

31 January 2023

December 2022 Quarterly Activities Report

The Gonneville deposit continues to grow, with Resource update on-track for Q1 2023; plus promising Hooley drilling results highlight upside ~5km north

Highlights

Julimar Nickel-Copper-PGE Project, Western Australia (100% owned)

- « Chalice continues its **dual strategy at Julimar** – to advance development studies and regulatory approvals for a potential future mine at Gonneville (on Chalice-owned farmland), in parallel with ongoing exploration activities across the full >30km Julimar Complex strike length.
- « Drilling during the quarter highlighted a potential **deepening of the Gonneville Resource pit shell** at the northern end, with several outstanding broad zones of sulphide mineralisation **intersected up to ~650m** beyond the current Resource – **all remain open**.
- « An **update to the Resource is planned for late Q1 2023** to incorporate **157 infill and wide-spaced step-out drill holes** and 109 close spaced RC drill holes in the expected starter pit area.
- « The ongoing **Scoping Study** has made good progress evaluating a broad range of scale, mining and flowsheet options, which is necessary given the **size, uniqueness and significant optionality of the Resource**.
- « Metallurgical testwork during the quarter, focusing on flotation tails leaching and staged grinding, has highlighted the **potential to materially enhance overall metallurgical recoveries**.
- « Thus the **Scoping Study has been extended** to allow both the new and planned metallurgical testwork results and the updated MRE to be modelled and incorporated.
- « Significant **PGE-dominant sulphide mineralisation** intersected in **all five reconnaissance holes** over **~1.8km of strike** length in initial drilling at the greenfield **Hooley Prospect, ~5km north of the current Gonneville Resource**.
- « Continued exploration success at Hooley points to a **significant scale mineral system** – five rigs are currently drilling over ~10km of Julimar Complex strike length.

West Yilgarn Nickel-Copper-PGE Province, Western Australia

- « First-pass reconnaissance activities are nearing completion over the Company's **~8,000km²** tenure holding in the new West Yilgarn Province, paving the way for drilling to commence across **multiple priority regional targets** in the coming months.
- « **Artificial intelligence/machine learning driven targeting exercise nearing completion** across the entire land-holding, using the Julimar geochemical/geophysical 'fingerprint' to target similar host intrusions. Results are expected to be available in Q1 2023.
- « Initial RC drilling at the greenfield **Bejoording Target (~35km NE of Gonneville)** is underway to test promising ground electromagnetic (EM) conductors and coincident surface geochemical anomalies over an area of **~4km x 1.5km**.

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Corporate

- « Highly-regarded mining executive Mr Mike Nelson was appointed to the newly-created role of General Manager – Project Development subsequent to quarter-end.
- « The Chalice team received two prestigious awards in recognition of the Julimar discovery – the **2023 Thayer Lindsley Award (PDAC)** and the **2022 Prospector Award (AMEC)**.
- « Chalice ended the quarter in a strong financial position with **~\$97.6 million in cash** at 31 December 2022, and remains **fully funded through CY2023**.

1. Sustainability

1.1 Health and Safety

There were no significant environmental or safety incidents during the quarter. The Company also had zero Lost Time Injuries across all operations.

1.2 Environment

During the quarter, Chalice received approval from the Department of Biodiversity, Conservation and Attractions (DBCA) for an amendment to the Conservation Management Plan (CMP) that was approved by the WA Government in late 2021. This amendment allowed for minor changes of drill site locations to be made to reflect updated geological information within the Hartog-Hooley target areas.

Chalice also submitted an application for initial exploration drilling activities on existing recreational access tracks across the ~15km long Baudin-Jansz-Torres target areas at the northern end of the Julimar State Forest.

The Company has completed its second year of environmental baseline surveys across almost 6,000 hectares of farmland and State Forest at the Julimar Project. All surveys meet Western Australian Environmental Protection Authority (EPA) standards for environmental impact assessment and provide information required to support referral of a potential mine development at Gonneville to the EPA.

1.3 Heritage

The Whadjuk and Yued Traditional Owners continued cultural heritage monitoring of drilling activities within the Julimar State Forest during the quarter. No cultural heritage sites have been identified through surveys or monitoring activities.

Chalice has worked extensively with Yued and Whadjuk representatives to understand the cultural values across exploration areas in the Julimar State Forest, and to identify and address the risks and opportunities to cultural heritage that might arise from our activities.

1.4 Community and Government

Chalice's stakeholder engagement on the Julimar Project continued, with State Government and local shire site visits and several briefings completed during the quarter.

The Company continues to prioritise local procurement options and continues to expand community investment. There was a strong response to the Company's first advertised call for community investment applications across the shires of Chittering, Toodyay, Northam and Goomalling.

In response, the Company provided sponsorships and grants to 13 local community groups and sporting clubs across these four local government areas. This brings the Company's total contribution to community investment in the Julimar region to almost \$100,000 for FY23 to date.

Chalice opened an office in Toodyay in October to support ongoing engagement with the community and to provide a local point of contact for community members in relation to the Julimar Project.

2. Exploration and Development Activities

2.1 Julimar Nickel-Copper-PGE Project, WA (100% owned)

2.1.1 Overview of Activities

Chalice's strategy at Julimar is to advance development studies and regulatory approvals for a potential future mine at Gonneville (on Chalice-owned farmland), in parallel with ongoing exploration activities across the full >30km Julimar Complex strike length.

Chalice invested \$13.7M during the quarter (\$26.2M YTD) on exploration activities across the Julimar Complex while also spending \$1.6M in the quarter (\$2.4M YTD) on development studies.

Exploration activities continued across the ~10km long Hartog-Dampier strike length and resource drilling continued at the Gonneville PGE-Ni-Cu-Co-Au deposit which contains the current Mineral Resource Estimate (Resource) of 350Mt @ 0.96g/t 3E, 0.16% Ni, 0.10% Cu, 0.015% Co (~0.58% NiEq or ~1.8g/t PdEq), refer to the ASX Announcement on 8 July 2022 and Appendix A.

An update to the Mineral Resource Estimate is planned in late Q1 2023 to incorporate the detailed infill drilling and results from new wide-spaced step-out drill holes.

The Scoping Study has also made significant progress evaluating a broad range of scale, mining and flowsheet options, which is necessary given the size, uniqueness and significant optionality of the Resource. To fully evaluate these options, the Scoping Study has now been extended to allow new metallurgical testwork results and the updated Resource to be modelled and incorporated. A revised study completion timeline will be determined once the Resource is updated in late Q1 2023.

The following activities are continuing at the project:

- « Resource definition and extensional diamond drilling at Gonneville with two drill rigs.
- « Reconnaissance diamond drilling across the Hartog, Hooley and Dampier prospects (target areas across ~10km of Julimar Complex strike length) with three rigs, under the approved CMP.
- « Moving Loop Electromagnetic (MLEM) and Down-hole EM (DHEM) surveys across the Julimar Complex
- « 2D seismic surveying at the Hooley and Dampier target areas commenced post quarter end, with results expected in Q2 2023.
- « Access discussions for the Bindoon Training Area, which covers the high-priority Flinders Target, located ~25km NNE of Gonneville.
- « Mine development studies (Scoping Study) for a potential mine at Gonneville including follow-up metallurgical test work focusing on flotation tails leaching and staged grinding.
- « Baseline surveys of ground water, surface water, flora, fauna and dieback, which are underway as part of a long-term baseline and monitoring program to support engineering studies and environmental assessments.
- « Ongoing assessment of strategic options to secure a minority partner with the technical expertise, market familiarity and financial strength to assist in developing a potential mine at Gonneville.

2.1.2 Exploration

Drilling at Gonneville has extended the high-grade sulphide zones at the northern end of the Gonneville deposit, with several outstanding broad zones of sulphide mineralisation intersected up to ~650m beyond the current Resource in wide-spaced holes.

The latest results highlight the significant near-term growth potential in the higher-grade portion of the current Resource and a potential deepening of the Resource pit shell at the northern end (Figure 1 and Figure 2). All zones intersected remain open down-plunge in this northern area.

Drilling to date has confirmed several north-westerly plunging shoots to the G2, G4 and G11 high-grade sulphide zones, which strike to the north-north-east and dip to the west-north-west. The broad intersections include high-grade sub-intervals and, as such, step-out drilling in this northern portion of the deposit is continuing.

Significant new intercepts include:

- « **157.5m @ 1.7g/t 3E**, 0.2% Ni, 0.1% Cu, 0.02% Co (**0.8% NiEq**) from 328m (JD356), incl:
 - « **48m @ 4.0g/t 3E**, 0.2% Ni, **0.3% Cu**, 0.02% Co (**1.7% NiEq**) from 391m.
- « **121.8m @ 1.5g/t 3E**, 0.2% Ni, 0.1% Cu, 0.02% Co (**0.8% NiEq**) from 396.4m (JD362), incl:
 - « **28m @ 2.2g/t 3E**, 0.2% Ni, 0.1% Cu, 0.02% Co (**1.0% NiEq**) from 467m.
- « **93.8m @ 1.2g/t 3E**, 0.2% Ni, 0.1% Cu, 0.02% Co (**0.7% NiEq**) from 617.2m (JD328), incl:
 - « **7m @ 2.1g/t 3E**, 0.2% Ni, 0.2% Cu, 0.02% Co (**1.0% NiEq**) from 637m (JD328), and;
 - « **8m @ 1.2g/t 3E, 0.3% Ni, 0.3% Cu**, 0.02% Co (**1.0% NiEq**) from 669m (JD328), and;
 - « **8m @ 4.8g/t 3E**, 0.2% Ni, 0.1% Cu, 0.01% Co (**1.8% NiEq**) from 683m (JD328).
- « **62.4m @ 1.1g/t 3E**, 0.2% Ni, 0.1% Cu, 0.02% Co (0.6% NiEq) from 853m (JD363), incl:
 - « **13m @ 1.5g/t 3E**, 0.2% Ni, 0.1% Cu, 0.02% Co (0.8% NiEq) from 859m, and;
 - « **10m @ 1.5g/t 3E**, 0.2% Ni, 0.1% Cu, 0.02% Co (0.8% NiEq) from 899m.
- « **10.6m @ 2.0g/t 3E**, 0.1% Ni, **0.5% Cu**, 0.01% Co (**1.2% NiEq**) from 399.5m (HD033).

These latest results suggest that previous RC drilling in this area was too shallow and, where the up-plunge extensions of the above results were intersected, the zones were heavily intruded by dolerite dykes. Notwithstanding this, the northern end of the Resource pit shell could deepen once the new results above have been modelled.

All zones intersected remain open down-plunge/dip and drilling is continuing in this area with two rigs. Step-out holes are being drilled on a ~80-160m spacing, with infill to 40m x 40m spacing likely to be required at a later stage in order to define Indicated Resources.

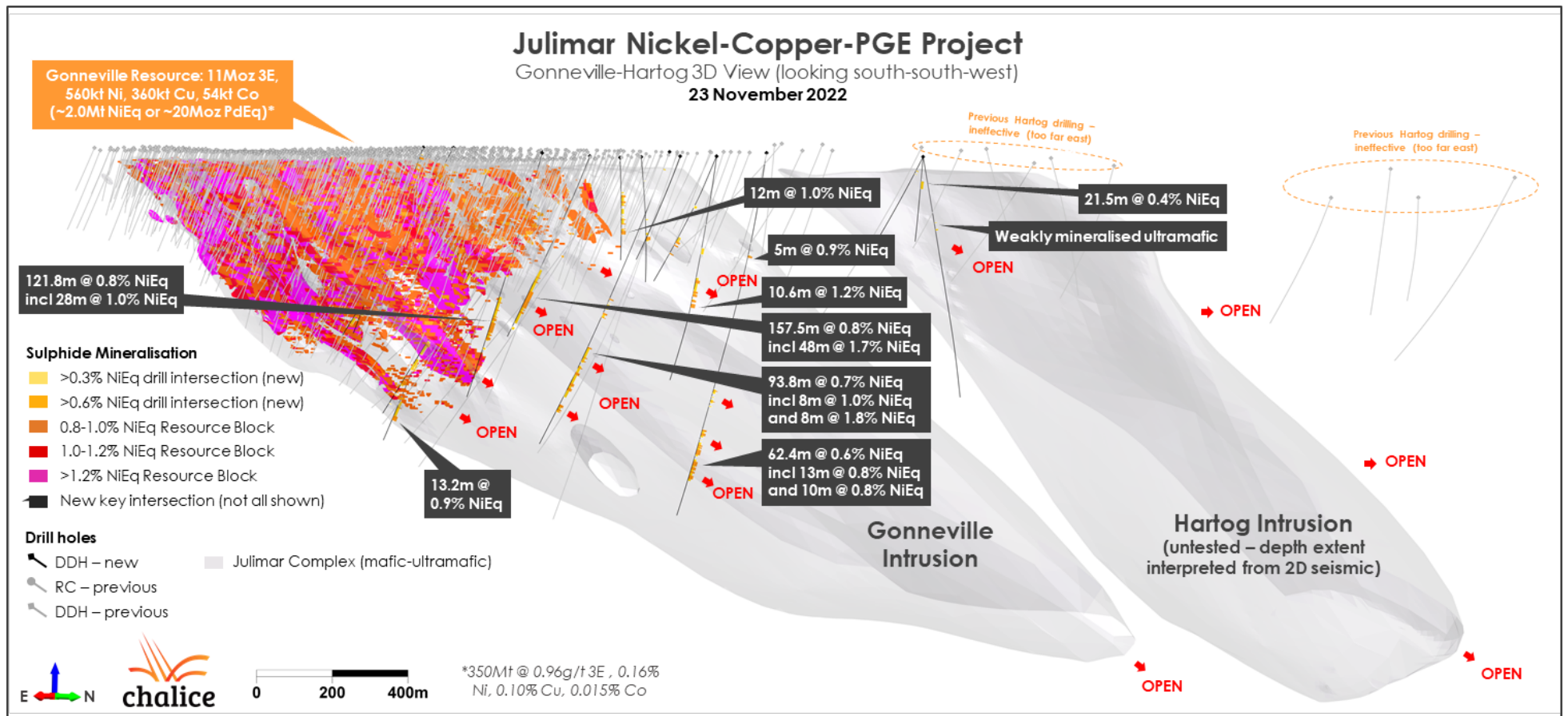


Figure 1. Gonneville and Hartog intrusions (~3.5km section of the Julimar Complex) 3D View (looking south-south-west).

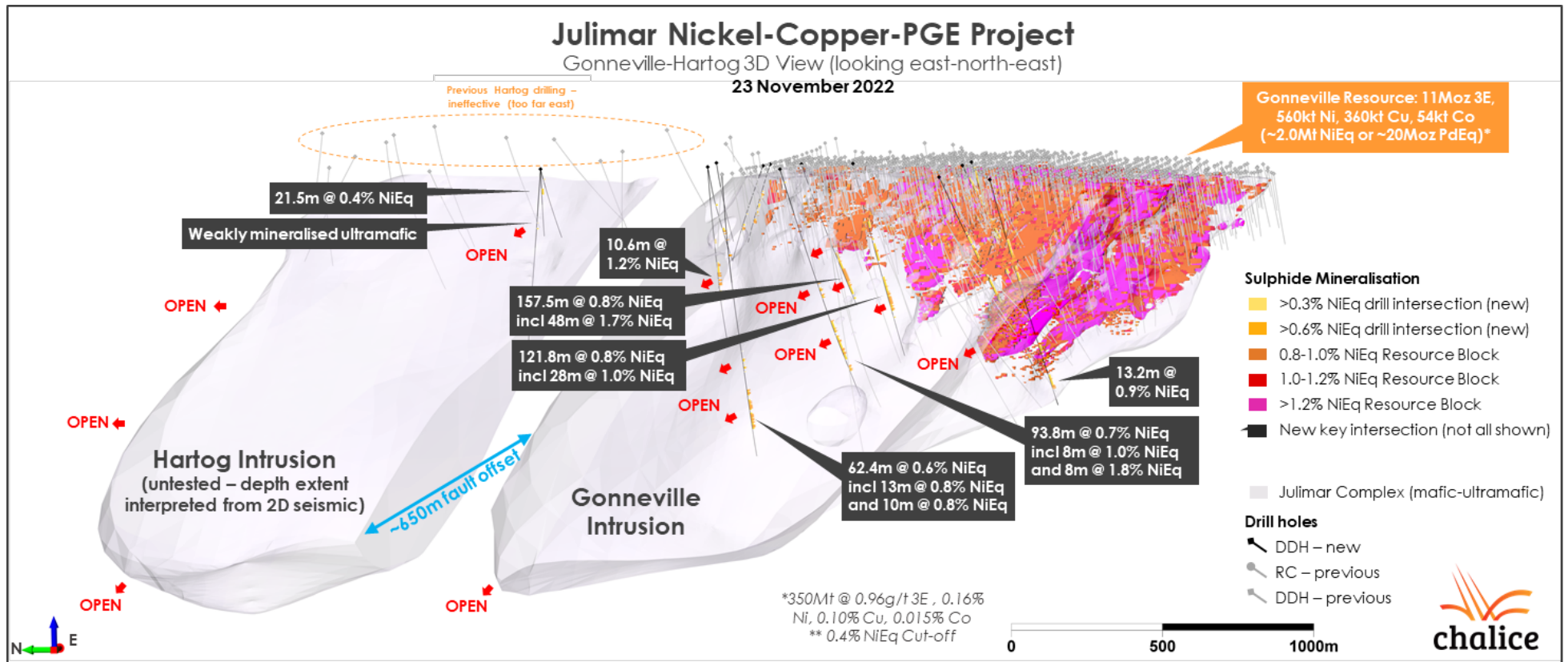


Figure 2. Gonneville and Hartog intrusions (~3.5km section of the Julimar Complex) 3D View (looking east-north-east).

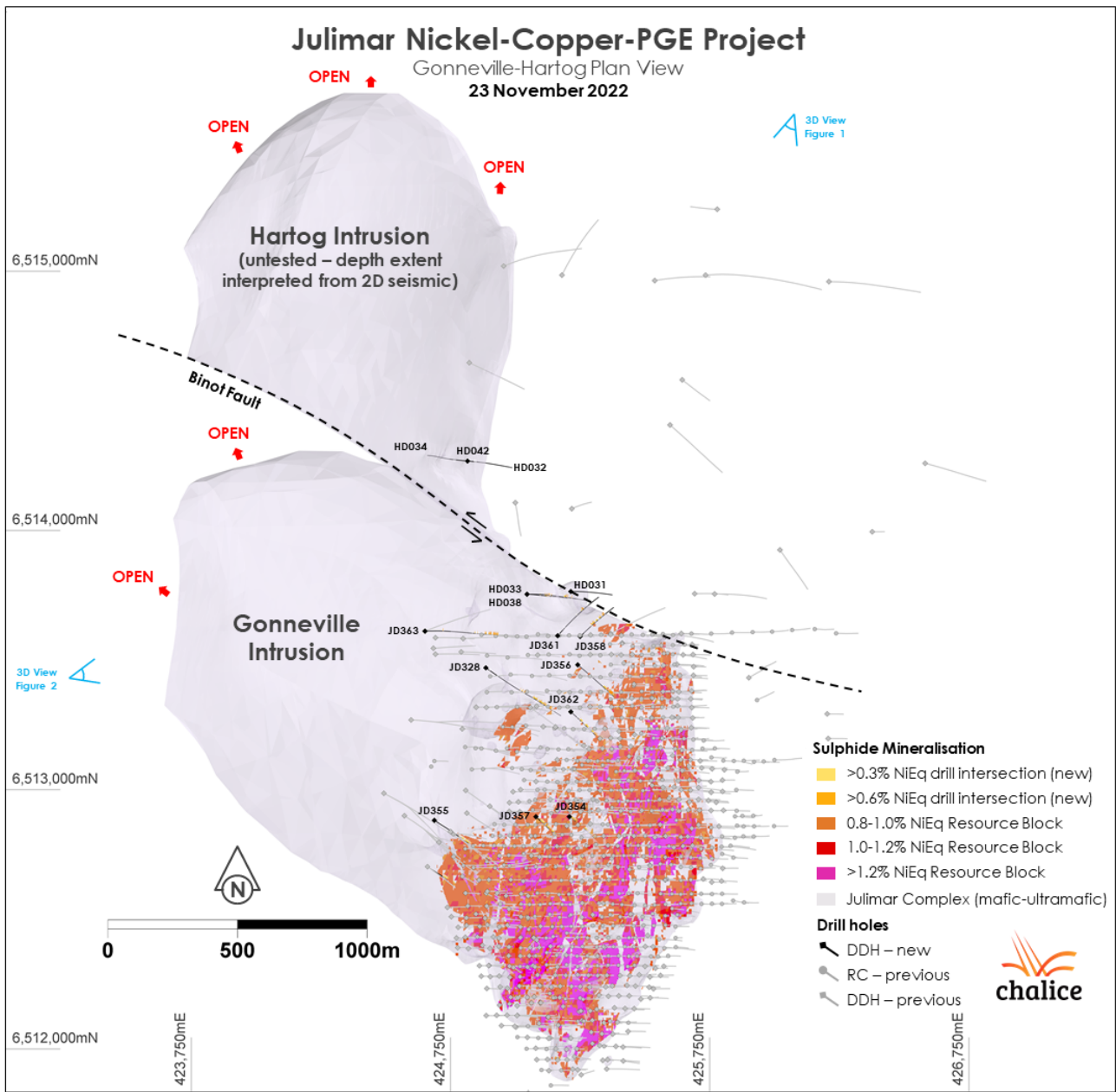


Figure 3. Gonneville-Hartog Plan View – drilling, geology outline and resource block model.

Following an important breakthrough in exploration at the project, the previously elusive northern extension of the Gonneville Intrusion has been interpreted at depth following an effective 2D seismic survey. Previous drilling in this area at the Hartog Prospect had failed to intersect the prospective mafic-ultramafic horizon, which drilling has now confirmed to be faulted ~650m to the west-north-west (Figure 2 and Figure 3).

Drilling has now commenced at the Hartog Prospect to test the new offset interpretation of the Julimar Complex to the west.

Broad-spaced drilling further along the Julimar Complex has targeted the discovery of new high-grade Ni-Cu-PGE sulphide deposits which could add considerable value to a potential mine at Gonneville.

Results to date have confirmed that the Resource, discovered in early 2020 on Chalice-owned farmland, is just a small part of the Julimar Complex. The complex is a very large mineralised system, which Chalice believes is capable of hosting multiple discrete Ni-Cu-PGE deposits, as evidenced by multiple sulphide drill intersections in wide-spaced drilling to date over ~10km of strike length (Figure 2).

Wide-spaced reconnaissance and step-out drilling is continuing at the Hooley, Dampier and Hartog Prospects. Reconnaissance drilling has intersected sulphide mineralisation in all holes drilled into the Julimar Complex to date over a strike length of ~10km.

Several wide-spaced holes drilled at the Hooley Prospect (Figure 4), located ~5km north of Gonneville, have intersected PGE-dominant sulphide mineralisation, which is considered a highly encouraging early result.

The host intrusion at Hooley has similar mafic to ultramafic geology and litho-geochemistry to Gonneville and, on this basis, it is inferred to be a continuation of the 'chonolith'-like Julimar Complex.

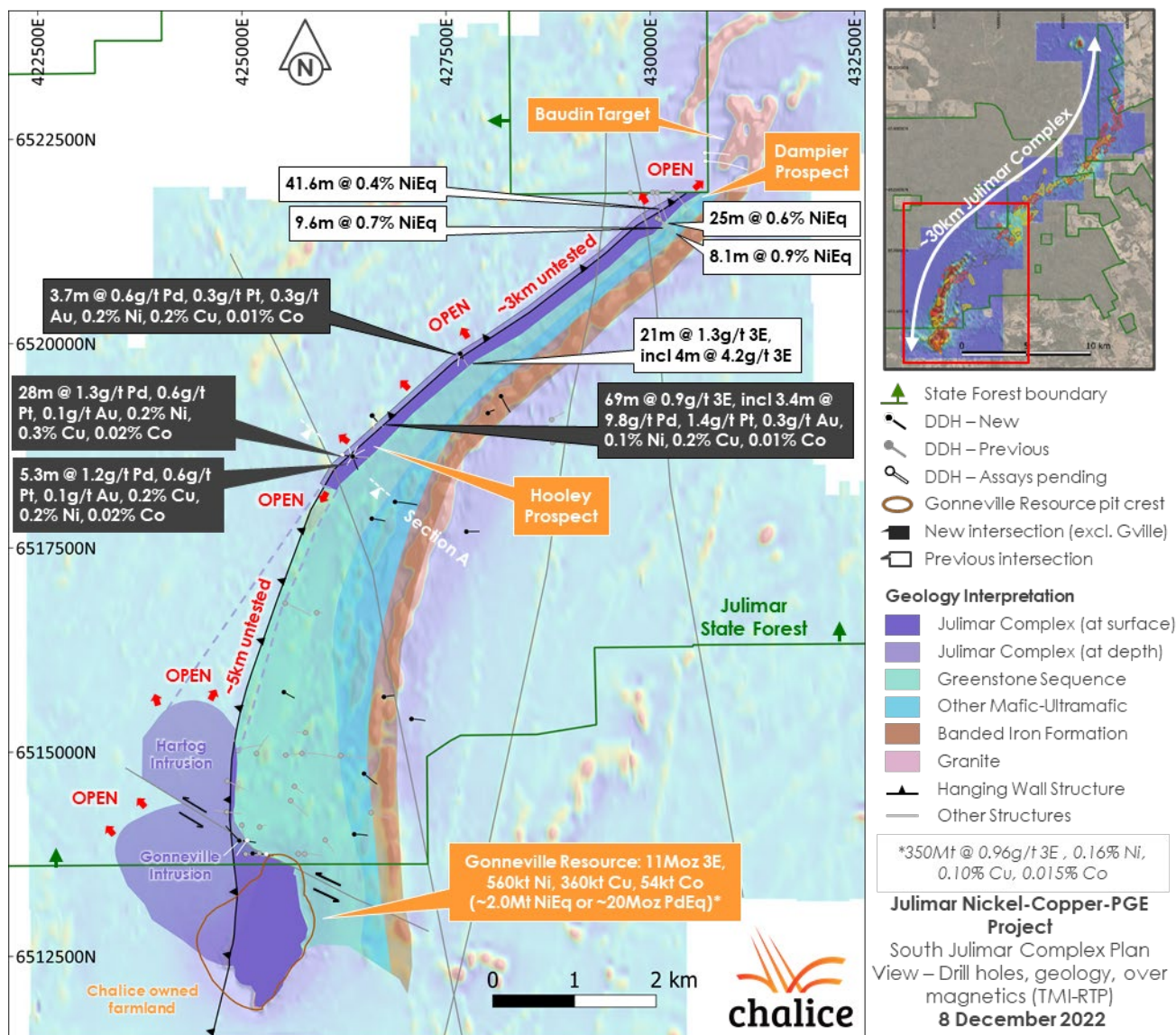


Figure 4. South Julimar Complex Plan View – drill holes, geology over airborne magnetics.

At Hooley, drill holes HD052, HD054 and HD055 were drilled from the same site, while HD050 was drilled along strike from a site ~500m to the north-east. HD047 was drilled from a site ~1.8km along strike of HD055 to the north-east.

Significant new drill intersections from these holes include:

- « **69m @ 0.9g/t 3E**, 0.1% Ni, 0.1% Cu, 0.01% Co (0.6% NiEq) from 312m (HD050), incl:
 - « 4.4m @ 0.5g/t 3E, 0.3% Ni, 0.2% Cu, 0.03% Co (0.7% NiEq) from 317m; and
 - « **3.4m @ 11.5g/t 3E**, 0.1% Ni, 0.2% Cu, 0.01% Co (**4.0% NiEq**) from 370.6m;
- « **40m @ 1.6g/t 3E**, 0.2% Ni, 0.2% Cu, 0.02% Co (0.9% NiEq) from 142m (HD055), incl:

- « 28m @ 2.1g/t 3E, 0.2% Ni, 0.3% Cu, 0.02% Co (1.1% NiEq) from 151m;
- « 14m @ 1.2g/t 3E, 0.1% Ni, 0.1% Cu, 0.01% Co (0.6% NiEq) from 224m (HD055), incl:
 - « 5.3m @ 1.9g/t 3E, 0.2% Ni, 0.2% Cu, 0.02% Co (1.0% NiEq) from 225m;
- « 12m @ 1.2g/t 3E, 0.1% Ni, 0.1% Cu, 0.01% Co (0.6% NiEq) from 283m (HD050), incl:
 - « 6m @ 1.8g/t 3E, 0.1% Ni, 0.2% Cu, 0.01% Co (0.9% NiEq) from 283m;
- « 5.7m @ 1.1g/t 3E, 0.1% Ni, 0.2% Cu, 0.01% Co (0.7% NiEq) from 255.3m (HD047), incl:
 - « 3.7m @ 1.3g/t 3E, 0.2% Ni, 0.2% Cu, 0.01% Co (0.8% NiEq) from 255.3m;
- « 4m @ 1.1g/t 3E, 0.2% Ni, 0.2% Cu, 0.02% Co (0.8% NiEq) from 144m (HD052);
- « 2.3m @ 0.8g/t 3E, 0.2% Ni, 0.3% Cu, 0.02% Co (0.7% NiEq) from 168m (HD052);
- « 3.4m @ 1.6g/t 3E, 0.2% Ni, 0.3% Cu, 0.02% Co (1.0% NiEq) from 45.6m (HD054);
- « 3m @ 0.7g/t 3E, 0.2% Ni, 0.3% Cu, 0.02% Co (0.7% NiEq) from 116m (HD054).

The PGE-dominant mineralisation at Hooley shows a similar sulphide style and geological setting to that of the Gonneville deposit, which comprises broad zones of disseminated pyrrhotite +/- chalcopyrite +/- pentlandite (1-5% vol. sulphides) with localised matrix style sulphides (<30% vol. sulphides).

Due to drill site access restrictions, several holes have been drilled from each site and therefore not all holes have been drilled orthogonal to the interpreted dip and strike of the mineralisation. The true width of the mineralised zones in these holes is unknown but is likely to be between 70-90% of the down-hole width.

While the results are considered promising, geology and mineralisation is variable between holes completed to date. Results are pending for a further 16 holes drilled at Hooley and further step-out drilling is underway.

2.1.3 Development studies

Further metallurgical testwork and a proposed Resource update have the potential to materially impact the economics of the project and, as such, the Company determined that the Scoping Study originally scheduled for release in late 2022 should be extended to allow the results from recent work to be incorporated. A revised Scoping Study completion timeline will be determined once the Resource is updated in Q1 2023.

New metallurgical testwork undertaken during the quarter, which included flotation tails leaching and staged grinding, has highlighted the potential to materially enhance overall metallurgical recoveries from the Resource. Leaching testwork has demonstrated the potential to recover material quantities of palladium, platinum and gold from the flotation tails, which requires further detailed testwork and assessment which is underway.

Palladium, platinum and, to a lesser degree, nickel and cobalt flotation recoveries also show improvement in tests grinding to 25µm, relative to the previous testwork at 38µm, which also requires more detailed assessment.

Given the unique mineralogy of the Resource, experimentation in this phase of testwork was expected to, and has delivered, opportunities as the study work progresses.

Initial mining optimisation studies have indicated that conceptual pit stages are constrained by the limit of drill data, especially at the northern end of the Resource where recent drilling assay results have been reported. Selective mining approaches (targeting higher grade zones) will require further modelling of the recently completed localised 10m spaced infill drilling, in order to better evaluate these options.

2.1.3.1 Process flowsheet design

Several processing flowsheet options are currently being investigated, with the aim of maximising metallurgical recoveries while minimising costs and risk. Utilising insights from mineralogy investigations and initial flotation test work programs, the flowsheet components considered to date include:

- « **Conventional crush/grind** using gyratory and cone crushers, Semi-Autonomous Grinding (SAG), ball and vertical grinding mills;
- « **Selective Cu-Ni flotation:** conventional sulphide sequential flotation into separate copper and nickel smelter-grade concentrates for offtake;
- « **Bulk Ni-Cu-PGE flotation:** conventional sulphide bulk flotation into a single PGE smelter-grade concentrate for offtake and/or selective regrinding and flotation of the bulk concentrate into separate copper and nickel smelter-grade concentrates for offtake; and,
- « **Enhanced Ni-Co concentrate enrichment:** conventional sulphide sequential flotation into copper smelter-grade concentrates for offtake, plus bulk flotation of a Ni-Fe-Co-PGE concentrate for processing in a hydrometallurgical concentrate enrichment process to produce a Ni-Co intermediate product for offtake, along with a Cu-PGE-Au concentrate for offtake.

Conventional sulphide sequential flotation into copper and nickel concentrates is common in Western Australia, while hydrometallurgical concentrate enrichment is an emerging approach, particularly in nickel sulphide operations. Historically, large-scale Ni-Cu-PGE sulphide deposits such as Norilsk, Jinchuan and Sudbury have warranted vertically integrated upstream (flotation) and downstream (smelting/refining) processing.

Chalice is currently progressing flowsheet options in the upstream and midstream space only, but further downstream options off-site may be investigated in future.

Due to the unique PGE-rich nature of the Gonneville sulphide deposit, a copper concentrate and nickel concentrate enrichment flowsheet is currently the preferred option (Figure 5).

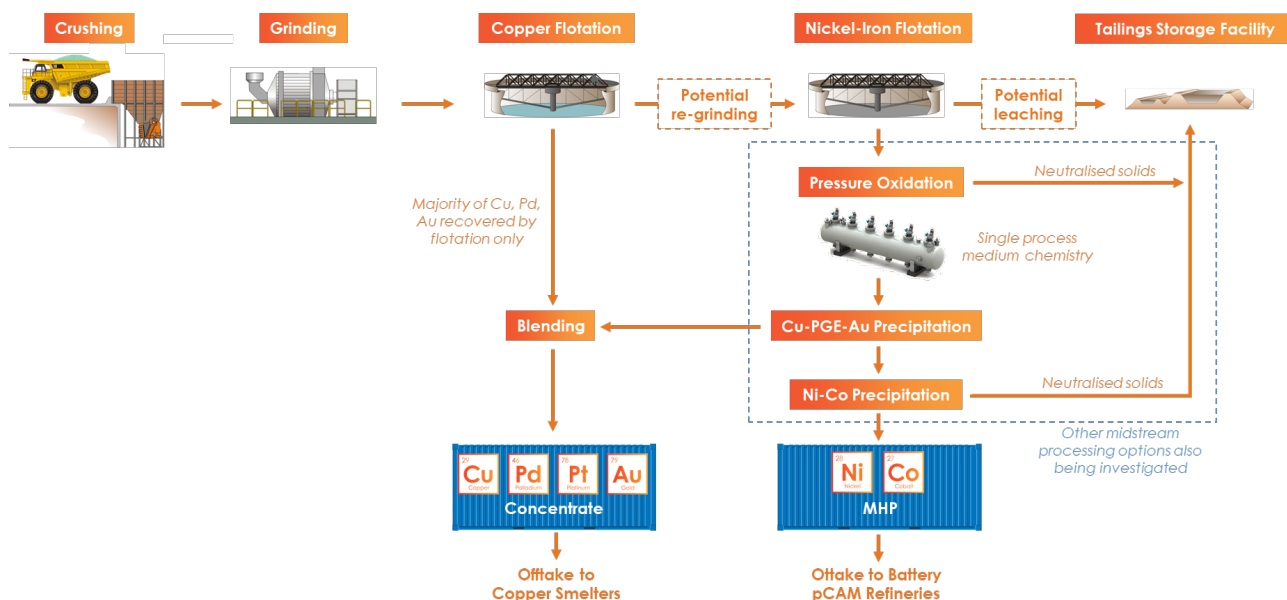


Figure 5. Proposed Julimar Processing Flowsheet (simplified)

2.1.3.2 Flotation concentration

To date, over 150 batch flotation tests and 25 locked cycle flotation tests have been used to develop preliminary flotation flowsheets and recovery algorithms for use in the mine planning process.

The testwork results indicate that production of a valuable Cu-PGE-Au concentrate indicatively grading >25% Cu and 100-150g/t 3E is readily achieved even at low copper grades, and this contains

the majority of the recovered palladium and gold. This is expected to be a highly marketable concentrate for sale to international copper smelters.

Use of a selective flotation approach to recover nickel to a marketable concentrate is readily achieved from the moderate to higher grade samples. However, the use of a hydrometallurgical process is considered a favourable option to achieve maximum recovery and payability, particularly for lower grade samples.

Work is currently exploring the production of a bulk Ni-Fe-Co-PGE concentrate for treatment using a hydrometallurgical process technology such as Pressure Oxidation (POx) to produce intermediate products such as a Mixed Hydroxide Precipitate (MHP).

Data indicates that this approach can improve recoveries of all metals and further testwork will be undertaken to explore opportunities to improve recovery and the types of mineralisation that can be viably treated.

2.1.3.3 Flotation tails leaching testwork results

Preliminary sighter tests of agitated intense leaching on nickel cleaner and rougher flotation tails at atmospheric conditions and bottle roll on locked cycle test (cycle 4) tails have demonstrated positive results, with the potential to achieve low residual Pd content in leach tails (Table 1 and Table 2). Refer to ASX Announcement on 13 December 2022 for full details.

Table 1. 24hr agitated intense leach testwork of Ni cleaner and rougher flotation tails – palladium results.

Composite	Grind size (µm)	Composite head grade (g/t Pd)	Leach tails grade (g/t Pd)
JSG1	53	3.66	0.33
JSG5	53	2.15	0.36
JSG6	38	1.27	0.14
JSG11	38	1.74	0.10
JSLoS4	38	1.90	0.09

Table 2. 48hr bottle roll leach testwork of flotation LCT tails (cycle 4) – palladium results.

Composite	Grind size (µm)	Composite head grade (g/t Pd)	Leach tails grade (g/t Pd)
JSLoS4	38	1.90	0.18
JSG4-3	38	1.58	0.14
JSDS 4	38	1.15	0.17

Further testwork is required to optimise leach conditions and results, determine metal recovery method from solution and overall recoveries of the combined flotation and leach circuit. The tests outlined above have also shown potential to recover lesser amounts of platinum and gold, in addition to palladium. The results are considered material and, as such, they will be evaluated in detail as part of the Scoping Study.

Optimisation work continues to determine grind size and reagent options. The addition of a flotation leach circuit also potentially opens up the possibility of treating the oxide and transitional mineralisation in addition to sulphide mineralisation.

2.1.3.4 Grind size testwork results

All flotation testwork to date has considered primary grind size range of 38-75µm (P80). Geo-metallurgical recovery vs grade relationships have been determined from testwork predominantly at a 38µm primary grind.

Recent testwork investigating enhanced recovery at finer grinding (<38µm) shows that there is considerable variation in the flotation tails grade across composites, although the trend shows that tails grades decrease with finer grinding (Figure 6).

The optimal grinding size to minimise flotation tails grade has yet to be determined, particularly in the case of palladium and platinum.

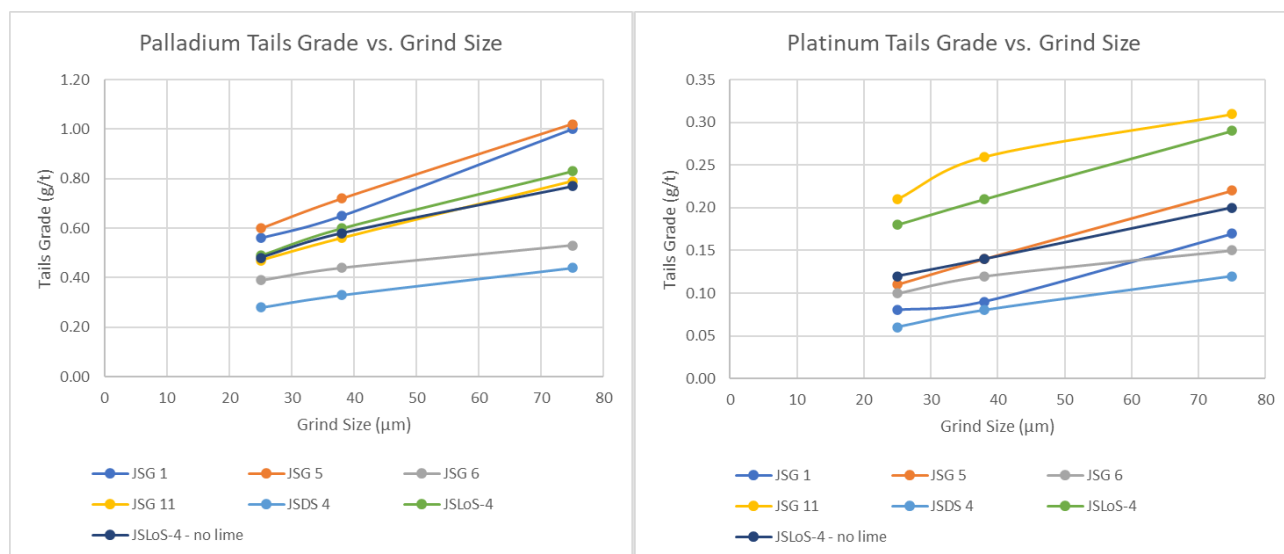


Figure 6. Palladium and platinum in flotation tails at various grind sizes (all tests to date).

It should be noted that the samples, and therefore potential improvement in recovery, may not be representative of the Gonneville Resource as a whole. Further investigation and testwork is therefore required before being incorporated into the Scoping Study.

2.1.3.5 Hydrometallurgical concentration

The current conceptual flowsheet includes a Pressure Oxidation (POx) stage on the Ni-Fe-Co-PGE concentrate. Pressure oxidation is a process whereby oxygen is injected into an autoclave (pressure vessel) along with the concentrate to produce an autogenous reaction that heats the concentrate and liberates the valuable metals into solution.

The remaining solids are separated from the cooled solution, washed, and deposited into a tailings storage facility, while the metal-rich liquid is forwarded through several treatment stages. The liquor leachate containing precious metals, nickel, cobalt and copper is then treated with a reducing agent to precipitate the copper and precious metals from solution. This is then filtered and washed to produce a saleable product.

Nickel and cobalt remain in solution, which is forwarded to a further stage where these metals are precipitated from solution by a base reagent to produce a Mixed Hydroxide Precipitate (MHP).

Results from preliminary laboratory testing of a Ni-Fe-Co-PGE concentrate from Gonneville (which contains a high proportion of nickel sulphides, and which is also accompanied by other sulphides: pyrite, chalcopyrite and pyrrhotite) resulted in excellent leach extraction for all metals.

More extensive testing will examine the flowsheet options for the bulk Ni-Fe-Co-PGE concentrate in H1 2023. Options include investigating the application of pressure oxidation, as well as emerging technologies such as glycine leaching.

2.1.3.6 Product marketing and offtake strategy

A sequential copper flotation and nickel concentrate enrichment process flowsheet is expected to produce:

- « A copper-palladium-platinum-gold concentrate, indicatively grading 20-25% Cu and 100-150g/t 3E for offtake to an international copper smelter(s); and

- « A Nickel-Cobalt Mixed Hydroxide Precipitate (using flotation and POx), assumed to be grading 40-50% Ni and 4-5% Co for offtake to an international battery precursor cathode active material (pCAM) refinery(ies).

The Cu-PGE-Au concentrate is likely to be a highly marketable concentrate for sale to smelters. There are more than 30 copper smelters worldwide that purchase concentrate feed on the open market.

Six copper smelter/refinery complexes have been identified in Asia, Europe and North America with an associated, established PGE refinery (required given the high PGE content within the concentrate). These processing complexes typically treat PGE-bearing copper concentrates along with secondary materials (such as auto catalysts) and produce a high-value PGE product, typically a palladium/platinum sponge.

It is expected that this group of specialist copper smelter/refineries will be the likely destination for the Julimar Cu-PGE-Au concentrate as they already have the necessary downstream PGE refining capacity in place and offtake arrangements with end-product customers. Payability for copper, palladium, platinum and gold-in-concentrate is expected to be excellent, although it is cautioned that no offtake agreements are currently in place.

Nickel-Cobalt MHP is an intermediate nickel product which is becoming the preferred feedstock into the lithium-ion battery and electric vehicle market, with MHP typically processed into nickel sulphate (NiSO₄) before being incorporated into Li-ion batteries with nickel cathode chemistries.

MHP currently represents a small portion of the global nickel market (<5% nickel production), however this is expected to grow to >10% by 2030¹. Global MHP production capacity is expected to almost quadruple in the next decade, with major investment currently underway to build new projects to supply the EV battery value chain.

Most of this additional supply is expected to come from new High Pressure Acid Leach (HPAL) projects in Indonesia, with investment being driven by Chinese-owned nickel & battery materials groups.

There has been increasing inbound interest in relation to potential production of MHP from Julimar given the trend of regionalisation of supply chains (e.g., the US Inflation Reduction Act). Discussion with industry participants suggests that a price premium for intermediate nickel products sourced from Australia is possible in the future for these reasons.

MHP does not require smelting or refining into nickel metal, and therefore eliminates these costs and carbon emissions.

2.2 West Yilgarn Nickel-Copper-PGE Province, WA

As a key pillar in Chalice's strategy, first-pass reconnaissance exploration activities continued at pace over Chalice's ~8,000km² land holding in the new West Yilgarn Ni-Cu-PGE province, with the majority of the area now covered, paving the way for multiple priority targets to be drilled in the coming months.

Chalice invested \$2.4M during the quarter (\$3.3M YTD) in undertaking these reconnaissance exploration activities.

An artificial intelligence driven targeting exercise is nearing completion across the entire land holding, using Julimar geochemical/geophysical 'fingerprint' to target similar parentage intrusions that may be fertile for orthomagmatic sulphide mineralisation.

This targeting exercise utilises advanced analytics and machine learning to assess the potential for orthomagmatic Ni, Cu, Co, PGE deposits within the region. Results are expected in early Q1 2023 and will assist Chalice in prioritising and potentially recognising new targets within its large tenure holding.

¹ Source: Roskill - Nickel Sulphate: Outlook to 2030

2.2.1 Julimar Regional Nickel-Copper-PGE Project, WA (90-100% owned)

Exploration activities ramped up during the quarter as access agreements allowed ground surveys to commence, including at four new early-stage targets identified through previous AEM/ground EM surveys and roadside geochemical sampling. Activities included auger soil geochemical sampling over confirmed prospective mafic-ultramafic intrusive rocks.

A 13-hole, ~3,000m RC drill program is underway to test promising ground EM conductors and coincident surface geochemical anomalies over an area of ~4km x 1.5km at the Bejoording Target (~35km NE of Gonneville).

An earn-in and JV agreement with Northam Resources was executed during the quarter over E70/5151, which adjoins Chalice's 100%-owned Julimar Regional project. Chalice has the right to earn a 51% interest in this tenement by spending \$1M within 2 years with a minimum commitment of \$0.5m in year 1. Chalice may increase its interest to 75% by spending an additional \$3M within a further two years.

Previous exploration by Northam Resources has identified AEM conductors and prospective ultramafic (serpentinite) intrusive rock-types. Chalice expects to commence on-ground exploration activities (ground EM, auger soil geochemical sampling) in early Q1 2023.

2.3 Barrabarra Nickel-Copper-PGE Project, WA (100% owned)

A 4,000 line km HeliTEM survey was completed during the quarter across selective target areas and final results are anticipated by February 2023.

A program of moving Loop EM (MLEM) was completed over four AEM anomalies identified from the Phase 1 AEM (airborne electromagnetic) survey and surface geochemical sampling has been designed to test these promising bedrock conductors.

A ~2,600 sample surface geochemical program was ~55% complete at the quarter-end, with 1,479 samples collected on ~400m x 100m stations across multiple aeromagnetic anomalies identified as potential mafic-ultramafic intrusions. Assay results are expected in Q1 2023.

2.4 South West Nickel-Copper-PGE Project, WA (Chalice earning 70%; Chalice 100% owned)

A HeliTEM airborne survey was completed over E70/5421 (Chalice earning 70%) and E70/5685 (Chalice 100%) to define potential targets for follow-up on-ground exploration. The company is awaiting a final report and modelling, both of which are due in February 2023.

A fixed-loop EM survey was completed over two Ni-Cu-PGE surface geochemical targets on the Thor trend, however no bedrock anomalies were identified. A surface geochemical program was completed during the quarter (861 samples on ~400m x 100m grid) with 733 samples collected on Venture Minerals JV tenements (E70/4837, 5067) and 128 samples on E70/5685 (Chalice 100%). Final assay results are expected in Q1 2023.

2.5 Narryer Nickel-Copper-PGE Project, WA (100% owned)

A 1,325 line km HeliTEM airborne survey was completed during the quarter and results are currently under review.

2.6 Hawkstone Nickel-Copper-Cobalt Project, WA (85-100% owned)

No activity was undertaken during the quarter. The Company continues to seek expressions of interest from third parties to acquire Chalice's interest in the project.

2.7 Auralia Nickel-Copper-PGE Project, WA (SensOre Limited earning 51%)

No activities were completed during the quarter and the planned ground gravity survey is expected to be undertaken in Q1 2023.

2.8 Nulla South (Ramelius Resources earning 75%)

No activity was undertaken during the quarter.

3. Corporate

3.1 Appointment of General Manager – Project Development

Chalice appointed highly-regarded mining executive Mr Mike Nelson to the newly created role of General Manager – Project Development, with effect from 1 February 2023. Mr Nelson will lead all aspects of the studies and development of the Julimar Project.

The appointment further strengthens the Company's senior leadership team, and Mr Nelson's expertise and global experience with major resource project developments will be critical in progressing the Julimar Project towards development. Mr Nelson is a highly experienced mining executive and project director, bringing over 30 years' experience in both operational and project technical leadership roles. He has broad international experience and has been instrumental in leading several mega-projects.

3.2 Award Recognition

During the Quarter, the Chalice team was named the winner of the Prospectors & Developers Association of Canada (PDAC) 2023 Thayer Lindsley Award.

Awarded to Dr Kevin Frost, General Manager – Discovery and Growth, and Morgan Frejabise for the Julimar discovery, this accolade recognises an individual or a team of explorationists credited with a significant mineral discovery anywhere in the world.

In December, the Chalice team were also named the winner of the 2022 Association of Mining and Exploration Companies (AMEC) Prospector Award. This esteemed award recognised joint-winners Kevin and Morgan for 'the most outstanding mineral deposit discovery within recent years'. Dr Frost was previously recognised with the same award for the Spotted Quoll nickel sulphide discovery in 2009.

3.3 Cash and investments

As of 31 December 2022, Chalice had a cash balance of ~\$97.6 million and \$4.9 million in listed investments, which predominantly comprises shares held in Caspin Resources Ltd (ASX: CPN).

3.4 Cashflow

During the quarter, operating cash flows included expenditures of \$17.8 million on exploration and evaluation activities and \$1.2 million on staff costs, administration and corporate.

Further details are available in the attached Appendix 5B.

3.5 Payments to related parties of the entity and their associates

Payments of \$300k reported in Item 6.1 of the attached Appendix 5B relate to the salary (including superannuation) paid to the Managing Director & CEO and fees (including superannuation) paid to Non-Executive Directors.

3.6 Share Capital

On 21 December 2022, 150,000 unlisted options were exercised at \$2.1919 per fully paid ordinary share.

During the quarter ended 31 December 2022, 347,222 vested 2019/2020 Performance Rights were exercised by employees. These exercises were satisfied by the transfer of 347,222 fully paid ordinary shares held by CPU Share Plans Pty Ltd as trustee for the Chalice Mining Employee Share Trust

On 24 November 2022, Alex Dorsch, Managing Director and CEO was issued 228,938 2022/2023 Performance Rights following the receipt of shareholder approval at the Company's 2022 Annual General Meeting.

On 19 December 2022, the following unlisted securities were forfeited by employees upon the cessation of employment:

- « 45,701 Retention Rights, measurement date 31 Dec 2025;
- « 69,401 2020/2021 Performance Rights, measurement date 30 June 2023;
- « 14,218 2021/2022 Performance Rights, measurement date 30 June 2024, and
- « 45,310 2022/2023 Performance Rights, measurement date 30 June 2025.

The following table provides a summary of securities on issue as at 31 December 2022:

Security Description	No.
Ordinary fully paid shares	376,447,194
Unlisted options @ \$6.7119, expiry 19 Feb 2024	150,000
2019/2020 Performance Rights, vested, expiry 30 June 2023	827,593
2020/2021 Performance Rights, measurement date 30 June 2023	1,057,394
2021/2022 Performance Rights, measurement date 30 June 2024	333,240
2022/2023 Performance Rights, measurement date 30 June 2025	892,106
Retention Rights, measurement date 31 Dec 2025	651,569

3.7 Tenement holdings

In accordance with ASX Listing Rule 5.3, please refer to Appendix A for a listing of all tenement holdings.

Authorised for release by the Board of Directors.

For further information, please visit www.challicemining.com or contact:

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JORC Compliance Statements

The Information in this report that relates to prior exploration results for the Julimar Project is extracted from the following ASX announcements:

- « “Major Northern Extension of Gonneville Intrusion Confirmed”, 19 October 2022.
- « “Outstanding Wide High-Grade Intersections Nth of Gonneville”, 23 November 2022
- « “Promising New Sulphide Mineralisation at the Hooley Prospect”, 8 December 2022.
- « “Julimar Flowsheet Development and Scoping Study Update” 13 December 2022.

The above announcements are available to view on the Company's website at www.challicemining.com. The Company confirms that it is not aware of any new information or data that materially affects the exploration results included in the relevant original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the relevant original market announcements.

The Information in this announcement that relates to Mineral Resources has been extracted from the ASX announcement titled “Updated Gonneville Mineral Resource” dated 8 July 2022. This announcement is available to view on the Company's website at www.challicemining.com.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement and that all material assumptions and technical parameters underpinning the estimates in the original release continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the relevant original market announcement. Refer to Appendix B and Appendix C for further information on the Mineral Resource Estimate and metal equivalents.

Mineral Resources Reporting Requirements

As an Australian Company with securities listed on the Australian Securities Exchange (ASX), Chalice is subject to Australian disclosure requirements and standards, including the requirements of the Corporations Act 2001 and the ASX. Investors should note that it is a requirement of the ASX listing rules that the reporting of mineral resources in Australia is in accordance with the JORC Code and that Chalice's mineral resource estimates comply with the JORC Code.

The requirements of JORC Code differ in certain material respects from the disclosure requirements of United States securities laws. The terms used in this announcement are as defined in the JORC Code. The definitions of these terms differ from the definitions of such terms for purposes of the disclosure requirements in the United States.

Mineral Resources that are not Ore Reserves do not have demonstrated economic viability. Due to lower certainty, the inclusion of Mineral Resources should not be regarded as a representation by Chalice that such amounts can necessarily be economically exploited, and investors are cautioned not to place undue reliance upon such figures. No assurances can be given that the estimates of Mineral Resources presented in this announcement will be recovered at the tonnages and grades presented, or at all.

Forward Looking Statements

This report may contain forward-looking statements and forward information, including forward looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, forward-looking statements). These forward-looking statements are made as of the date of this announcement and Chalice Mining Limited (the Company) does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to: the impact of the discovery on the Julimar Project's capital payback; the Company's strategy and objectives; the realisation of mineral resource estimates; the likelihood of further exploration success; the timing of planned exploration and study activities on the Company's projects; mineral processing strategy; access to sites for planned drilling activities; and the success of future potential mining operations and the timing of the receipt of exploration results.

In certain cases, forward-looking statements can be identified by the use of words such as, "considered", "could", "estimate", "expected", "for", "future", "indicates", "is", "likely", "may", "open", "optionality", "plan" or "planned", "points", "possible", "potential", "promising", "strategy", "will" or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Such factors may include, among others, risks related to actual results of current or planned exploration activities; whether geophysical and geochemical anomalies are related to economic mineralisation or some other feature; whether visually identified mineralisation is confirmed by laboratory assays; obtaining appropriate approvals to undertake exploration activities; metal grades being realised; metallurgical recovery rates being realised; results of planned metallurgical test work including results from other zones not tested yet, scaling up to commercial operations; changes in project parameters as plans continue to be refined; changes in exploration programs and budgets based upon the results of exploration, changes in commodity prices; economic conditions; political and social risks, accidents, labour disputes and other risks of the mining industry; delays or difficulty in obtaining governmental approvals, necessary licences, permits or financing to undertake future mining development activities; changes to the regulatory framework within which Chalice operates or may in the future; movements in the share price of investments and the timing and proceeds realised on future disposals of investments, the impact of the COVID 19 pandemic as well as those factors detailed from time to time in the Company's interim and annual financial statements, all of which are filed and available for review on the ASX at asx.com.au and OTC Markets at otcmarkets.com.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

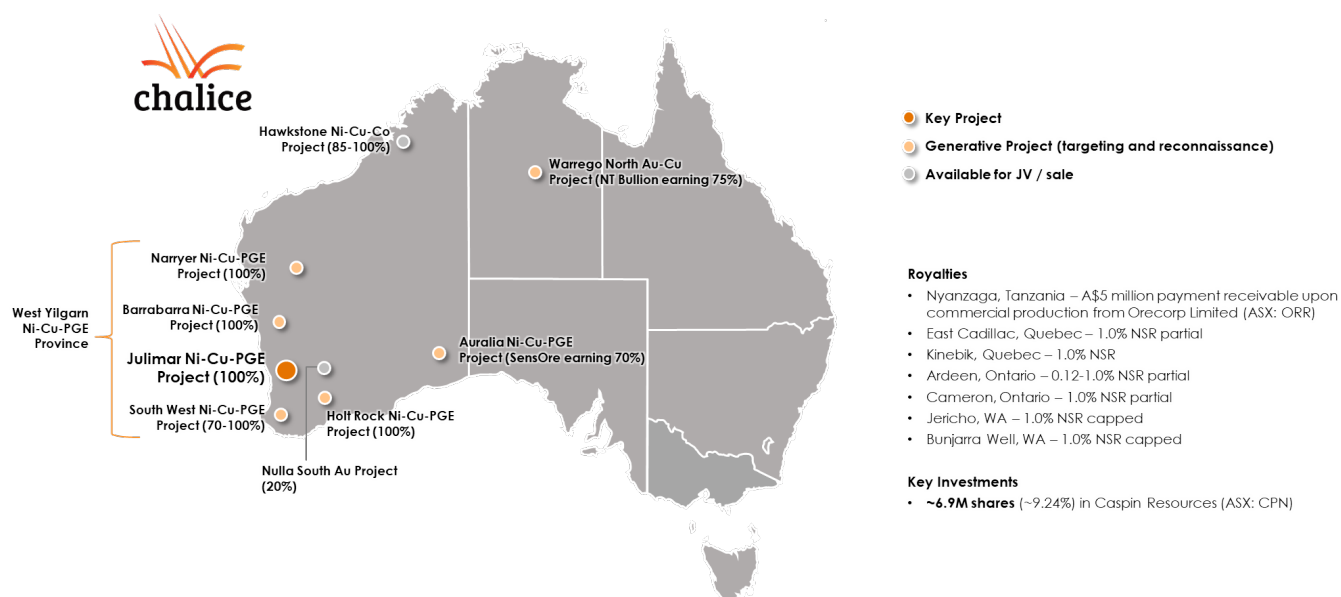


Figure 7. Chalice's project locations, royalties and investments.

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 31 December 2022.

Table 3. Listing of tenements held

Location	Project	Tenement No.	Registered Holder	Nature of interest
Western Australia	Hawkstone	E04/1169	Waterford Bay Pty Ltd	100% of the hard-rock mineral rights
		E04/2405	Waterford Bay Pty Ltd	100% of the hard-rock mineral rights
		E04/2563	Kimberley Alluvials Pty Ltd	100% of the hard-rock mineral rights
		E04/2784	CGM (WA) Pty Ltd	100%
		E04/2299	Strategic Metals Pty Ltd	0% - Earn-in agreement, right to earn up to an 85% interest
		E04/2325	Strategic Metals Pty Ltd	0% - Earn-in agreement, right to earn up to an 85% interest
	Nulla South	E77/2353 to E77/2354	CGM (WA) Pty Ltd	20% - JV with Ramelius Resources
	Julimar	E70/5118 to E70/5119	CGM (WA) Pty Ltd	100%
	Julimar (regional)	E70/5350 to E70/5354	CGM (WA) Pty Ltd	100%
		E70/5358 to E70/5361	CGM (WA) Pty Ltd	100%
		E70/5367 to E70/5369	CGM (WA) Pty Ltd	100%
		E70/5373	CGM (WA) Pty Ltd	100%
		E70/5151	Northam Resources Limited	0% - Earn-in agreement, right to earn up to an 75% interest
	Auralia	E70/5704	CGM (WA) Pty Ltd	100%
		E70/5865	CGM (WA) Pty Ltd	100%
E69/3636 to E69/3637		CGM (WA) Pty Ltd	100%	
E69/3636 to E69/3637		CGM (WA) Pty Ltd	100%	

Location	Project	Tenement No.	Registered Holder	Nature of interest
	Barrabarra	E69/3700	CGM (WA) Pty Ltd	100% - SensOre Ltd has the right to earn up to a 70% interest
		E70/5263 to E70/5264	CGM (WA) Pty Ltd	100%
		E70/5355 to E70/5356	CGM (WA) Pty Ltd	100%
		E70/5535	CGM (WA) Pty Ltd	100%
		E70/5550 to E70/5551	CGM (WA) Pty Ltd	100%
		E70/5560 to E70/5561	Koojan Exploration Pty Ltd	0% - Earn in agreement, right to earn up to an 80% interest
		E70/5624	CGM (WA) Pty Ltd	100%
		E70/5666 to E70/5667	CGM (WA) Pty Ltd	100%
		E70/5695	CGM (WA) Pty Ltd	100%
		E70/5705 to E70/5706	CGM (WA) Pty Ltd	100%
		E59/2451	CGM (WA) Pty Ltd	100%
		E59/2549	CGM (WA) Pty Ltd	100%
		South West	E70/5086	Nebula Pty Ltd
	E70/5532		Nebula Pty Ltd	100%
	E70/5685		CGM (WA) Pty Ltd	100%
	E70/6219		CGM (West Yilgarn) Pty Ltd	100%
	E70/4837		Venture Lithium Pty Ltd	51% - Earn-in agreement, right to earn up to a 70% interest
	E70/5067		Venture Lithium Pty Ltd	
	Holt Rock	E70/5536	CGM (WA) Pty Ltd	100%
		E70/5421	Venture Lithium Pty Ltd	
	Wubin	E70/5357	CGM (WA) Pty Ltd	100%
	Narryer	E09/2436	CGM (WA) Pty Ltd	100%
		E09/2446 to E09/2447	CGM (WA) Pty Ltd	100%
Northern Territory	Warrego North	EL23764	CGM (WA) Pty Ltd (51%) & Meteoric Resources NL (49%)	Earn-in agreement, right to earn up to a 70% interest
		EL31608	CGM (WA) Pty Ltd	100% - TC Resources NT Pty Ltd has the right to earn up to a 75% interest
		EL31610	CGM (WA) Pty Ltd	

Table 4. Listing of tenements acquired (directly or beneficially) during the quarter

Location	Project	Tenement No.	Registered Holder	Interest at end of Quarter
Western Australia	Hawkstone	E04/2784	CGM (WA) Pty Ltd	100%
	South West	E70/6219	CGM (West Yilgarn) Pty Ltd	100%
	Julimar (regional)	E70/5151	Northam Resources Limited	0% - Earn in agreement, right to earn up to an 75% interest
	Barrabarra	E70/5561	Koojan Exploration Pty Ltd	0% - Earn in agreement, right to earn up to an 80% interest

Table 5. Tenements relinquished, reduced or lapsed (directly or beneficially) during the quarter

Location	Project	Tenement No.	Registered Holder	Interest at end of Quarter
Western Australia	Flinders River	EPM26861	CGM (Lithium) Pty Ltd	0%
		EPM26866	CGM (Lithium) Pty Ltd	0%

Appendix B Mineral Resource Estimate – Julimar Project

Table 6. Gonville Mineral Resource Estimate (JORC Code 2012), 8 July 2022.

Domain	Cut-off Grade	Category	Mass	Grade								Contained Metal							
				(Mt)	Pd (g/t)	Pt (g/t)	Au (g/t)	Ni (%)	Cu (%)	Co (%)	NiEq (%)	PdEq (g/t)	Pd (Moz)	Pt (Moz)	Au (Moz)	Ni (kt)	Cu (kt)	Co (kt)	NiEq (kt)
Oxide	0.9g/t Pd	Indicated	8.6	1.9	-	0.06	-	-	-	-	1.9	0.52	-	0.02	-	-	-	-	0.54
		Inferred	0.4	1.9	-	0.13	-	-	-	-	2.0	0.03	-	0.00	-	-	-	-	0.03
		Subtotal	9.1	1.9	-	0.06	-	-	-	-	1.9	0.55	-	0.02	-	-	-	-	0.57
Sulphide (Transitional)	0.4% NiEq	Indicated	14	0.80	0.19	0.03	0.17	0.12	0.024	0.65	2.0	0.37	0.09	0.01	24	17	3	93	0.90
		Inferred	1.1	0.64	0.17	0.03	0.14	0.11	0.016	0.55	1.6	0.02	0.01	0	2	1	0	6	0.06
		Subtotal	15	0.79	0.19	0.03	0.16	0.12	0.023	0.65	1.9	0.39	0.09	0.01	25	18	4	99	0.96
Sulphide (Fresh)	0.4% NiEq	Indicated	220	0.73	0.16	0.03	0.16	0.10	0.016	0.59	1.8	5.1	1.1	0.20	360	230	34	1,300	12
		Inferred	110	0.71	0.15	0.03	0.16	0.11	0.015	0.58	1.7	2.4	0.52	0.10	170	110	16	610	5.9
		Subtotal	320	0.72	0.16	0.03	0.16	0.11	0.015	0.58	1.8	7.5	1.7	0.30	530	340	50	1,900	18
Underground	MSO	Indicated	0.03	1.7	0.33	0.08	0.16	0.15	0.016	0.99	3.0	0	0	0	0.1	0.1	0.0	0.3	0
		Inferred	2.9	1.8	0.40	0.06	0.27	0.21	0.021	1.2	3.7	0.17	0.04	0.01	7.6	6.0	0.6	35	0.34
		Subtotal	2.9	1.8	0.40	0.06	0.26	0.21	0.021	1.2	3.7	0.17	0.04	0.01	7.6	6.1	0.6	35	0.34
All		Indicated	240	0.78	0.16	0.03	0.16	0.10	0.015	0.57	1.8	6.0	1.2	0.22	380	240	37	1,400	14
		Inferred	110	0.74	0.16	0.03	0.16	0.11	0.015	0.59	1.8	2.6	0.57	0.11	180	120	17	650	6.3
		Total	350	0.77	0.16	0.03	0.16	0.10	0.015	0.58	1.8	8.6	1.8	0.33	560	360	54	2,000	20

Note some numerical differences may occur due to rounding to 2 significant figures.

PdEq oxide (Palladium Equivalent g/t) = Pd (g/t) + 1.27x Au (g/t)

NiEq sulphide (Nickel Equivalent %) = Ni (%) + 0.33x Pd(g/t) + 0.24x Pt(g/t) + 0.29x Au(g/t) + 0.78x Cu(%) + 3.41x Co(%)

PdEq sulphide (Palladium Equivalent g/t) = Pd (g/t) + 0.72x Pt(g/t) + 0.86x Au(g/t) + 2.99x Ni(%) + 2.33x Cu(%) + 10.18x Co(%)

MSO optimisation defined reasonable shapes that could be extracted by underground mining methods.

Includes drill holes drilled up to and including 18 March 2022.

Table 7. Higher-grade sulphide component of Gonneville Resource, 8 July 2022.

Domain	Cut-off Grade	Category	Mass	Grade								Contained Metal							
				(Mt)	Pd (g/t)	Pt (g/t)	Au (g/t)	Ni (%)	Cu (%)	Co (%)	NiEq (%)	PdEq (g/t)	Pd (Moz)	Pt (Moz)	Au (Moz)	Ni (kt)	Cu (kt)	Co (kt)	NiEq (kt)
High-grade Sulphide (Transitional)	0.6% NiEq	Indicated	4.8	1.3	0.31	0.04	0.20	0.18	0.038	0.99	3.0	0.20	0.05	0.01	10	9	2	48	0.46
		Inferred	0.2	1.1	0.26	0.06	0.18	0.18	0.019	0.82	2.4	0.01	0.00	0.00	0	0	0	2	0.02
		Subtotal	5.1	1.3	0.30	0.05	0.20	0.18	0.037	0.98	3.0	0.21	0.05	0.01	10	9	2	50	0.48
High-grade Sulphide (Fresh)	0.6% NiEq	Indicated	52	1.3	0.29	0.06	0.21	0.19	0.019	0.94	2.8	2.2	0.49	0.11	110	99	10	490	4.8
		Inferred	22	1.3	0.29	0.08	0.21	0.23	0.018	0.98	2.9	0.94	0.20	0.05	46	52	4	220	2.1
		Subtotal	74	1.3	0.29	0.07	0.21	0.20	0.019	0.95	2.9	3.1	0.69	0.16	160	150	14	710	6.9
Underground	MSO	Indicated	0.03	1.7	0.33	0.08	0.16	0.15	0.016	0.99	3.0	0	0	0	0.1	0.1	0.0	0.3	0
		Inferred	2.9	1.8	0.40	0.06	0.27	0.21	0.021	1.2	3.7	0.17	0.04	0.01	7.6	6.0	0.6	35	0.34
		Subtotal	2.9	1.8	0.40	0.06	0.26	0.21	0.021	1.2	3.7	0.17	0.04	0.01	7.6	6.1	0.6	35	0.34
All		Indicated	57	1.3	0.29	0.06	0.21	0.19	0.020	0.95	2.9	2.4	0.54	0.11	120	110	12	540	5.2
		Inferred	25	1.4	0.30	0.07	0.21	0.23	0.018	1.00	3.0	1.1	0.24	0.06	54	58	5	250	2.5
		Total	82	1.3	0.29	0.07	0.21	0.20	0.020	0.97	2.9	3.5	0.78	0.17	180	170	16	790	7.7

Note some numerical differences may occur due to rounding to 2 significant figures.

This higher-grade component is contained within the reported global Mineral Resource.

NiEq sulphide (Nickel Equivalent %) = Ni (%) + 0.33x Pd(g/t) + 0.24x Pt(g/t) + 0.29x Au(g/t) + 0.78x Cu(%) + 3.41x Co(%)

PdEq sulphide (Palladium Equivalent g/t) = Pd (g/t) + 0.72x Pt(g/t) + 0.86x Au(g/t) + 2.99x Ni(%) + 2.33x Cu(%) + 10.18x Co(%)

MSO optimisation defined reasonable shapes that could be extracted by underground mining methods.

Includes drill holes drilled up to and including 18 March 2022.

Appendix C Metal equivalents – Julimar Project

The Gonneville Mineral Resource is quoted in both nickel equivalent (NiEq) and palladium equivalent (PdEq) terms to take into account the contribution of multiple potentially payable metals. The cut-off grade for the sulphide domain was determined using NiEq in preference over PdEq, due to the assumed requirement for sulphide flotation to recover the metals.

PdEq is quoted given the relative importance of palladium by value at the assumed prices. Separate metal equivalent calculations are used for the oxide and transitional/sulphide zones to take into account the differing metallurgical recoveries in each zone.

Oxide Domain

Initial metallurgical testwork indicates that only palladium and gold are likely to be recovered in the oxide domain, therefore no NiEq grade has been quoted for the oxide. The PdEq grade for the oxide has been calculated using the formula:

$$\text{PdEq oxide (g/t)} = \text{Pd (g/t)} + 1.27 \times \text{Au (g/t)}.$$

- « Metal recoveries based on limited metallurgical test work completed to date:
 - « Pd – 75%, Au – 95%.
- « Metal prices used are consistent with those used in the pit optimisation (refer to section below):
 - « US\$1,800/oz Pd, US\$1,800/oz Au

Transitional and Fresh Sulphide Domains

Based on metallurgical testwork completed to date for the sulphide domain, it is the Company's opinion that all the quoted elements included in metal equivalent calculations (palladium, platinum, gold, nickel, copper and cobalt) have a reasonable potential of being recovered and sold.

Only limited samples have been collected from the transitional zone due to its relatively small volume. Therefore, the metallurgical recovery of all metals in this domain are unknown. However, given the relatively small proportion of the transition zone in the Mineral Resource, the impact on the metal equivalent calculation is not considered to be material.

Metal equivalents for the transitional and sulphide domains are calculated according to the formula below:

- « $\text{NiEq (\%)} = \text{Ni (\%)} + 0.33 \times \text{Pd (g/t)} + 0.24 \times \text{Pt (g/t)} + 0.29 \times \text{Au (g/t)} + 0.78 \times \text{Cu (\%)} + 3.41 \times \text{Co (\%)};$
- « $\text{PdEq (g/t)} = \text{Pd (g/t)} + 0.72 \times \text{Pt (g/t)} + 0.86 \times \text{Au (g/t)} + 2.99 \times \text{Ni (\%)} + 2.33 \times \text{Cu (\%)} + 10.18 \times \text{Co (\%)}.$

Metal recoveries used in the metal equivalent calculations are based on rounded average Resource grades for the higher-grade sulphide domain (>0.6% NiEq cut-off):

- « Pd – 70%, Pt – 70%, Au – 60%, Ni – 55%, Cu – 90%, Co – 55%.

Metal prices used are consistent with those used in the Whittle pit optimisation (based on P20-30 long term analyst estimates):

- « US\$1,800/oz Pd, US\$1,300/oz Pt, US\$1,800/oz Au, US\$22,000/t Ni, US\$10,500/t Cu and US\$75,000/t Co.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Chalice Mining Limited

ABN

47 116 648 956

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	19	85
1.2 Payments for		
(a) exploration & evaluation	(17,812)	(33,508)
(b) development	-	-
(c) production	-	-
(d) staff costs	(968)	(1,856)
(e) administration and corporate costs	(264)	(941)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	816	1,254
1.5 Interest and other costs of finance paid	(55)	(85)
1.6 Income taxes (paid)/received	-	-
1.7 Government grants and tax incentives	327	600
1.8 Other (provide details if material)	(3)	281
1.9 Net cash from / (used in) operating activities	(17,940)	(34,170)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(80)	(104)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	51
2.6	Net cash from / (used in) investing activities	(80)	(53)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	329	329
3.4	Transaction costs related to issues of equity securities or convertible debt securities	3	(29)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(92)	(151)
3.10	Net cash from / (used in) financing activities	240	149

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	115,417	131,712
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(17,940)	(34,170)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(80)	(53)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	240	149

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(4)	(5)
4.6	Cash and cash equivalents at end of period	97,633	97,633

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,713	15,302
5.2	Call deposits	95,920	100,115
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	97,633	115,417

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	300
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(17,940)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(17,940)
8.4 Cash and cash equivalents at quarter end (item 4.6)	97,633
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	97,633
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.44
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Not applicable	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Not applicable	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Not applicable	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date:31 January 2023.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.