Properties comprise mineral rights over an area of 57.3 sq km adjacent to the Rainy River Gold Deposit. The Rainy River Gold Deposit is currently reported to contain Proven and Probable Mineral reserves of 4.0 million ounces of gold and 10.3 million ounces of silver and is one of the most significant gold discoveries in Canada in the past decade.

Geologically the project is located within the Archaean Rainy River Greenstone Belt of the Western Wabigoon Subprovince. The geology of the Rainy River GSB is poorly known due to extensive glacial till blanketing much of the area, with outcrop amounting to less than 1%. As a consequence, the published geological map of the area is principally interpretative and extremely general in nature. Basement lithologies are dominated by mafic to intermediate volcanic rocks, predominately overlain by intermediate volcanic and volcanoclastic rocks and minor sedimentary rocks, intruded by a wide variety of felsic to alkaline plutonic rocks.

Since acquiring the Rainy River Project, Coventry has undertaken detailed interpretation of geophysical data, geological mapping, geochemical water sampling and has completed 46 backhoe dug pits and 181 Reverse Circulation ("RC") drillholes (4,349 metres) for geochemical analyses as part of a first stage evaluation.

Coventry recently completed a 46 hole, 1,058 metre, overburden RC drilling program as follow up to four high priority gold anomalies (Conqueror, Royal, Aries and Martin) and three base metal anomalies (Scylla, Charybdis and Bellepheron) generated from its winter 2012 RC program (Figure 5). This work defined two significant, discrete, high-priority gold anomalies at Conqueror and Royal, both with high proportions of "modified" and "pristine" gold grains suggesting a distance to the primary source of mineralization of between 500 and 1,000 metres. Further drilling is planned to locate the primary sources to the mineralization. Coventry has suspended activities at the Rainy River Project due to a lack of funds.



**Figure 5: Coventry tenure in the Rainy River district showing newly generated till geochemical anomalies (Source: Coventry)**

### *Ardeen Gold Project, Ontario*

The Ardeen Gold Project is located approximately 110 kilometres west of the City of Thunder Bay, which is situated on the western edge of Lake Superior in northwestern Ontario. The Project comprises 153 unpatented mining claims (4,540 hectares) and four patented mining claims (404.3 hectares) that cover Archaean greenstone sequences with potential for shear hosted gold deposits. Coventry has suspended activities at the Ardeen Gold Project due to a lack of funds.

### *Uncle Sam Gold Project, Alaska*

The Uncle Sam Project is located 75 kilometres southeast of the City of Fairbanks. The Uncle Sam Project is an intrusion related gold target hosted in a similar age of intrusive rocks to those which host the Pogo Gold Mine approximately 60 kilometres to the east of the Uncle Sam Project. A comprehensive exploration data package compiled by previous operators of the Uncle Sam Project indicates that there are extensive anomalous areas defined by surface gold geochemistry and numerous significant drill intercepts. Coventry has suspended activities at the Uncle Sam Gold Project due to a lack of funds.

### **Qualified and Competent Persons**

Nicholas Walker, General Manager, of Coventry, supervising Coventry's exploration at the Cameron Gold Camp Project, is Coventry's Qualified Person, as defined by National Instrument 43-101 and is responsible for the exploration content in this Appendix "F".

The information in this Appendix "F" that relates to exploration results is based on information compiled by or under the supervision of Mr. Nicholas Walker, a Member of the Australian Institute of Geoscientists and employee of Coventry. Mr. Walker has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and the activity he is undertaking to qualify 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. Walker consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The mineral resource statements for all mineral resource estimates within the Cameron Gold Camp Project have been prepared by Mr. Peter Ball of DataGeo Geological Consultants, an "independent qualified person" as that term is defined in NI 43-101.

The information in this report that relates to the Cameron Gold Deposit, Dubenski Gold Deposit and Dogpaw Gold Deposit Mineral Resources or Ore Reserves is based on information compiled by Mr. Peter Ball who is a Chartered Professional and Member of the Australasian Institute of Mining and Metallurgy. Mr. Ball is the Director of DataGeo Geological Consultants. Mr. Ball has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify 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. Ball consents to the inclusion in this Appendix "F" of the matters based on his information in the form and context in which it appears.

### **Information Required by the ASX Listing Rules**

The key terms and conditions of the Plan of Arrangement that will see Coventry dispose of its main asset are set out in the Information Circular at page 22.

Likewise, the proposed timetable for the completion of the Arrangement contemplated under the Plan of Arrangement is set out in the Information Circular at page 48.

*Financial effect of the Disposal on the Company*

The impact of the disposal of the Coventry Targets under the Plan of Arrangement is shown in the pro forma statement of financial position of Coventry as at September 30, 2013 set out below:

**Pro forma Statement of Financial Position as at September 30, 2013**

|                                     | <b>Un-audited<br/>September 30,<br/>2013</b> | <b>Unaudited<br/>Proforma<br/>September 30, 2013<br/>Completion of<br/>Disposal</b> |
|-------------------------------------|--|---|
|                                     | \$   | \$  |
| <b>ASSETS</b>                       |  |   |
| <b>Current assets</b>               |  |   |
| Cash and cash equivalents           | 2,031,166                                    | 2,007,247   |
| Other receivables and prepayments   | 90,248                                       | 26,114  |
| <b>Total current assets</b>         | <b>2,121,414</b>                             | <b>2,033,361</b>  |
| <b>Non-current assets</b>           |  |   |
| Property, plant and equipment       | 330,417                                      | 1,150   |
| Exploration and evaluation assets   | 6,957,789                                    | 228,080   |
| <b>Total non-current assets</b>     | <b>7,288,206</b>                             | <b>229,230</b>  |
| <b>TOTAL ASSETS</b>                 | <b>9,409,620</b>                             | <b>2,262,591</b>  |
| <b>LIABILITIES</b>                  |  |   |
| <b>Current liabilities</b>          |  |   |
| Trade and other payables            | 282,006                                      | 193,953   |
| Warrant liability                   | 6,835  | 6,835   |
| <b>Total current liabilities</b>    | <b>288,841</b>                               | <b>200,788</b>  |
| <b>TOTAL LIABILITIES</b>            | <b>288,841</b>                               | <b>200,788</b>  |
| <b>EQUITY</b>                       |  |   |
| Share capital                       | 56,789,379                                   | 49,730,403  |
| Other components of equity          | 5,578,864                                    | 5,578,864   |
| Deficit                             | (53,247,462)                                 | (53,247,462)  |
| <b>TOTAL EQUITY</b>                 | <b>9,120,781</b>                             | <b>2,061,805</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b> | <b>9,409,622</b>                             | <b>2,262,593</b>  |

There will be no impact on the share capital structure of Coventry.

*Reasons for the Arrangement*

The reasons for the Plan of Arrangement are set out in the Information Circular. Coventry Shareholders are encouraged to read and consider those reasons.

In addition, the recommendation of the Board of Directors is set out in the Information Circular at page 28. Each of the Directors of Coventry intends to exercise their right to vote in favour of the Arrangement Resolution.

*Future activities and direction on completion of the Plan of Arrangement.*

Following completion of the Plan of Arrangement, Coventry will focus on its remaining asset, being a 100% interest in the Uncle Sam Project located in Alaska, USA. The Uncle Sam Project was the main project of Coventry prior to the Merger with Coventry Australia. Since that time, Coventry has been focussed on the development of the Cameron Gold Project, however it has maintained its 100% interest in the Uncle Sam Project. Following the Plan of Arrangement, Coventry intends to focus its attention back on the Uncle Sam Project.

Coventry will also consider additional projects that Coventry considers can add value to Coventry Shareholders. Coventry presently intends to maintain its dual listings on the TSXV and ASX.

**Consolidated Capitalization**

Since June 30, 2013, there has been no change to the share capital of Coventry on a consolidated basis other than as disclosed under the heading "Prior Sales" in this Appendix. As at December 17, 2013, Coventry has 6,908,594 Coventry Options outstanding, each of which are exercisable into Coventry Shares and 9,374,991 Coventry Warrants outstanding.

The following table sets forth Coventry's consolidated share capital as of the dates indicated. The table should be read in conjunction with the Coventry Interim Financial Statements, including the notes thereto, and management discussion and analysis of the financial condition and operation of Coventry for the three months ended September 30, 2013 incorporated by reference in this Appendix "F" and the Information Circular.

| Designation                    | Authorized | Outstanding as of Sept. 30, 2013                           | Outstanding as of Sept. 30, 2013 after giving effect to the Arrangement |
|--------------------------------|------------|--|---|
| Coventry Shares <sup>(1)</sup> | Unlimited  | \$9,191,279 <sup>(2)</sup><br>(90,974,487 Coventry Shares) | \$1,890,159 <sup>(3)</sup><br>(90,974,487 Coventry Shares)              |

- (1) Does not include Coventry Shares issuable pursuant to outstanding Coventry Options or Coventry Warrants. As of the date hereof, Coventry has outstanding Coventry Options to purchase an aggregate of 6,908,594 Coventry Shares at exercise prices ranging from \$0.12 per Coventry Share to \$1.24 per Coventry Share, 5,275,000 Coventry Warrants to purchase an aggregate of 5,275,000 Coventry Shares at an exercise price of \$0.45 per Coventry Share and Coventry Warrants to purchase an aggregate of 4,099,991 Coventry Shares at an exercise price of A\$0.43 per Coventry Share. The exercise price of the Coventry Options and Coventry Warrants will be reduced as a result of the Arrangement. Refer to "Effect of the Arrangement Upon Coventry Shareholders – Treatment of Coventry Options", "Re-Pricing of Coventry Options" and "Effect of the Arrangement Upon Coventry Shareholders – Treatment of Coventry Warrants" in the Information Circular.
- (2) Share capital as per the Coventry Interim Financial Statements as at September 30, 2013.
- (3) The 46,000,000 Consideration Shares to be issued pursuant to the Arrangement will be distributed to Coventry Shareholders as a return of capital. Based on an assumed Chalice Share price of CDN\$0.1587, the value of the return of capital is CDN\$7,301,120. The share capital of Coventry will be reduced by this amount.

**Description of Coventry Shares**

*Capital Structure*

As of December 17, 2013 there were 91,012,182 Coventry Shares issued and outstanding. All issued Coventry Shares are fully paid. As of December 17, 2013 Coventry had 6,908,594 Coventry Options

outstanding. Each Coventry Option entitles the holder thereof to acquire one Coventry Share with exercise prices as detailed below:

| <b>Grant Date</b> | <b>Expiry Date</b> | <b>Exercise Price</b> | <b>Number of Options</b> |
|-------------------|--------------------|-----------------------|--------------------------|
| January 8, 2013   | March 25, 2015     | CDN\$1.24             | 125,650                  |
| January 8, 2013   | August 8, 2014     | CDN\$0.83             | 188,475                  |
| January 8, 2013   | August 24, 2014    | CDN\$0.83             | 100,519                  |
| January 8, 2013   | December 1, 2016   | CDN\$1.07             | 1,507,800                |
| January 8, 2013   | August 17, 2017    | CDN\$0.50             | 1,130,850                |
| January 8, 2013   | March 8, 2017      | CDN\$0.50             | 125,650                  |
| January 8, 2013   | June 17, 2015      | CDN\$0.50             | 125,650                  |
| November 28, 2013 | November 11, 2016  | CDN\$0.12             | 3,350,000                |

### ***Rights Attaching to Coventry Shares***

#### *General*

The authorized share capital of Coventry consists of an unlimited number of common shares without par value. As at the date of this Information Circular, there were 91,012,182 common shares issued and outstanding.

Each common share of Coventry entitles the holder to one vote at meetings of Coventry Shareholders. Coventry Shareholders are entitled to receive dividends as and when declared by the Board of Directors of Coventry, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Coventry and to receive the remaining assets of Coventry upon liquidation, whether voluntary or involuntary, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Coventry.

#### *CDIs*

The ASX rules require all on-market trading of securities listed on the ASX to take place through CHES (ASX's electronic transfer and settlement system), however the Coventry Shares cannot be held directly under the CHES system or traded on the ASX through CHES directly. In order to facilitate trading in Coventry's securities on the ASX, CDIs are issued in respect of the underlying Coventry Shares and held and traded through CHES.

The major differences between holding CDIs and Coventry Shares are as follows:

- (i) CDI holders do not have legal title in the underlying Coventry Shares to which the CDIs relate. Legal title to the Coventry Shares is held by the depositary nominee appointed by Coventry, CHES Depositary Nominees Pty Ltd ("**CDN**"), a wholly-owned subsidiary of ASX, for the benefit of CDI holders. CDI holders have beneficial ownership of the underlying Coventry Shares and legal and beneficial ownership of the CDIs; and
- (ii) CDI holders are not able to vote personally as shareholders at a meeting of Coventry. Instead, CDI holders are provided with a voting instruction form which will enable them to instruct CDN in relation to the exercise of voting rights. Alternatively, a CDI holder is able to request CDN to appoint the CDI holder or a third party nominated by the CDI holders as its proxy so that the proxy so appointed may attend meeting and vote personally as CDN's proxy.

## Prior sales

The following table summarizes the issuance by Coventry of Coventry Shares or securities convertible into Coventry Shares for the 12 month period before December 17, 2013.

### *Coventry Shares issued:*

| <b>Date of Issue</b> | <b>Description</b>   | <b>Number of Ordinary Shares</b> | <b>Price Per Share</b> |
|----------------------|----------------------|----------------------------------|------------------------|
| January 8, 2013      | Merger               | 6,338,307                        | CDN\$0.42              |
| January 8, 2013      | Private Placement    | 3,037,200                        | CDN\$0.25              |
| January 15, 2013     | Property Acquisition | 1,935,010                        | CDN\$0.37              |
| February 22, 2013    | Prospectus Offering  | 5,625,020                        | CDN\$0.32              |
| April 23, 2013       | Prospectus Offering  | 13,124,980                       | CDN\$0.32              |
| October 18, 2013     | Property Acquisition | 37,695                           | CDN\$0.10              |

### *Coventry Options issued:*

| <b>Date of Issue</b> | <b>Description</b>   | <b>Number of Options</b> | <b>Expiry Date</b> | <b>Exercise Price Per Option</b> |
|----------------------|----------------------|--------------------------|--------------------|----------------------------------|
| January 8, 2013      | Coventry Option Plan | 125,650                  | 25/03/15           | CDN\$1.24                        |
| January 8, 2013      | Coventry Option Plan | 188,475                  | 8/08/14            | CDN\$0.83                        |
| January 8, 2013      | Coventry Option Plan | 100,519                  | 24/08/14           | CDN\$0.83                        |
| January 8, 2013      | Coventry Option Plan | 1,507,800                | 1/12/16            | CDN\$1.07                        |
| January 8, 2013      | Coventry Option Plan | 1,130,850                | 17/08/17           | CDN\$0.50                        |
| January 8, 2013      | Coventry Option Plan | 125,650                  | 8/03/17            | CDN\$0.50                        |
| January 8, 2013      | Coventry Option Plan | 125,650                  | 17/06/15           | CDN\$0.50                        |
| November 28, 2013    | Coventry Option Plan | 3,350,000                | 28/11/16           | CDN\$0.12                        |

### *Coventry Warrants issued:*

| <b>Date of Issue</b> | <b>Description</b>  | <b>Number of Warrants</b> | <b>Expiry Date</b> | <b>Exercise Price</b> |
|----------------------|---------------------|---------------------------|--------------------|-----------------------|
| April 23, 2013       | Prospectus Offering | 5,275,000                 | October 19, 2014   | CDN\$0.45             |
| April 23, 2013       | Prospectus Offering | 4,099,991                 | October 19, 2014   | A\$0.43               |

For information about Coventry Options, see "*Particulars of Other Matters to be Acted Upon – Re-Approval of Rolling Stock Option Plan*" in the Coventry Information Circular.

### Price Range and Trading Volume of Coventry Shares

The Coventry Shares are currently listed on the TSXV and the ASX. The following table sets forth the reported high and low sale prices and the trading volume of the Coventry Shares on each exchange for the 12 months before December 17, 2013.

| <b>TSXV</b>             | <b>High (CDN\$)</b> | <b>Low (CDN\$)</b> | <b>Volume</b> |
|-------------------------|---------------------|--------------------|---------------|
| <b><u>2013</u></b>      |                     |                    |               |
| December 1-17           | 0.07                | 0.06               | 110,825       |
| November                | 0.08                | 0.07               | 214,750       |
| October                 | 0.105               | 0.07               | 543,080       |
| September               | 0.105               | 0.07               | 246,630       |
| August                  | 0.10                | 0.06               | 824,008       |
| July                    | 0.10                | 0.07               | 510,497       |
| June                    | 0.115               | 0.08               | 1,433,228     |
| May                     | 0.195               | 0.105              | 878,389       |
| April                   | 0.225               | 0.15               | 82,500        |
| March                   | 0.26                | 0.21               | 250,914       |
| February                | 0.34                | 0.25               | 2,825,584     |
| January                 | 0.42                | 0.26               | 1,002,910     |
| <b><u>2012</u></b>      |                     |                    |               |
| December <sup>(1)</sup> | N/A                 | N/A                | Nil           |

| <b>ASX</b>         | <b>High (A\$)</b> | <b>Low (A\$)</b> | <b>Volume</b> |
|--------------------|-------------------|------------------|---------------|
| <b><u>2013</u></b> |                   |                  |               |
| December 1-17      | 0.07              | 0.05             | 382,500       |
| November           | 0.08              | 0.07             | 2,863,400     |
| October            | 0.09              | 0.07             | 2,303,600     |
| September          | 0.1               | 0.08             | 1,127,700     |

| <b>ASX</b>              | <b>High (A\$)</b> | <b>Low (A\$)</b> | <b>Volume</b> |
|-------------------------|-------------------|------------------|---------------|
| August                  | 0.09              | 0.06             | 1,200,200     |
| July                    | 0.09              | 0.05             | 529,700       |
| June                    | 0.12              | 0.08             | 1,928,100     |
| May                     | 0.14              | 0.09             | 2,973,900     |
| April                   | 0.25              | 0.14             | 898,700       |
| March                   | 0.27              | 0.22             | 379,300       |
| February                | 0.32              | 0.22             | 1,711,700     |
| January                 | 0.38              | 0.31             | 422,200       |
| <b>2012</b>             |                   |                  |               |
| December <sup>(1)</sup> | N/A               | N/A              | Nil           |

<sup>(1)</sup> On December 21, 2012, Coventry completed the Share Consolidation and Merger which became effective on the January 9, 2013. The share prices included in the table above have not been adjusted to reflect the Share Consolidation. Trading on the TSXV was halted pending completion of the Merger and resumed on January 9, 2013. Trading on the ASX only commenced in January 2013.

### **Recently Completed and Probable Acquisitions**

There has been no major acquisition by Coventry in the last 75 days which may be considered a significant acquisition for the purposes of Part 8 of NI 51-102.

### **Risk Factors**

The exploration for and development of natural resources is a speculative activity that involves a high degree of financial risk. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the business, prospects, financial condition and/or operating results of Coventry and consequently on the value and/or market price of the Coventry Shares. Coventry Shareholders should carefully consider the following risk factors.

#### *Access to Financing*

Upon completion of the Arrangement, Coventry's assets will consist of cash and its 100% interest in the Uncle Sam Project located in Alaska. The Uncle Sam Project is an exploration stage property and doesn't produce revenue. Coventry has only limited funds and may therefore have to raise additional capital to further explore and develop the Uncle Sam Project. There can be no assurance that debt or equity financing will be available to meet these requirements for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Coventry. Moreover, future activities may require Coventry to alter its capitalization significantly. An inability to access sufficient capital for acquisitions or operations could have a material adverse effect on Coventry's financial condition, results of operations or prospects. In particular, failure to obtain such financing on a timely basis could cause Coventry to miss certain acquisition opportunities, or reduce or terminate its operations.

### *Payment of the Termination Fee May Adversely Affect Coventry's Financial Position*

In certain circumstances set out in the Arrangement Agreement, Coventry may be required to pay the Termination Fee to Chalice. If Coventry is required to pay the Termination Fee to Chalice, Coventry's financial condition will be materially adversely affected.

### *Recent global financial conditions*

Recent global financial conditions have resulted in increased volatility in the financial sector. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset backed commercial paper market. These factors may impact the ability of Coventry to obtain equity or debt financing in the future and, if obtained, on terms favourable to Coventry. If these increased levels of volatility and market turmoil continue, Coventry's operations could be adversely impacted and the value and the price of Coventry Shares could be adversely affected.

### *Exploration and Development Risks*

Few mineral properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in the definition of a mineral resource.

In addition, substantial expenditures are required to establish mineral reserves and mineral resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralised deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties is affected by many factors, including the cost of operations, variations in the grade of minerals mined, fluctuations in metal markets, costs of processing equipment and such other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The long-term success of Coventry depends on its ability to explore, develop and commercially produce minerals from its mineral properties and to locate and acquire additional properties worthy of exploration and development for minerals.

Operations are subject to all of the hazards and risks normally encountered in the exploration and development of minerals. Although precautions to minimise risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of Coventry.

### *Competition*

The mining industry is highly competitive. Coventry's competitors for the acquisition, exploration, production and development of mineral properties, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them.

### *Volatility of metal prices*

The market price of any precious or base metal is volatile and is affected by numerous factors that will be beyond Coventry's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in metal market prices could

render less economic, or uneconomic, some or all of the precious or base metal extraction and/or exploration activities to be undertaken by Coventry.

#### *Mineral Resources estimates*

Coventry's mineral properties do not contain a known quantity of commercial minerals. Mineral resources are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render mineral resources containing relatively lower grades of mineralization uneconomic. Moreover, short-term operating factors relating to mineral resources, such as the need for orderly development of ore bodies and the processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period.

#### *Environmental risks*

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that mines and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with environmental legislation can require significant expenditures and a breach may result in the imposition of fines and penalties.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Changes to legislation and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Coventry and cause increases in capital expenditures or production costs or reduction in levels of production at any future producing properties or require abandonment or delays in the development of new mining properties.

#### *Permits and licenses*

The activities of Coventry will be subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local native populations. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of Coventry. Further, the mining licenses and permits issued in respect of Coventry's mineral properties may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of Coventry's investments in its mineral properties may decline.

#### *Title risks*

The acquisition of title to resource properties or interests therein is a very detailed and time-consuming process. Coventry's mineral properties may be subject to prior unregistered agreements or

transfers and title may be affected by undetected defects. The boundaries of its mineral properties have not been surveyed and consequently may be disputed.

#### *Reliance on key personnel*

The success of Coventry will be largely dependent upon the performance of its management and key employees and contractors. Coventry Shareholders should realise that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of Coventry.

#### *Conflicts of interest*

Certain of the directors and officers of Coventry may be engaged in, and may continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of Coventry may become subject to conflicts of interest. Applicable laws in British Columbia provide that in the event that a director or officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with those laws. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of those laws.

#### *Uninsured risks*

Coventry may, as a participant in mining and exploration activities, become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, Coventry may incur a liability to third parties (in excess of any insurance coverage) arising from negative environmental impacts or any other damage or injury.

#### *Substantial number of authorized but unissued shares*

Coventry has an authorized share capital consisting of an unlimited number of common shares which may be issued by the Coventry Board without further action or approval of Coventry Shareholders, except in limited circumstances. While the Coventry Board is required to fulfil its fiduciary obligations in connection with the issuance of such Coventry Shares, the Coventry Shares may be issued in transactions with which not all Coventry Shareholders agree, and the issuance of such Coventry Shares will cause dilution to the ownership interests of Coventry Shareholders.

#### *Limited Operating History*

Coventry has a limited successful operating history. Coventry was incorporated in 1945 and has yet to generate profits from its respective activities. Coventry will be subject to all of the business risks and uncertainties associated with any business enterprise, including the risk that it will not achieve its growth objective. Coventry anticipates that it may take several years to achieve positive cash flow from operations. There is no certainty that Coventry will produce revenue, operate profitably or provide a return on investment in the future.

#### *Ongoing Arbitration*

On October 4, 2012, Coventry received notice that it had been named as a party in arbitration proceedings in the Paraguay Centre for Arbitration and Mediation relating to a contractual dispute arising from April 2007. Should an adverse result arise from the arbitration, Coventry may be required to pay financial compensation, which would need to be funded from Coventry. Coventry considers this claim to be without merit and intends to vigorously defend its position. See "Other Material Facts" in this Appendix.

### **Auditor, Transfer Agent and Registrar**

The auditor of Coventry is Ernst & Young LLP of 222 Bay Street, P.O. Box 251, Toronto, Ontario, Canada M5K 1J7. Ernst & Young LLP was appointed the Auditor of Coventry on January 8, 2013 and is independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

Coventry's registrar and transfer agent in Canada for Coventry Shares is Computershare Investor Services Inc. at 100 University Avenue, Toronto, Ontario, M5J 2Y1.

Coventry's registrar and transfer agent in Australia for Coventry Shares is Computershare Investor Services Pty Limited, at Level 2, Reserve Bank Building, 45 St. Georges Terrace, Perth, WA 6000, Australia.

### **Other Material Facts**

Coventry entered into an option agreement with Coronel Oviedo Mining Company SA dated April 16, 2007, whereby it had an option to earn up to a 70% interest in the Oviedo project. A Paraguayan company, Semin SA ("Semin"), was retained to manage the exploration program on the Oviedo project. On June 15, 2007, Semin entered into a drill contract (the "Oviedo Drill Contract") with a drilling company, Copami, with respect to exploration drilling to be conducted by Copami on the Oviedo project. Coventry guaranteed the obligations of Semin under the Oviedo Drill Contract. Copami's performance under the Oviedo Drill Contract was considered not acceptable and, after Semin provided notice to Copami that Copami was not properly performing its obligations under the Oviedo Drill Contract, Semin terminated the Oviedo Drill Contract. Coventry had heard nothing on this matter since late 2008; however, in May 2011, it was requested to attend a mediation meeting in Paraguay to discuss Copami's claim for payment under the Oviedo Drill Contract. The mediation meeting did not proceed and Coventry heard nothing further on this matter until October 4, 2012, when it was informed that Copami has initiated arbitration proceedings at the Paraguay Center for Arbitration and Mediation, in which both Coventry and Semin have been named as defendant parties in a breach of contract claim for US\$1,505,782. Coventry considers this claim to be completely without merit and is vigorously defending its position and the outcome of the arbitration is not determinable.

**APPENDIX "G"**  
**INFORMATION CONCERNING**  
**CHALICE GOLD MINES LIMITED**

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Unless the content otherwise requires, all capitalized terms used in this Appendix but not otherwise defined shall have the meanings ascribed to them in the Glossary of Terms in the Information Circular.

### **Summary Description of Chalice's business**

Chalice is an Australian company which was incorporated on October 13, 2005 under the ACA under Australian Company Number 116 648 956. On March 24, 2006, Chalice was listed on the ASX and on November 26, 2010 it was listed on the TSX. The head and registered office of Chalice is located at Level 2, 1292 Hay Street, West Perth, WA 6005.

Chalice is an exploration and development company focused on exploration and the assessment of resource projects for acquisition.

In September 2012, Chalice completed the sale of its principal asset, being a 90% interest in the Zara Gold Project in Eritrea. With a significant cash balance of approximately A\$54 million, Chalice's primary focus has been, and continues to be on targeting high quality mining projects globally with strong cash flow generation potential. An experienced technical team has made good progress in reviewing primarily gold and copper projects globally and prioritising robust, lower risk projects for further evaluation.

For further information on Chalice and its business activities, see "*Recent Developments – Development of the Business*" in the Chalice AIF.

### **Documents Incorporated by Reference**

Information has been incorporated by reference herein from documents filed with securities commissions or similar authorities in the provinces and territories of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Chalice at Level 2, 1292 Hay Street, West Perth, WA 6005 and are also available electronically under Chalice's company profile at [www.sedar.com](http://www.sedar.com).

The following documents of Chalice are filed with the various securities commissions or similar authorities in the provinces and territories of Canada (under the SEDAR profile of Chalice) and are specifically incorporated by reference into and form an integral part of this Appendix, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained herein or in any other subsequently filed document that is also incorporated by reference herein:

- a) Chalice's AIF;
- b) Chalice's information circular/notice of annual general meeting, explanatory statement and proxy form for Chalice's annual general meeting held on November 28, 2013;
- c) Chalice's director's report, statements of comprehensive income, financial position, changes in equity, cash flows and notes thereto as well as Chalice's auditors' report for the year ended June 30, 2013 ("2013 Annual Report").

Any documents of the type required by National Instrument 44-101 – Short Form Prospectus Distributions to be incorporated by reference herein, including any annual information forms, annual consolidated financial statements and the independent auditor's report thereon, interim consolidated financial statements, management's discussion and analysis of financial conditions and results of operations, material change report (except a confidential material change report), business acquisition report and information circular, filed by Chalice with the securities commissions or similar authorities in Canada subsequent to the date of this Appendix and prior to the earlier of the completion of the

Arrangement or termination of the Arrangement Agreement are deemed to be incorporated by reference in this Appendix.

Any statement contained in this Appendix or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Appendix to the extent that a statement contained in this Appendix or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into this Appendix modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Appendix. Information contained or otherwise accessed through Chalice's website [www.chalicegold.com](http://www.chalicegold.com) or any other website, other than those documents specifically incorporated by reference herein and filed on SEDAR at [www.sedar.com](http://www.sedar.com), does not form part of this Appendix.

### **Consolidated Capitalization**

Since June 30, 2013, Chalice has issued 797,424 Chalice Shares. As at December 17, 2013, there were 251,528,310 Chalice Shares issued and outstanding. As at December 17, 2013, Chalice has 5,150,000 Chalice Options outstanding, each of which are exercisable into Chalice Shares and 2,754,149 Chalice Performance Rights outstanding. Each Chalice Performance Right entitles the holder thereof to one Chalice Share subject to meeting certain vesting conditions. All Chalice Performance Rights have a nil exercise price.

Following the completion of the Transaction, it is expected that an aggregate of 46,000,000 Consideration Shares will be issued to Coventry shareholders, and Chalice will have 297,528,310 Chalice Shares issued and outstanding.

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## Financial Effect of the Arrangement on Chalice

### Pro-forma Statement of Financial Position

|                                      | Consolidated<br>Chalice Gold<br>Mines Limited<br>June 30, 2013<br>AUD\$ <sup>2</sup> | Acquisition of<br>Coventry<br>Targets<br>June 30, 2013<br>AUD\$ <sup>1, 3, 4, 6</sup> | Working<br>Capital<br>Adjustments<br>June 30, 2013<br>AUD\$ <sup>5</sup> | Pro-forma<br>Consolidated<br>Chalice Gold<br>Mines Limited<br>June 30, 2013<br>AUD\$ |
|--------------------------------------|--|---|--|--|
| <b>Current Assets</b>                |  |   |  |  |
| Cash and cash equivalents            | 56,443,226   | 266,669   | (266,669)  | 56,443,226   |
| Trade and other receivables          | 375,152  | 41,740  | (41,740)   | 375,152  |
| <b>Total current assets</b>          | <b>56,818,378</b>  | <b>308,409</b>  | <b>(308,409)</b>   | <b>56,818,378</b>  |
| <b>Non-current assets</b>            |  |   |  |  |
| Financial assets                     | 185,613  | -   | -  | 185,613  |
| Exploration and evaluation assets    | 5,202,613  | 6,813,548   | -  | 12,016,161   |
| Property, plant and equipment        | 502,270  | 380,555   | -  | 882,825  |
| <b>Total non-current assets</b>      | <b>5,890,496</b>   | <b>7,194,103</b>  | <b>-</b>   | <b>13,084,599</b>  |
| <b>Total assets</b>                  | <b>62,708,874</b>  | <b>7,502,512</b>  | <b>(308,409)</b>   | <b>69,902,977</b>  |
| <b>Current liabilities</b>           |  |   |  |  |
| Trade and other payables             | (829,890)  | (197,856)   | 197,856  | (829,890)  |
| Employee benefits                    | (77,651)   | -   | -  | (77,651)   |
| <b>Total current liabilities</b>     | <b>(907,541)</b>   | <b>(197,856)</b>  | <b>197,856</b>   | <b>(907,541)</b>   |
| <b>Non-current liabilities</b>       |  |   |  |  |
| Other                                | (36,977)   | -   | -  | (36,977)   |
| <b>Total non-current liabilities</b> | <b>(36,977)</b>  | <b>-</b>  | <b>-</b>   | <b>(36,977)</b>  |
| <b>Total liabilities</b>             | <b>(944,518)</b>   | <b>(197,856)</b>  | <b>197,856</b>   | <b>(944,518)</b>   |
| <b>Net assets</b>                    | <b>61,764,356</b>  | <b>7,304,656</b>  | <b>(110,553)</b>   | <b>68,958,459</b>  |

#### Key assumptions:

1. AUD/CAD fx rate applied of 0.9627 as at June 30, 2013.
2. The balance date for the Chalice Statement of Financial Position is June 30, 2013 reflecting the audited financial statements of Chalice at that date.
3. The balance date for the acquisition of the Coventry Targets is June 30, 2013.
4. The exploration and evaluation assets of the Coventry Targets have been adjusted to reflect an impairment expense of A\$23,573,301 which is consistent with an expense recorded by Coventry in its September 30, 2013 Interim Financial Statements.
5. The Arrangement Agreement contemplates a Working Capital Adjustment whereby Chalice shall reimburse Coventry if the net working capital of the Coventry Targets is positive and Coventry shall reimburse Chalice if the net working capital of the Coventry Targets is negative.
6. The financial statements for the Coventry Targets were prepared by Coventry.

## Pro-forma Income Statement

|   | Consolidated<br>Chalice Gold<br>Mines Limited<br>12 months ended<br>June 30, 2013<br>AUD\$ <sup>2</sup> | Acquisition of<br>Coventry Targets<br>12 months ended<br>June 30, 2013<br>AUD\$ <sup>1, 3, 4</sup> | Pro-forma<br>Consolidated<br>Chalice Gold<br>Mines Limited<br>12 months ended<br>June 30, 2013<br>AUD\$ |
|---|---|--|---|
| <b>Continuing operations</b>  |   |  |   |
| Other income  | 374,137   | 6,165  | 380,302   |
| Foreign exchange gains/(losses)   | 4,873,790   | -  | 4,873,790   |
| Impairment of financial assets  | (686,442)   | -  | (686,442)   |
| Exploration and evaluation assets written off   | (595,676)   | -  | (595,676)   |
| Impairment of exploration and evaluation assets   | (375,000)   | (23,573,301)   | (23,948,301)  |
| Corporate administrative expenses   | (3,632,238)   | (718,280)  | (4,350,518)   |
| Depreciation and amortisation expense   | (83,449)  | -  | (83,449)  |
| <b>Loss before tax from continuing operations</b>   | <b>(124,878)</b>  | <b>(24,285,416)</b>  | <b>(24,410,294)</b>   |
| Income tax expense  | -   | -  | -   |
| <b>Loss for the year from continuing operations</b>   | <b>(124,878)</b>  | <b>(24,285,416)</b>  | <b>(24,410,294)</b>   |
| <b>Discontinued operations</b>  |   |  |   |
| Net profit/(Loss) from discontinued operations  | 43,783,106  | -  | 43,783,106  |
| <b>Profit/(loss) for the year from discontinued operations</b>                                  | <b>43,783,106</b>   | <b>-</b>   | <b>43,783,106</b>   |
| <b>Total profit/(loss) for the year</b>   | <b>43,658,228</b>   | <b>(24,285,416)</b>  | <b>19,372,812</b>   |
| <b>Total profit/(loss) for the year attributable to:</b>  |   |  |   |
| Owners of the parent  | 43,663,861  | (24,285,416)   | 19,378,445  |
| Non-controlling interest  | (5,633)   | -  | (5,633)   |
|   | 43,658,228  | (24,285,416)   | 19,372,812  |
| <b>Other comprehensive income/(loss)</b>  |   |  |   |
| <b>Items that may be reclassified to profit or loss</b>   |   |  |   |
| Net change in fair value of available for sale investments                                      | (12,000)  | -  | (12,000)  |
| Exchange differences on translation of foreign operations                                       | (455,386)   | -  | (455,386)   |
| <b>Other comprehensive income/(loss) for the year</b>   | <b>(467,386)</b>  | <b>-</b>   | <b>(467,386)</b>  |
| <b>Total comprehensive income/(loss) for the year</b>   | <b>43,190,842</b>   | <b>(24,285,416)</b>  | <b>18,905,426</b>   |
| <b>Total comprehensive income/(loss) for the year attributable to:</b>                          |   |  |   |
| Owners of the parent  | 43,196,475  | (24,285,416)   | 18,911,059  |
| Non-controlling interest  | (5,633)   | -  | (5,633)   |
|   | 43,190,842  | (24,285,416)   | 18,905,426  |
| Basic and diluted loss per share from continuing operations (cents)                             | (0.01)  | (8.2)  | (8.2) <sup>5</sup>  |
| Basic and diluted loss per share from discontinued operations (cents)                           | 17.5  | -  | 14.8 <sup>5</sup>   |
| Basic and diluted earnings/(loss) per share from continuing and discontinued operations (cents) | 17.4  | (8.2)  | 6.5 <sup>5</sup>  |

**Key assumptions:**

1. AUD/CAD fx rate applied of 0.9698, representing the average rate for the year ended June 30, 2013.
2. The Chalice Income Statement is for the 12 month period ended June 30, 2013 reflecting the audited financial statements of Chalice for that period.
3. The financial period for the acquired Coventry Targets is for the 12 months ended June 30, 2013.
4. The impairment expense of A\$23,573,301 represents the adjustment to exploration and evaluation assets of the Coventry Targets as recorded by Coventry in its September 30, 2013 Interim Financial Statements.
5. Calculations for basic and diluted earnings per share on a pro-forma basis include the issue of 46 million Chalice Shares in consideration for the acquisition of the Coventry Targets.
6. The financial statements for the Coventry Targets were prepared by Coventry.

**Description of Chalice Shares*****Capital Structure***

As of December 17, 2013 there were 251,528,310 Chalice Shares issued and outstanding. All issued Chalice Shares are fully paid. As of December 17, 2013 Chalice had 5,150,000 Chalice Options outstanding. Each Chalice Option entitles the holder thereof to acquire one Chalice Share with exercise prices ranging from A\$0.25 to A\$0.65 as detailed below:

| <b>Grant Date</b>  | <b>Expiry Date</b> | <b>Exercise Price (A\$)</b> | <b>Balance Unexercised</b> |
|--------------------|--------------------|-----------------------------|----------------------------|
| November 17, 2009  | March 31, 2014     | \$0.25                      | 1,250,000                  |
| November 17, 2009  | March 31, 2014     | \$0.35                      | 1,250,000                  |
| November 25, 2010  | April 30, 2014     | \$0.45                      | 187,500                    |
| November 25, 2010  | April 30, 2014     | \$0.55                      | 187,500                    |
| November 25, 2010  | April 30, 2014     | \$0.65                      | 375,000                    |
| September 14, 2011 | September 14, 2014 | \$0.35                      | 750,000                    |
| December 16, 2011  | November 30, 2014  | \$0.35                      | 100,000                    |
| June 5, 2013       | June 30, 2016      | \$0.30                      | 1,050,000                  |

***Rights Attaching to Chalice Shares***

For information on Chalice and its share structure, including a description of the Chalice Shares and dividend policy, see "*Description of Share Capital*" and "*Dividend Policy*" in the Chalice AIF, which is incorporated herein by reference.

**Prior sales**

The following table summarizes the issuance by Chalice of Chalice Shares or securities convertible into Chalice Shares for the 12 month period before December 17, 2013.

***Chalice Shares issued:***

| <b>Date of Issue</b> | <b>Description</b> | <b>Number of Chalice Shares</b> | <b>Price Per Chalice Share (A\$)</b> |
|----------------------|--------------------|---------------------------------|--------------------------------------|
|----------------------|--------------------|---------------------------------|--------------------------------------|

|               |                                       |         |        |
|---------------|---------------------------------------|---------|--------|
| July 1, 2013  | Exercise of Chalice Options           | 125,000 | \$0.10 |
| July 29, 2013 | Exercise of Chalice Options           | 125,000 | \$0.10 |
| Nov. 22, 2013 | Chalice Performance Rights Conversion | 297,424 | Nil    |

***Unlisted Chalice Options issued:***

| <b>Date of Issue</b> | <b>Description</b>         | <b>Number of Chalice Options</b> | <b>Expiry Date</b> | <b>Exercise Price Per Chalice Option (A\$)</b> |
|----------------------|----------------------------|----------------------------------|--------------------|--|
| June 5, 2013         | Employee Share Option Plan | 1,050,000                        | June 30, 2016      | 0.30   |

***Unlisted Chalice Performance Rights issued:***

| <b>Date of Issue</b> | <b>Description</b>                            | <b>Number of Chalice Performance Rights</b> | <b>Expiry Date</b> | <b>Exercise Price (A\$)</b> |
|----------------------|---|---|--------------------|-----------------------------|
| June 5, 2013         | Long Term Incentive Plan - Performance Rights | 2,108,444                                   | June 30, 2015      | -                           |
| June 6, 2013         | Long Term Incentive Plan - Performance Rights | 645,705                                     | June 30, 2015      | -                           |

For information about Chalice Options and Chalice Performance Rights, see "*Securities Authorized for Issuance under Equity Compensation Plans*" in the Chalice AIF.

**Price Range and Trading Volume of Chalice Shares**

The Chalice Shares are currently listed on ASX and TSX. The following table sets forth the reported high and low sale prices and the trading volume of the Chalice Shares on each exchange for the 12 months before December 17, 2013.

| <b>ASX</b>         | <b>High (A\$)</b> | <b>Low (A\$)</b> | <b>Volume</b> |
|--------------------|-------------------|------------------|---------------|
| <b><u>2013</u></b> |                   |                  |               |
| December 1-17      | 0.14              | 0.12             | 1,824,800     |
| November           | 0.17              | 0.14             | 1,605,200     |
| October            | 0.18              | 0.16             | 1,355,200     |
| September          | 0.18              | 0.17             | 1,998,600     |
| August             | 0.19              | 0.16             | 13,099,400    |

| <b>ASX</b>              | <b>High (A\$)</b> | <b>Low (A\$)</b> | <b>Volume</b> |
|-------------------------|-------------------|------------------|---------------|
| July                    | 0.17              | 0.15             | 1,961,500     |
| June                    | 0.17              | 0.15             | 1,902,000     |
| May                     | 0.17              | 0.14             | 1,829,000     |
| April                   | 0.19              | 0.16             | 1,815,800     |
| March                   | 0.22              | 0.18             | 2,293,700     |
| February                | 0.19              | 0.18             | 3,336,200     |
| January                 | 0.20              | 0.17             | 3,609,100     |
| <b><u>2012</u></b>      |                   |                  |               |
| December <sup>(1)</sup> | 0.31              | 0.19             | 2,918,700     |

| <b>TSX</b>              | <b>High (CAD\$)</b> | <b>Low (CAD\$)</b> | <b>Volume</b> |
|-------------------------|---------------------|--------------------|---------------|
| <b><u>2013</u></b>      |                     |                    |               |
| December 1-17           | 0.15                | 0.13               | 38,500        |
| November                | 0.16                | 0.15               | 10,000        |
| October                 | 0.16                | 0.15               | 107,000       |
| September               | 0.15                | 0.15               | 95,500        |
| August                  | 0.15                | 0.15               | 78,100        |
| July                    | 0.15                | 0.14               | 68,400        |
| June                    | 0.14                | 0.14               | -             |
| May                     | 0.17                | 0.11               | 28,500        |
| April                   | 0.21                | 0.16               | 38,000        |
| March                   | 0.20                | 0.20               | 500           |
| February                | 0.22                | 0.19               | 42,400        |
| January                 | 0.21                | 0.20               | 42,400        |
| <b><u>2012</u></b>      |                     |                    |               |
| December <sup>(1)</sup> | 0.33                | 0.20               | 70,800        |

- (1) On December 14, 2013, Chalice completed a return of capital to shareholders and equal capital reduction of 10 cents per share totalling A\$25 million. The share prices included in the table above have not been adjusted to reflect the distribution.

### **Recently Completed and Probable Acquisitions**

There has been no major acquisition by Chalice in the last 75 days which may be considered a significant acquisition for the purposes of Part 8 of NI 51-102.

### **Interests of Experts**

The auditor of Chalice is HLB Mann Judd, who have prepared an independent auditor's report dated September 27, 2013 in respect of Chalice's consolidated and parent company financial statements with accompanying notes as at and for the year ended June 30, 2013.

As of the date hereof, to Chalice's knowledge, the expert named in this section beneficially own, directly or indirectly, in the aggregate, less than one percent of the Chalice Shares.

### **Risk Factors**

The exploration for and development of natural resources is a speculative activity that involves a high degree of financial risk. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the business, prospects, financial condition and/or operating results of Chalice and consequently on the value and/or market price of the Chalice Shares. Coventry Shareholders should carefully consider the risk factors described under the heading "*Risk Factors*" in the Chalice AIF, which is incorporated by reference herein, as well any other risk factors set forth elsewhere in this Appendix.

### **Interest of Management and Others in Material Transactions**

No director, executive officer or principal holder of securities (as described under "Principal Shareholders" in the Chalice AIF) or any associate or affiliate of the foregoing has, or has had, any material interest in any transaction within the three most recently completed financial years prior to the date hereof or during the current financial year or any proposed transaction that has materially affected or is reasonably expected to materially affect Chalice or any of its affiliates, except as disclosed elsewhere in the Chalice AIF, which is incorporated herein by reference.

### **Auditor, Transfer Agent and Registrar**

The auditor of Chalice is HLB Mann Judd, located at Level 4, 130 Stirling Street, Perth, WA 6000, Australia. HLB Mann Judd was appointed the Auditor of Chalice in October 2005 and is independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants in Australia.

Chalice's registrar and transfer agent in Australia for Chalice Shares is Computershare Investor Services Pty Limited, at Level 2, Reserve Bank Building, 45 St. Georges Terrace, Perth, WA 6000, Australia.

Chalice's registrar and transfer agent in Canada for Chalice Shares is Computershare Investor Services Inc. at 100 University Avenue, Toronto, Ontario, M5J 2Y1.

### **Additional Information**

Additional financial information is provided in Chalice's 2013 Annual Report, which contains Chalice's audited annual financial statements for the year ended June 30, 2013. Such documentation

as well as additional information, including financial statements relating to Chalice may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**APPENDIX "H"**  
**NOTICE OF HEARING FOR FINAL ORDER**



No. S-139286  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

COVENTRY RESOURCES INC.

PETITIONER

RE: IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING COVENTRY RESOURCES INC., ITS SHAREHOLDERS, CHALICE GOLD MINES LIMITED, AND WESTERN RIFT PTY LTD., PURSUANT TO SECTIONS 288 to 299 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA), S.B.C. 2002, c. 57, AS AMENDED

**REQUISITION – GENERAL**

**Filed by:** The Petitioner, Coventry Resources Inc. ("Coventry")

Required:

To re-set the Hearing of the Petition to Friday, January 24, 2014 at 9:45 a.m. before the presiding Judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, for a final order (the "Final Order") approving an arrangement (the "Arrangement") under section 291 of the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as amended, described in the Plan of Arrangement, which is attached as Schedule "A" to the draft form of the Final Order which is attached as Exhibit "A" to this Requisition.

Please take notice that by an Interim Order of the Supreme Court of British Columbia, pronounced December 16, 2013, the Court has given directions as to the calling of a special meeting of the shareholders of the Petitioner for the purpose of voting upon a special resolution to approve the Arrangement.

At the Hearing of the Application for the Final Order (the "Final Application"), any shareholder of the Petitioner, director or auditor of the Petitioner, or any other interested party with leave of the Court, desiring to support or oppose the Final Application may, after filing a Response and related materials as outlined in the Interim Order and further herein, appear for that purpose, either in person or by counsel. If you do not attend, either in person or by counsel, at that time, the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, without any further notice to you.

If you wish to appear at the Final Application or wish to be notified of any further proceedings, YOU MUST GIVE NOTICE of your intention by filing a Response to Petition with the Court at the Court Registry at 800 Smithe Street, Vancouver, British Columbia, and YOU MUST ALSO DELIVER a copy of the filed Response, together with a copy of all material on which you intend to rely at the Final Application, if any, to counsel for the Petitioner at their address for delivery set out below by 4:00 p.m. (Pacific Standard Time) on Friday, January 17, 2013, or at a later date with leave of the Court.

The Petitioner's address for delivery is: Taylor Veinotte Sullivan, Barristers  
Suite 300 – 1168 Hamilton Street  
Vancouver, BC V6B 2S2  
Telephone: (604) 687-7007

Attention: Christopher M. Dafoe

You or your counsel may file the Response. You may obtain a form of Response at the Court Registry.

If you do not file a Response and attend either in person or by counsel at the time of such Final Application, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, all without any further notice to you. Any person desiring further information about the steps that must be taken prior to making submissions may contact counsel for the Petitioner at the address set out above.

A copy of the Petition and other documents in the proceedings will be furnished to any shareholder of the Petitioner or other interested party requesting the same by counsel for the Petitioner.

This Requisition is supported by the following:

1. Petition dated December 12, 2013 and filed herein;
2. Affidavit No. 1 of Don Halliday, made December 12, 2013; and
3. Interim Order of Master Scarth, pronounced December 16, 2013.

It is anticipated that this Final Application will not be contentious and will take 10 minutes to be heard.

Date: December 16, 2013

  
for. Signature of Christopher M. Dafoe

Petitioner       lawyer for the  
Petitioner

This REQUISITION was prepared by the law firm of Taylor Veinotte Sullivan, Barristers (Attention: Christopher M. Dafoe), Suite 300 – 1168 Hamilton Street, Vancouver, British Columbia, V6B 2S2, Telephone: (604) 687-7007.

**EXHIBIT "A" – DRAFT FINAL ORDER**



THIS COURT ORDERS AND DECLARES THAT:

1. Pursuant to the provisions of Section 291(4)(c) of the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the "BCBCA"), the Arrangement as provided for in the Plan of Arrangement, including the terms and conditions of the exchange of securities to be effected by the Arrangement, are procedurally and substantively fair and reasonable to all persons entitled to receive securities in the exchange.
2. The Arrangement as provided for in the Plan of Arrangement be and hereby is approved pursuant to the provisions of Section 291(4)(a) and 295 of the BCBCA.
3. The Arrangement shall be implemented in the manner and sequence set forth in the Plan of Arrangement, and pursuant to Sections 291, 292 and 296 of the BCBCA, the Arrangement will take effect as of the Effective Time, as defined in the Plan of Arrangement.
4. The Arrangement as set forth in the Plan of Arrangement shall be binding on the Petitioner and the Coventry Shareholders, upon the taking effect of the Arrangement pursuant to Section 297 of the BCBCA.
5. The Petitioner shall be entitled to seek the advice and direction of this Court as to the implementation of this Order or to apply for such further Order or Orders as may be appropriate.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

\_\_\_\_\_  
Signature of Christopher M. Dafoe

Petitioner     lawyer for Petitioner

By the Court

\_\_\_\_\_  
Registrar

**SCHEDULE "A" – PLAN OF ARRANGEMENT**

**PLAN OF ARRANGEMENT  
UNDER SECTION 288 OF THE  
BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)**

**ARTICLE 1  
DEFINITIONS AND INTERPRETATION**

**Section 1.01** *Definitions*

In this Plan of Arrangement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below:

- (a) “Arrangement” means the arrangement under section 288 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 8.4 of the Arrangement Agreement or this Plan of Arrangement or at the direction of the Court;
- (b) “Arrangement Agreement” means the arrangement agreement dated as of November 15, 2013 between Chalice, Western Rift and Coventry, together with the Disclosure Letters, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;
- (c) “Arrangement Resolution” means the special resolution to be considered at the Coventry Meeting substantially in the form and content of Schedule B to the Arrangement Agreement;
- (d) “ASX” means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as appropriate;
- (e) “BCBCA” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time;
- (f) “Business Day” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Perth, Western Australia or Vancouver, British Columbia;
- (g) “Chalice” means Chalice Gold Mines Limited (ACN 116 648 956), a corporation incorporated under the laws of the Commonwealth of Australia;
- (h) “Chalice Shares” means the fully paid ordinary shares in the share capital of Chalice;
- (i) “Consideration” means the Consideration Shares to be delivered to Coventry and distributed *pro rata* to the Coventry Shareholders pursuant to the Plan of Arrangement plus the Effective Date Working Capital Adjustment (to be paid by Western Rift to

Coventry if such amount is positive) or minus the Effective Date Working Capital Adjustment (to be paid by Coventry to Western Rift if such amount is negative);

- (j) **“Consideration Shares”** means 46,000,000 Chalice Shares;
- (k) **“Court”** means the Supreme Court of British Columbia;
- (l) **“Coventry”** means Coventry Resources Inc., a corporation incorporated under the laws of British Columbia (Canada);
- (m) **“Coventry Meeting”** means the special meeting of Coventry Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;
- (n) **“Coventry Options”** means the outstanding options to purchase Coventry Shares granted under the Coventry Share Option Plan;
- (o) **“Coventry Share Option Plan”** means the share option plan of Coventry dated June 26, 2003, as amended on June 17, 2004 and December 31, 2010 and re-approved by the Coventry Shareholders at Coventry’s most recent annual general meeting;
- (p) **“Coventry Shares”** means common shares in the capital of Coventry, as currently constituted;
- (q) **“Coventry Shareholders”** means the holders of Coventry Shares;
- (r) **“Depository”** means any trust company, bank or financial institution agreed to in writing between Chalice and Coventry for the purpose of, among other things, distributing the Consideration Shares;
- (s) **“Dissent Rights”** shall have the meaning ascribed thereto in Article 4.01 hereof;
- (t) **“Dissenting Shareholder”** means a Coventry Shareholder who dissents in respect of the Arrangement in strict compliance with the Dissent Rights and who is ultimately entitled to be paid fair value for such holder’s Coventry Shares;
- (u) **“Effective Date”** means the date agreed to by Chalice and Coventry in writing as the effective date of the Arrangement, after all of the conditions precedent to the completion of the Arrangement as set out in the Arrangement Agreement and the Final Order have been satisfied or waived;
- (v) **“Effective Time”** means 12:01 a.m. (Vancouver time) on the Effective Date or such other time on the Effective Date as the Parties may agree;
- (w) **“Final Order”** means the final order of the Court pursuant to section 291 of the BCBCA, approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

- (x) **“Governmental Entity”** means: (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, board or authority of any of the foregoing; (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) any stock exchange, including, with respect to Coventry, the ASX and TSXV, and with respect to Chalice, the ASX and TSX;
- (y) **“including”** means including without limitation, and **“include”** and **“includes”** each have a corresponding meaning;
- (z) **“Interim Order”** means the interim order of the Court, providing for, among other things, the calling and holding of the Coventry Meeting, as the same may be amended by the Court;
- (aa) **“Law”** or **“Laws”** means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence of any Governmental Entity or self-regulatory authority (including, with respect to Coventry, the ASX and TSXV, and with respect to Chalice, the ASX and TSX), and the term **“applicable”** with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;
- (bb) **“Liens”** means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;
- (cc) **“Parties”** means Coventry, Chalice and Western Rift, and **“Party”** means one of them;
- (dd) **“Person”** includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;
- (ee) **“Plan of Arrangement”** means this plan of arrangement and any amendments or variations hereto made in accordance with Section 8.4 of the Arrangement Agreement or this plan of arrangement or made at the direction of the Court;
- (ff) **“Targets”** means Coventry Resources Ontario, Inc., Coventry Rainy Inc., 2235411 Ontario, Inc. and Cameron Gold Operations Ltd. and **“Target”** means any one of them;

- (gg) “**Target Shares**” means all of the issued and outstanding shares of each of the Targets, other than shares of a Target owned by another Target;
- (hh) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;
- (ii) “**Taxes**” means: (a) any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits taxes (including Canadian federal, provincial and territorial income taxes), payroll and employee withholding taxes, employment taxes, unemployment insurance, disability taxes, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, goods and services taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business licence taxes, mining royalties, alternative minimum taxes, estimated taxes, abandoned or unclaimed (escheat) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers’ compensation and other government pension plan premiums or contributions and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its subsidiaries is required to pay, withhold or collect, together with any interest, penalties or other additions to tax that may become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions whether disputed or not; and (b) any liability for the payment of any amount described in clause (a) of this definition as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, as a result of any Tax sharing or Tax allocation agreement, arrangement or understanding, or as a result of being liable to another Person’s Taxes as a transferee or successor, by contract or otherwise; and
- (jj) “**Western Rift**” means Western Rift Pty Ltd (ACN 124 875 323), a company incorporated under the laws of the Commonwealth of Australia.

In addition, words and phrases used herein and defined in the BCBCA and not otherwise defined herein shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

#### Section 1.02 *Interpretation Not Affected by Headings*

The division of this Plan of Arrangement into articles, sections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms “this Plan of Arrangement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

Section 1.03 *Number, Gender and Persons*

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and the word Person and words importing Persons shall include a natural Person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity or group of Persons of any kind or nature whatsoever.

Section 1.04 *Date for any Action*

If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

Section 1.05 *Statutory References*

Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

Section 1.06 *Currency*

Unless otherwise stated, all references herein to amounts of money are expressed in lawful money of Canada.

Section 1.07 *Governing Law*

This Plan of Arrangement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of British Columbia and the Laws of Canada applicable therein.

**ARTICLE 2  
ARRANGEMENT AGREEMENT**

Section 2.01 *Arrangement Agreement*

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein.

Section 2.02 *Binding Effect*

As of and from the Effective Time, this Plan of Arrangement shall be binding upon:

- (e) Chalice;
- (f) Coventry;
- (g) Western Rift;

- (h) the Dissenting Shareholders; and
- (i) the Coventry Shareholders.

### ARTICLE 3 ARRANGEMENT

#### Section 3.01 *Arrangement*

At the Effective Time, the following shall occur and shall be deemed to occur sequentially in the following order without any further act or formality:

- (a) Each Target Share shall be transferred by Coventry to Western Rift (free and clear of any Liens, charges and encumbrances of whatsoever nature) and Coventry shall receive the Consideration Shares in exchange therefor and the name of Coventry will be removed from the central securities register of each Target with respect to such Target Shares and, in consideration therefor, Western Rift shall cause to be delivered the Consideration Shares, subject to Sections 3.02 and Article 5 hereof.
- (b) Concurrently with the step in Section 3.01(a) of this Plan of Arrangement, Chalice shall deliver on behalf of, and at the direction of, Western Rift the Consideration Shares to Coventry which delivery by Chalice shall be in full satisfaction of Western Rift's obligation to deliver such Consideration Shares under the step contemplated in Sections 3.01(a) of this Plan of Arrangement and, as consideration therefor, Western Rift shall enter into a loan with Chalice equal the value of such Consideration Shares.
- (c) Immediately following the step in Section 3.01(b), the stated capital maintained for the common shares of Coventry shall be reduced by an amount equal to the fair market value of the Consideration Shares and Coventry shall distribute the Consideration Shares to the Coventry Shareholders (other than any Dissenting Shareholders) by way of a distribution equal to the amount of such reduction of capital and not as a dividend, such that each Coventry Shareholder will be entitled to receive a *pro rata* number of the Consideration Shares issued to Coventry pursuant to Section 3.01(b) and as a result thereof: (i) Coventry shall be removed as the holder of such Consideration Shares from the register of Chalice Shares maintained on or behalf of Chalice; and (ii) such Coventry Shareholders' names shall be entered into the register of Chalice Shares maintained on or on behalf of Chalice.

#### Section 3.02 *Effective Time Procedures*

- (a) Following the receipt of the Final Order and prior to the Effective Date, Western Rift shall cause Chalice to, deliver to the Depositary in escrow pending the Effective Time, sufficient certificates representing the Consideration Shares (or other appropriate evidence of such Consideration Shares) to be distributed to the Coventry Shareholders in accordance with the provisions of Section 3.01 hereof, and the Consideration Shares shall be held by the Depositary as agent and nominee for such Coventry Shareholders for distribution to such Coventry Shareholders in accordance with the provisions of Article 5 hereof.

- (b) Subject to the provisions of Article 5 hereof, on or after the Effective Date Coventry Shareholders shall be entitled to receive certificates representing the Consideration Shares (or other appropriate evidence of such Consideration Shares).

Section 3.03 *Fractional Chalice Shares*

No fractional Chalice Shares (or certificates representing same) shall be distributed pursuant to Section 3.01(c) of this Plan of Arrangement. All fractional Chalice Shares otherwise distributable shall be rounded down to the nearest number of whole shares and no compensation shall be payable in respect of such fractional shares.

**ARTICLE 4  
DISSENT RIGHTS**

Section 4.01 *Dissent Rights*

Pursuant to the Interim Order, registered holders of Coventry Shares may exercise rights of dissent (“**Dissent Rights**”) under Division 2 of Part 8 of the BCBCA, as modified by this Article 4, the Interim Order and the Final Order, provided that the written objection to the special resolution to approve the Arrangement contemplated by section 242 of the BCBCA must be sent to Coventry by registered holders who wish to dissent at least two days before the Coventry Meeting or any date to which the Coventry Meeting may be postponed or adjourned and provided further that registered holders who exercise such rights of dissent and who:

- (a) are ultimately entitled to be paid fair value for their Coventry Shares, which fair value shall be the fair value of such shares immediately before the passing by the Coventry Shareholders of the Arrangement Resolution, shall be paid an amount equal to such fair value by Coventry; and
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Coventry Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Coventry Shares and shall be entitled to receive only the Consideration Shares contemplated in Section 3.01 hereof, respectively, that such holder would have received pursuant to the Arrangement if such holder had not exercised Dissent Rights.

**ARTICLE 5  
DELIVERY OF CONSIDERATION**

Section 5.01 *Delivery of Consideration Shares*

- (a) Upon the Effective Time, each Coventry Shareholder shall be entitled to receive, and the Depositary shall deliver to such Coventry Shareholder following the Effective Time, the certificates representing the Consideration Shares that such Coventry Shareholder is entitled to receive in accordance with Section 3.01 hereof.

## Section 5.02 *Withholding Rights*

Chalice, Western Rift, Coventry and the Depositary shall be entitled to deduct and withhold from any Consideration Shares payable, or otherwise deliverable to any Coventry Shareholder, such amounts as Chalice, Western Rift, Coventry or the Depositary is required or permitted to deduct and withhold with respect to such payment under the Tax Act or any provision of any Laws in respect of Taxes. To the extent that amounts are so deducted, withheld and remitted such amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. Chalice, Coventry or the Depositary, as applicable, may sell or otherwise dispose of any portion of the Consideration Shares otherwise payable to a Coventry Shareholder as is necessary to provide sufficient funds to enable Chalice, Coventry, Western Rift or the Depositary, as applicable, to comply with such deduction and/or withholding requirements.

## ARTICLE 6 AMENDMENTS

### Section 6.01 *Amendments to Plan of Arrangement*

- (a) Chalice, Western Rift and Coventry reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time, provided that each such amendment, modification or supplement must be (i) set out in writing; (ii) agreed to in writing by Chalice, Western Rift and Coventry; (iii) filed with the Court and, if made following the Coventry Meeting, approved by the Court; and (iv) communicated to the Coventry Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Coventry at any time prior to the Coventry Meeting provided that Chalice and Western Rift shall have consented thereto in writing, with or without any other prior notice or communication, and, if so proposed and accepted by the Persons voting at the Coventry Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Coventry Meeting shall be effective only if: (i) it is consented to in writing by each of Chalice, Western Rift and Coventry; and (ii) if required by the Court, it is consented to by the Coventry Shareholders voting in the manner directed by the Court.

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

COVENTRY RESOURCES INC.

PETITIONER

RE: IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING COVENTRY RESOURCES INC., ITS SHAREHOLDERS, CHALICE GOLD MINES LIMITED, AND WESTERN RIFT PTY LTD., PURSUANT TO SECTIONS 288 to 299 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA), S.B.C. 2002, c. 57, AS AMENDED

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**ORDER**

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TAYLOR VEINOTTE SULLIVAN  
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Vancouver, BC V6B 2S2  
Attention: Christopher M. Dafoe

**AGENT: WEST COAST**

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File 130152.001

No. S-139286  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

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**REQUISITION**

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