

28 July 2021

June 2021 Quarterly Activities Report

Gonneville continues to take shape as a world-class, strategic deposit of critical minerals, as indications of prospectivity grow along ~26km long Julimar Complex

Highlights

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

- « ~125,000m of drilling completed to date at the ~1.8km x 0.9km **Gonneville Intrusion**.
- « Step-out drilling has further **extended the high-grade G1-5 and G8-10** zones along strike; all high-grade zones **remain open**.
- « Infill drilling across **multiple high-grade zones** continues to support the geological model and continuity of the mineralised zones.
- « **Maiden Mineral Resource Estimate** for Gonneville anticipated in **Q4 2021**, with drill spacing targeted at maximising resources in the indicated category.
- « Ground gravity data indicates the presence of a **largely continuous gravity high extending along the >26km long Julimar Complex**, largely coincident with the magnetic high.
- « Several **extensive Ni-Cu+/-Pd soil anomalies** identified associated with gravity highs and, in some cases, coincident with airborne EM anomalies at the Baudin, Jansz and new Drummond targets.
- « State Forest access being progressed, with initial drilling at Hartog targeted to commence in **late Q3 2021**, subject to approvals.
- « Additional private property acquired surrounding Gonneville, taking the total Chalice-owned freehold land to **~21km²**.

Proposed Gold Demerger and IPO

- « Latest round of drilling at the **Pyramid Hill Gold Project** in Victoria has delivered exciting results, confirming the **belt-scale potential** of the project in the prolific **Bendigo Zone**.
- « Chalice intends to pursue a **demerger and IPO** of Pyramid Hill and its other gold projects in **Q4 2021**, subject to finalising the transaction structure and obtaining all necessary shareholder and regulatory approvals.

Corporate

- « Strategy and work program developed for FY22 – Gonneville studies to be advanced as quickly as possible, in parallel with initial exploration along the Julimar Complex and across the new West Yilgarn Ni-Cu-PGE Province.
- « Chalice remains in a strong financial position with **~\$100 million** in cash as of 30 June 2021.

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1. Environment, Social and Governance

There were no significant environmental incidents or lost-time injuries (LTI) during the quarter. Chalice completed a company-wide review of its critical health and safety risks and controls, given the significant increase in activities.

Chalice's stakeholder engagement on the Julimar Project continued, with a local government site visit and several State Government briefings completed during the quarter. The Company continues to prioritise local procurement options and has committed to several local community initiatives.

2. Exploration and Development Activities

2.1 Julimar Nickel-Copper-PGE Project, WA

The 100%-owned Julimar Nickel-Copper-PGE Project is located ~70km north-east of Perth in Western Australia. The Project was staked in early 2018 as part of Chalice's global search for high-potential nickel sulphide exploration opportunities.

Chalice interpreted the possible presence of a mafic-ultramafic layered intrusive complex at Julimar based on high-resolution regional magnetics (the Julimar Complex). An initial RC drill program commenced in Q1 2020 at the southern end of the Complex on private farmland and resulted in the discovery of high-grade PGE-nickel-copper-cobalt-gold mineralisation.

The significant discovery (named Gonneville) established the new West Yilgarn Ni-Cu-PGE Province in Western Australia, which is interpreted to extend for ~1,200km along the western margin of the Yilgarn Craton.

The Julimar Complex is interpreted to be >26km long and is still largely undrilled, as such the project is considered highly prospective for further orthomagmatic nickel, copper and platinum group element (PGE) discoveries.

Drilling to date at Gonneville has established that the ~1.8km x 0.9km Intrusion on private farmland hosts at least 11 shallow, wide zones of high-grade PGE-Ni-Cu-Co+/-Au sulphide mineralisation in fresh rock, a substantial PGE-rich oxide zone, as well as widespread zones of PGE-dominant mineralisation associated with disseminated sulphides. The Gonneville Intrusion remains open to the north and has been confirmed to extend beyond a depth of ~800m (open at depth).

2.1.1 Overview of activities

A 160,000m resource definition drill program continued on private farmland during the quarter at the Gonneville Intrusion, to test the extent of the mineralised system and to define a maiden Mineral Resource Estimate (MRE).

Drilling is being completed on a nominal 40m x 40m spaced grid within an indicative pit shell, in order to maximise classification of resources in the Indicated category to a depth of ~220m below surface, and to define a combination of Indicated and Inferred category resources below ~220m. The maiden MRE is anticipated to be released in Q4 2021.

The following activities were completed at the project during the quarter:

- « 111 RC holes for 27,300m – step-out drilling continued on an initial 80m x 40m spaced grid over the northern part of the Gonneville Intrusion and infill drilling continued on a nominal 40m x 40m spacing over the high-grade G1-G11 zones.
- « 80 diamond holes (including diamond tails on RC pre-collars) for 20,700m – step-out drilling continued testing the extent of the high-grade zones along strike and down-dip and infill drilling commenced on selected locations on a nominal 40m x 40m spacing.

- « Assay results were reported for 17 diamond holes and 58 RC holes and assay results remain pending for a further 135 completed drill holes.
- « Indicative grade-tonnage and pit shell optimisation modelling is continuing, allowing the resource modelling approach to be refined and the drilling footprint to be constrained.
- « Detailed mineralogy and lithogeochemical analysis which has indicated the presence of several distinct geological domains. The recognition of these domains has significantly improved the understanding of the controls on the distribution of mineralisation and overall genesis of the Gonneville Intrusion.
- « The Phase 2 metallurgical testwork program continued, which included locked cycle sequential flotation testwork on composite metallurgical samples from various mineralised zones within the Gonneville Intrusion (G1-G6 zones). Leaching testwork also continued on oxide mineralisation samples. Testwork to determine comminution material properties commenced.
- « Reconnaissance soil sampling and ground gravity surveys were completed in the northern part of the ~26km long Julimar Complex, over the Baudin-Jansz-Drummond Targets.
- « Flora and fauna baseline surveys were completed over a ~2,000ha area in the southern part of the Julimar Complex, including the Hartog and Baudin Targets. Survey results were consistent with the previous understanding of flora and fauna in the area, with no new species of significance or habitats identified.
- « A second Conservation Management Plan (CMP) was submitted to the Department of Biodiversity, Conservation and Attractions. The 2nd CMP covers initial low-impact drilling activities at the Hartog and Baudin Targets within the Julimar State Forest.

2.1.2 Gonneville resource definition drilling

Infill drilling on a 40m x 40m spaced grid targeted high-grade zones at the southern end of the ~1.8km x 0.9km Gonneville Intrusion. Drilling continues to confirm the geological interpretation of multiple stacked high-grade mineralised zones (>1g/t Pd cut-off), oriented in a north-north-east strike and with a moderate west-north-west dip (**Figure 1**).

Significant new high-grade drill intersections (>1g/t Pd cut-off grade) from infill drilling completed during the quarter include:

- « **13.4m @ 6.3g/t Pd, 1.1g/t Pt, 1.3% Ni**, 0.7% Cu, 0.07% Co from 405.7m (JD032) – G1 & G2);
- « **45m @ 1.7g/t Pd**, 0.6g/t Pt, 0.2g/t Au, 0.1% Ni, 0.1% Cu, 0.01% Co from 216m (JD035) – G4;
- « **12m @ 2.5g/t Pd**, 0.6g/t Pt, 0.3g/t Au, 0.2% Ni, 0.2% Cu, 0.02% Co from 294m (JRC229D) – G4;
- « **14m @ 4.2g/t Pd, 1.1g/t Pt**, 0.2g/t Au, 0.5% Ni, 0.8% Cu, 0.03% Co from 85m (JRC228) – G11;
- « **7.1m @ 7.7g/t Pd, 1.4g/t Pt**, 0.4g/t Au, 0.2% Ni, 0.1% Cu from 66.9m (JD045) – G11;
- « **4m @ 11.7g/t Pd, 2.7g/t Pt**, 0.2g/t Au, 0.5% Ni, 0.2% Cu, 0.04% Co from 36m (JD046) – G11;
- « **5m @ 4.6g/t Pd**, 0.8g/t Pt, 0.3g/t Au, 0.6% Ni, **2.2% Cu**, 0.05% Co from 165m (JRC235) – G11;
- « **10m @ 2.0g/t Pd**, 0.5g/t Pt, **0.7g/t Au**, 0.1% Ni, **1.1% Cu**, 0.01% Co from 206m (JRC229D) – G11;
- « **8m @ 4.6g/t Pd**, 0.7g/t Pt, 0.2g/t Au, 0.4% Ni, 0.1% Cu, 0.04% Co from 195m (JRC229D) – G11;
- « **4m @ 9.1g/t Pd**, 0.2g/t Pt, 0.1g/t Au, 0.1% Ni, 0.01% Co from 103m (JRC228) – G11;
- « **13m @ 4.7g/t Pd, 1.0g/t Pt**, 0.4g/t Au, 0.2% Ni, **2.2% Cu**, 0.02% Co from 144m (JRC163) – G11;
- « **12m @ 2.6g/t Pd, 1.4g/t Pt, 0.8g/t Au**, 0.2% Ni, **0.9% Cu**, 0.01% Co from 138m (JD035) – G11; and,
- « **5m @ 2.5g/t Pd**, 0.9g/t Pt, 0.1g/t Au, 0.2% Ni, 0.2% Cu, 0.02% Co from 67m (JRC148) – new zone.

Limited step-out drilling was completed during the quarter, which was focused predominantly on extending the G1-G5 and G8-G10 zones to the north. Results indicate that the G1, G2 and G5 zones potentially merge into a single high-grade zone which remains open to the north and down-dip (**Figure 2**). Significant new step-out results include:

- « **7m @ 3.8g/t Pd**, 0.8g/t Pt, 0g/t Au, **0.8% Ni**, 0.1% Cu, 0.08% Co from 189m (JRC248) – G5
- « **5m @ 2.4g/t Pd**, 0.9g/t Pt, **1.2% Ni**, 0.3% Cu, 0.08% Co from 44m (JRC244) – G3
- « **15m @ 1.5g/t Pd**, 0.4g/t Pt, 0.3% Ni, 0.1% Cu, 0.03% Co from 198m (JRC243) – G10

Detailed drilling and litho-geochemical analysis have further enhanced the Company's technical understanding of the Gonneville Intrusion, defining five macro geological domains within the intrusion (Figure 1). Each of these domains is modelled as having the same dip and plunge as the overall intrusive complex.

Significant shallow, high-grade Pd-Pt-Au mineralisation also continues to be intersected in the oxide zone above the high-grade G1-G11 zones.

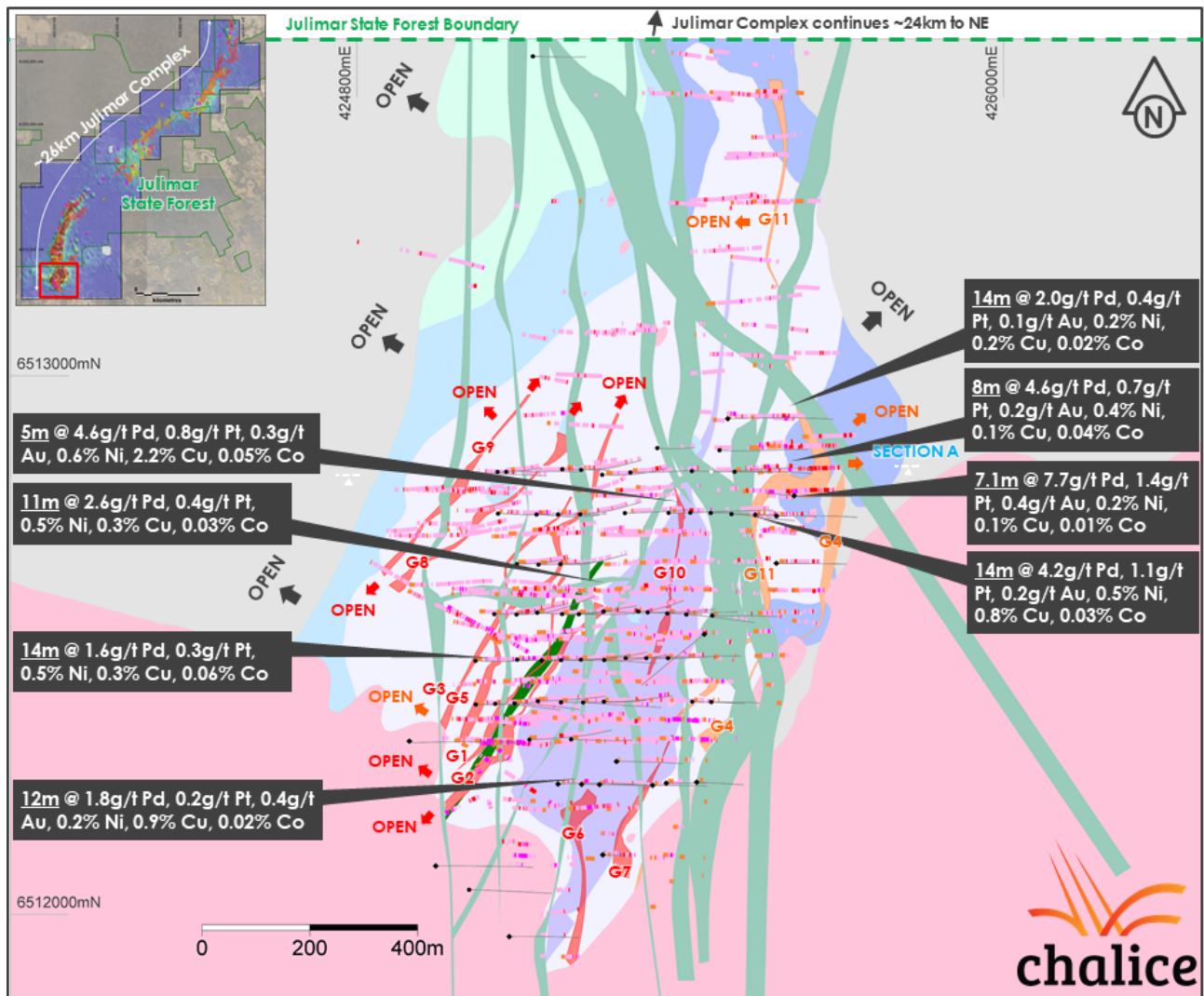


Figure 1. Gonneville Intrusion Plan View – key new drill results and high-grade G1-G11 zone outlines over interpreted geology at 160m RL (~80m below surface).

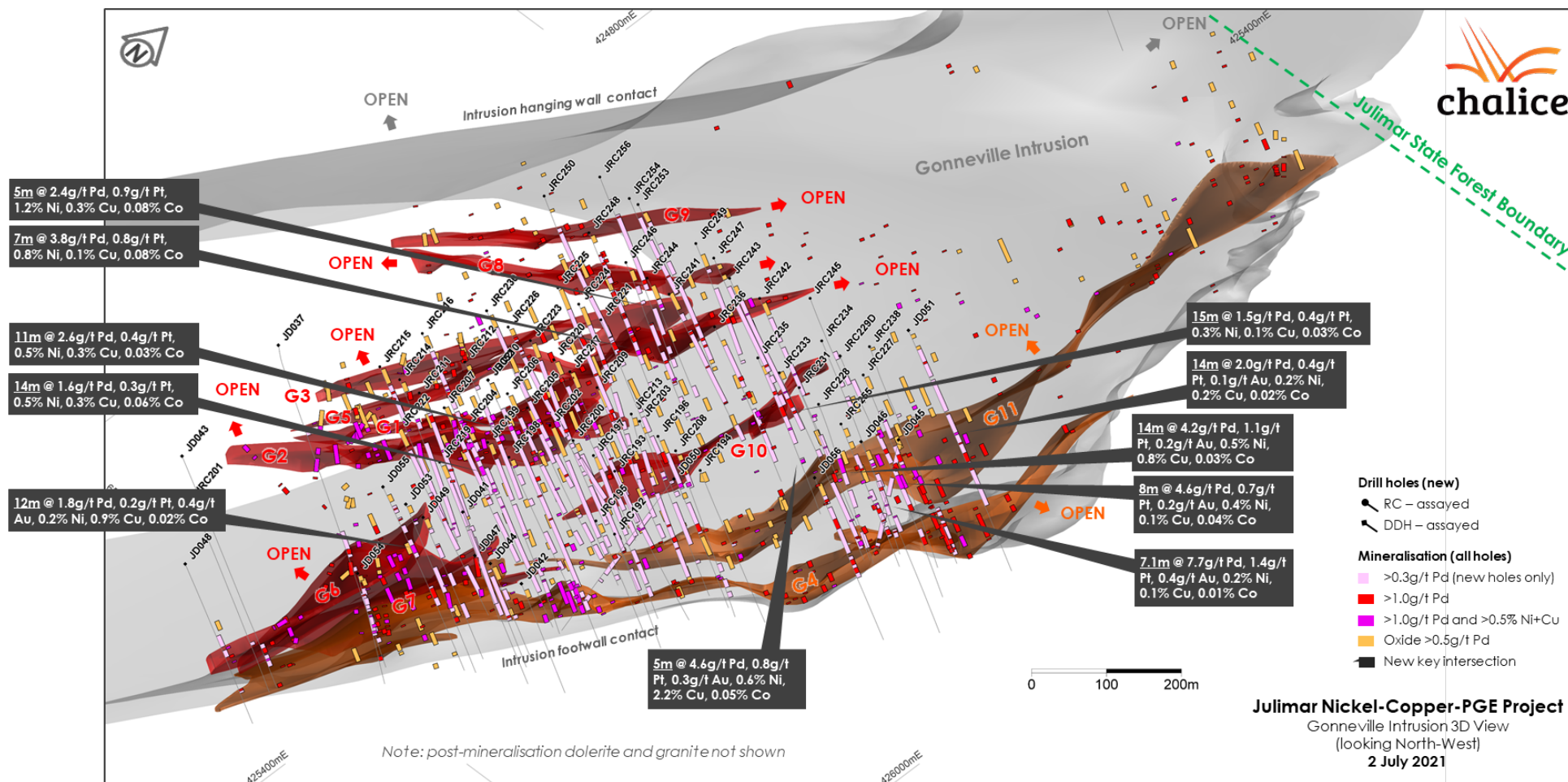


Figure 2. Gonneville Intrusion 3D View (looking north-west) – key new drill results and high-grade zones.

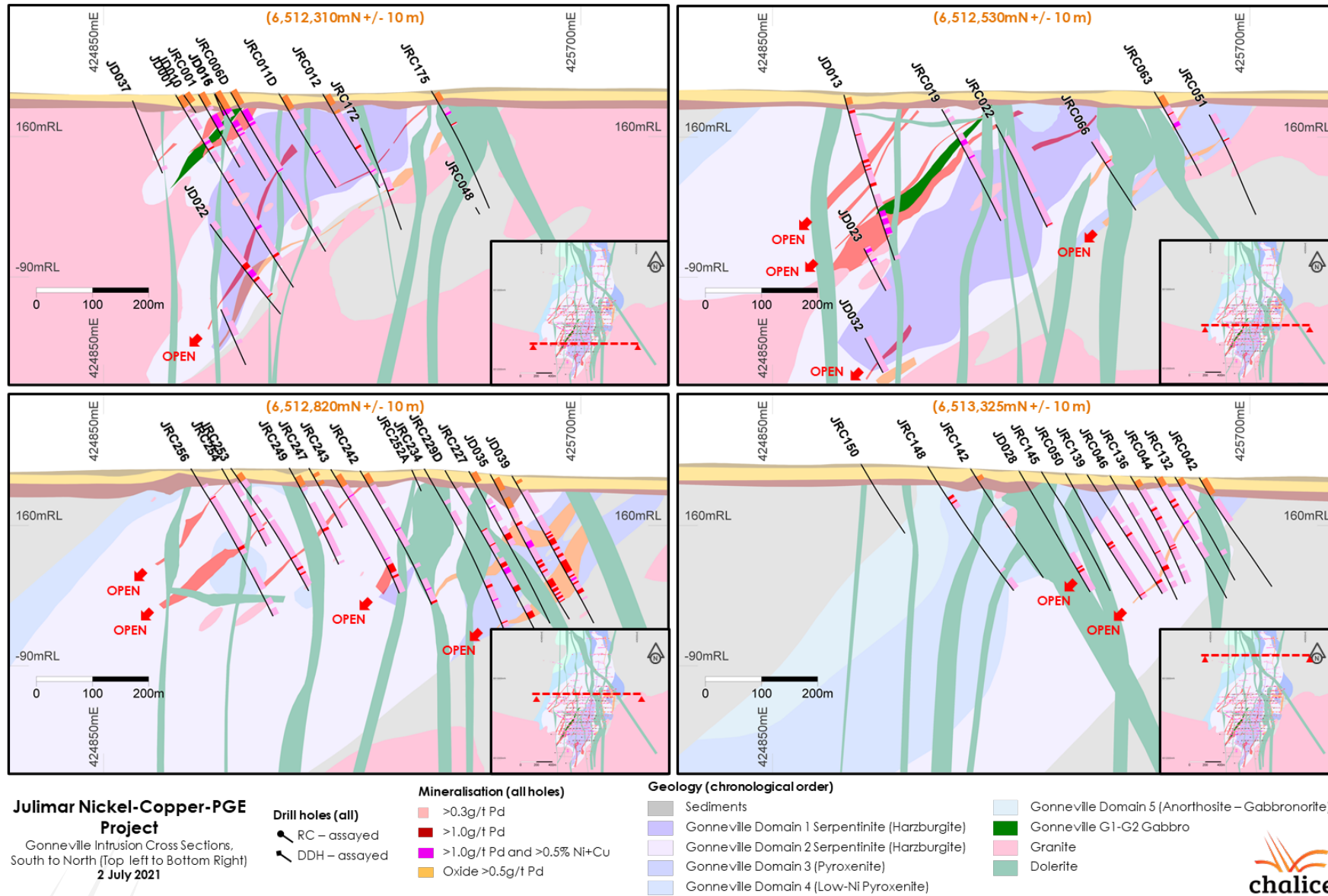


Figure 3. Gonneville Intrusion Cross Sections

2.1.3 Julimar Complex reconnaissance exploration

Ground gravity surveying and soil geochemical sampling on a 200-400m spaced grid has now been completed over the entire interpreted ~26km strike length of the Julimar Complex within Chalice's granted Exploration Licences.

The gravity data acquired is considered to be of very high quality and has delineated a largely continuous gravity high, which is concordant with the strong magnetic high over the Julimar Complex (Figure 4). The district-scale gravity high is interpreted to be associated with mafic or ultramafic geology, which confirms the current interpretation that the ~1.8km long Gonneville Intrusion is part of the near continuous ~26km long mafic-ultramafic Julimar Complex.

The Hartog and Drummond targets, located respectively towards the southern and northern end of the Complex, show the strongest gravity highs – which is interpreted to indicate the presence of larger volumes of mafic/ultramafic rock-types at depth. This type of response could be associated with feeder zones within the Complex, making these areas high priority drill targets.

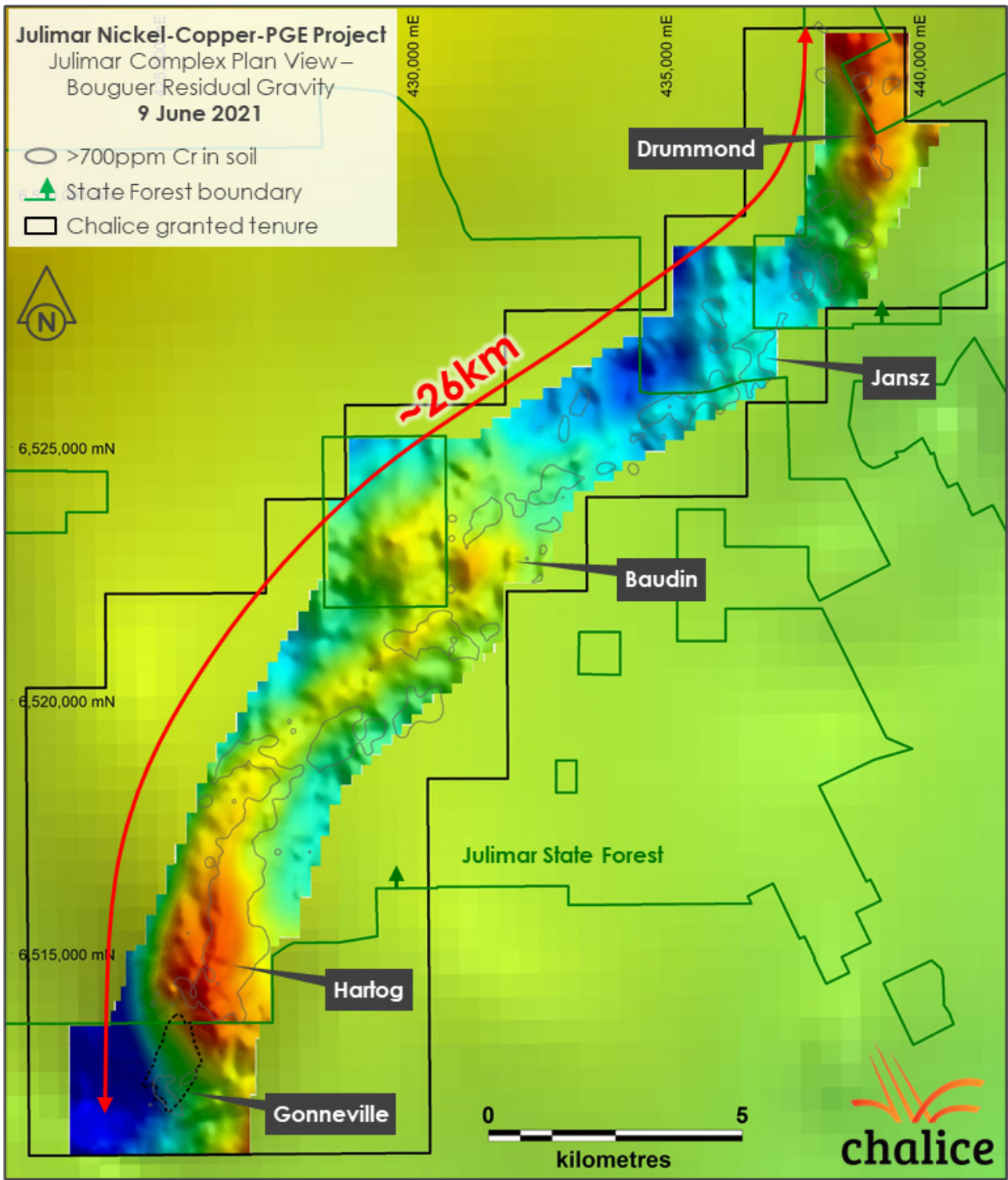


Figure 4. Julimar Complex Plan View – Bouguer residual gravity image and >700ppm Cr in soil contour over regional bouguer gravity.

Surface soil sampling over the Julimar Complex was also completed as a first-pass screening technique to assess and prioritise targets. Numerous new low-level nickel and copper +/- palladium soil anomalies have been defined along the Complex, which are comparable to the initial anomalies delineated along an east-west traverse across Gonneville before its discovery (Figure 5).

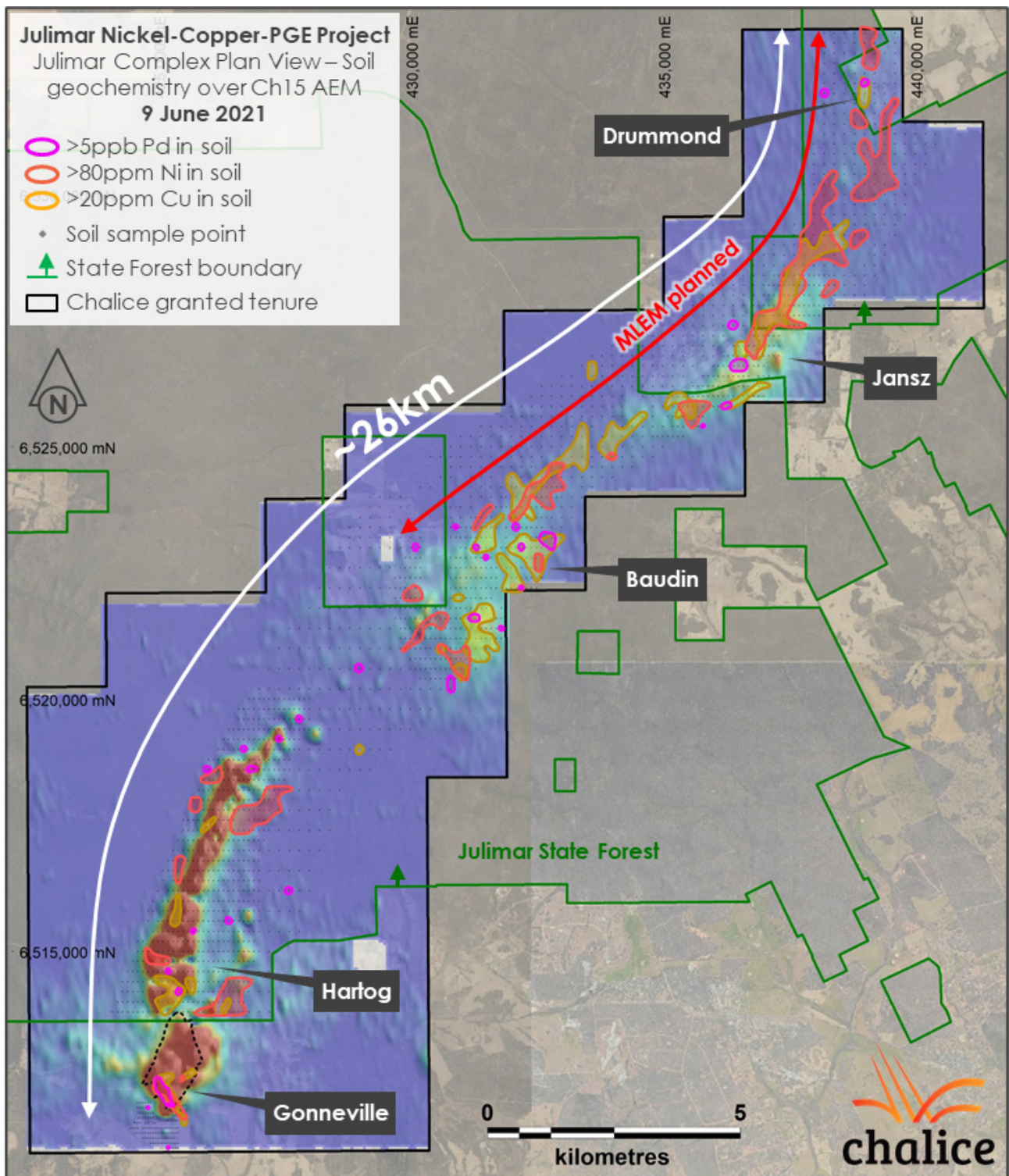


Figure 5. Julimar Complex Plan View – palladium, nickel and copper soil geochemistry results over Airborne EM (flown in September 2020).

Approval is being sought from the relevant Western Australian State Government departments to allow first-pass drill testing of the Hartog and Baudin Targets within the Julimar State Forest. This initial phase of drilling will be completed with small, track-mounted diamond drill rigs to minimise ground disturbance and eliminate the need for mechanical clearing of vegetation.

2.1.4 Private property acquisitions

During the quarter, Chalice acquired one additional private property surrounding Gonneville for a cash consideration of \$4.5 million, which settled in July 2021.

With this acquisition, Chalice has now acquired a combined total of ~2,146 hectares (~21km²) of private land at the southern end of the Julimar Project, covering all the current known mineralisation at the Gonneville Intrusion.

2.1.5 Forward plan

Chalice's Julimar Project strategy is to concurrently advance studies for an initial development at Gonneville and to define the full extent of mineralisation along the ~26km long Julimar Complex.

Ongoing and planned activities at Julimar include:

- « **Resource definition drilling (Gonneville)** – RC/diamond drilling on a nominal 40m x 40m spaced grid is expected to continue until ~Q1 2022, subject to results. The Company anticipates that its maiden Mineral Resource Estimate will be released in Q4 2021. Several deep geological holes are planned in the current quarter to test the down-plunge extension of the high-grade zones towards the north-west.
- « **Geotechnical, metallurgical, hydrogeological and infrastructure drilling (Gonneville)** – AC/RC/diamond drilling to support studies for Gonneville will commence progressively following the resource definition drill program in ~Q1 2022.
- « **Metallurgical testwork (Gonneville)** – Phase 2 sequential flotation tests on high-grade sulphide composites are expected to be completed in the next quarter. Bulk flotation tests on disseminated sulphide composites and testwork to determine comminution properties of several composites has also commenced. Initial waste rock characterisation testwork continues.
- « **Studies (Gonneville)** – Consultant proposals have been invited to support studies for the project, which will assess development scenarios for the Gonneville deposit. The Company anticipates that a Scoping Study for the initial stage of development at Gonneville will be completed in H1 2022.
- « **Reconnaissance exploration and surveys within the Julimar State Forest** – Infill soil sampling and follow-up Moving Loop EM surveys are underway at the Baudin-Jansz-Drummond Targets within the Julimar State Forest and on private farmland. Baseline flora and fauna surveys across the Baudin-Jansz-Drummond Targets in Julimar State Forest are planned to commence in Q3 2021.
- « **Reconnaissance drilling at the Hartog-Baudin Targets within the Julimar State Forest** – First-pass low-impact drilling utilising small track-mounted diamond rigs is planned to commence in late Q3 2021, subject to access and permitting approvals. A total of 72 drill sites are planned across the ~10km strike length, with the ability to drill multiple angled holes at each site. No mechanised vegetation clearance is required to complete this first pass of drilling. Dieback, cultural heritage and confirmatory spring flora surveys are planned across the Hartog-Baudin Targets in the Julimar State Forest in August-September 2021.

2.2 Pyramid Hill Gold Project, Victoria

The 100%-owned Pyramid Hill Gold Project was staked in late 2017 and covers an area of >5,000km² in the Bendigo region of Victoria. The project comprises three key districts within the Murray Basin covered North Bendigo Zone: Muckleford, Mt William and Percycdale. Due to the shallow cover, the project is sparsely explored and considered highly prospective for high-grade orogenic gold deposits.

Chalice's central Muckleford area extends to the north-west of the high-grade historical >22Moz Bendigo Goldfield. The Mt William area extends to the north-east of one of the world's highest-grade

producing gold mines, the >9Moz Fosterville Gold Mine owned by Kirkland Lake Gold (NYSE / TSX: KL | ASX: KLA).

2.2.1 Overview of activities

Chalice has continued systematic exploration drilling activities at the project throughout the 2020-2021 field season. A total of 21 diamond holes for 7,300m and 1,120 AC holes for 117,000m have been completed at the project since its initial staking in late 2017.

A second phase of diamond drilling was completed during the quarter at the Karri Prospect (11 holes for 3,840m), which intersected several high-grade gold zones in highly prospective, tightly folded, Castlemaine Group stratigraphy, under 50-70m of Murray Basin cover.

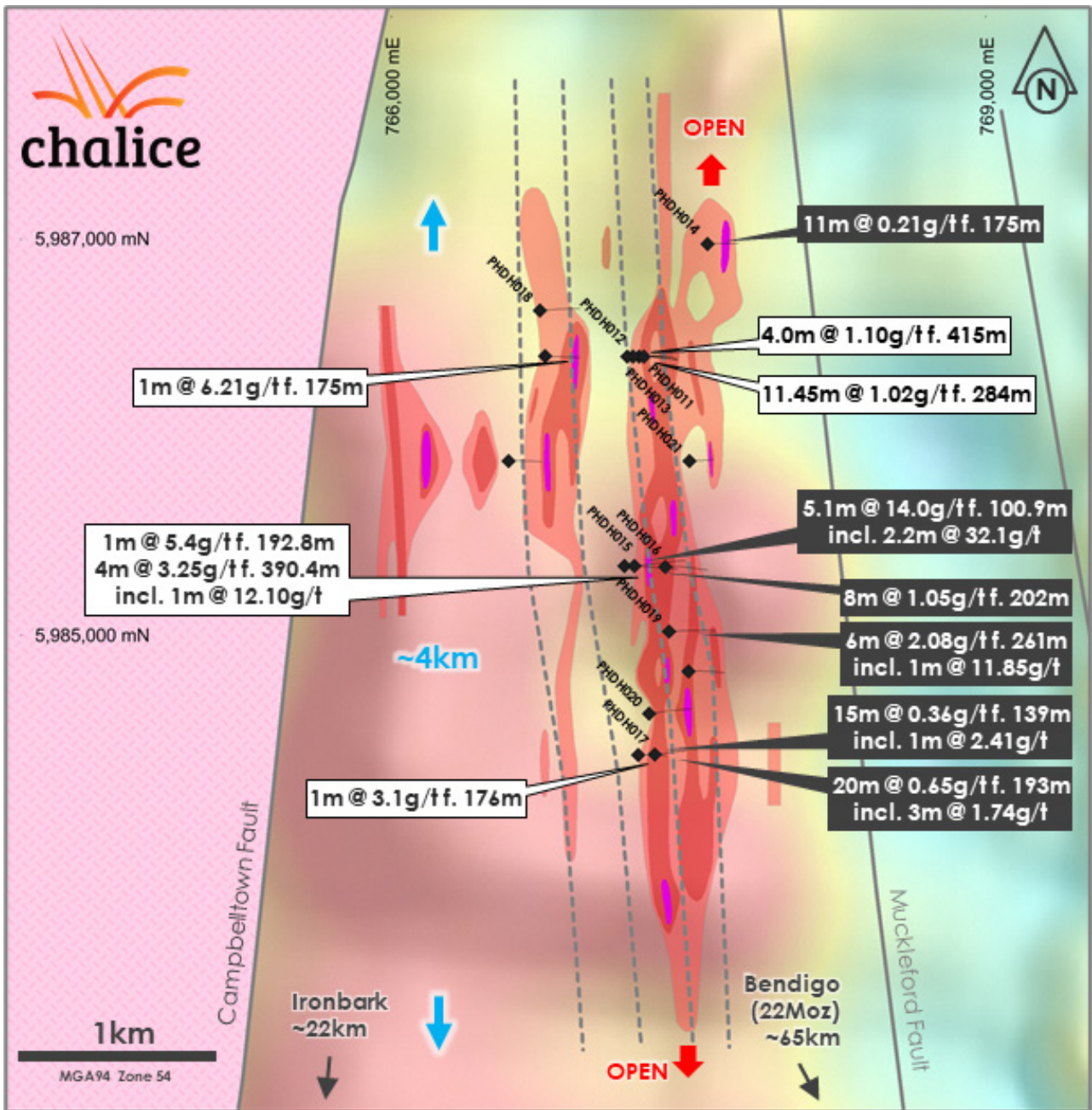
A second phase of AC drilling was also completed at the Ironbark Prospect and an initial phase of reconnaissance AC drilling was completed on new target areas at the southern end of the Muckleford area (NW of Bendigo/Fosterville) and at the western end of the Mt William area (NE of Fosterville). Several highly encouraging shallow primary gold zones were intersected at Ironbark and several new prospects have been defined in the Muckleford area.

2.2.2 Karri Prospect drilling

Drilling was designed to provide broad geological coverage along a >4km long gold trend outlined from shallow AC drilling under Murray Basin cover (Figure 6). Several high-grade gold zones were intersected over >2.5km of strike length, with significant new drill intersections including:

- « **5.1m @ 14.0g/t Au** from 100.9m incl. **2.2m @ 32.2g/t Au** (PHDH015)
- « **6.0m @ 2.1g/t Au** from 261m incl. **1m @ 11.8g/t Au** (PHDH019)
- « **8.0m @ 1.1g/t Au** from 202m (PHDH015)
- « **20m @ 0.6g/t Au** from 193m incl. **3m @ 1.7g/t Au** (PHDH017)

Gold mineralisation is associated with zones of elevated arsenic (arsenopyrite) which occurs in both quartz sulphide veins and as sulphide stringers within tightly folded Castlemaine Group stratigraphy.



Pyramid Hill Gold Project
Karri Prospect Plan View –
AC and diamond drilling
over 1VD Gravity
July 2021

--- Major anticline axis
Granitoid

- ◆ Diamond hole collar
- New diamond drill intercept (Au)
- Previous diamond drill intercept (Au)
- AC drill contours (max Au)
- >1.0g/t
- >0.1g/t
- >0.025g/t



Figure 6. Karri Prospect Plan View – diamond and AC drilling results over 1VD gravity.

2.2.3 Ironbark Prospect drilling

Infill AC drilling at Ironbark North was completed over the eastern diorite contact and across a new target at Ironbark East. All target areas and significant gold intervals are proximal to diorite intrusive contacts against strongly hornfelsed and/or bleached Castlemaine Group sediments.

The diorites have intruded into the Castlemaine Group sediments prior to the gold mineralisation event as both rock-types are cut by gold-bearing structures/veins.

These geological relationships are consistent with those recorded in the Walhalla-Woods Point Goldfields in the Melbourne Zone (e.g., Cohen's Reef ~1.5Moz Au @ 32.2g/t Au) but have not previously been recognised in the Bendigo Zone. The diorites are interpreted to have been emplaced along the same host structures to the later mineralising gold fluids and hence provide direct targets for exploration.

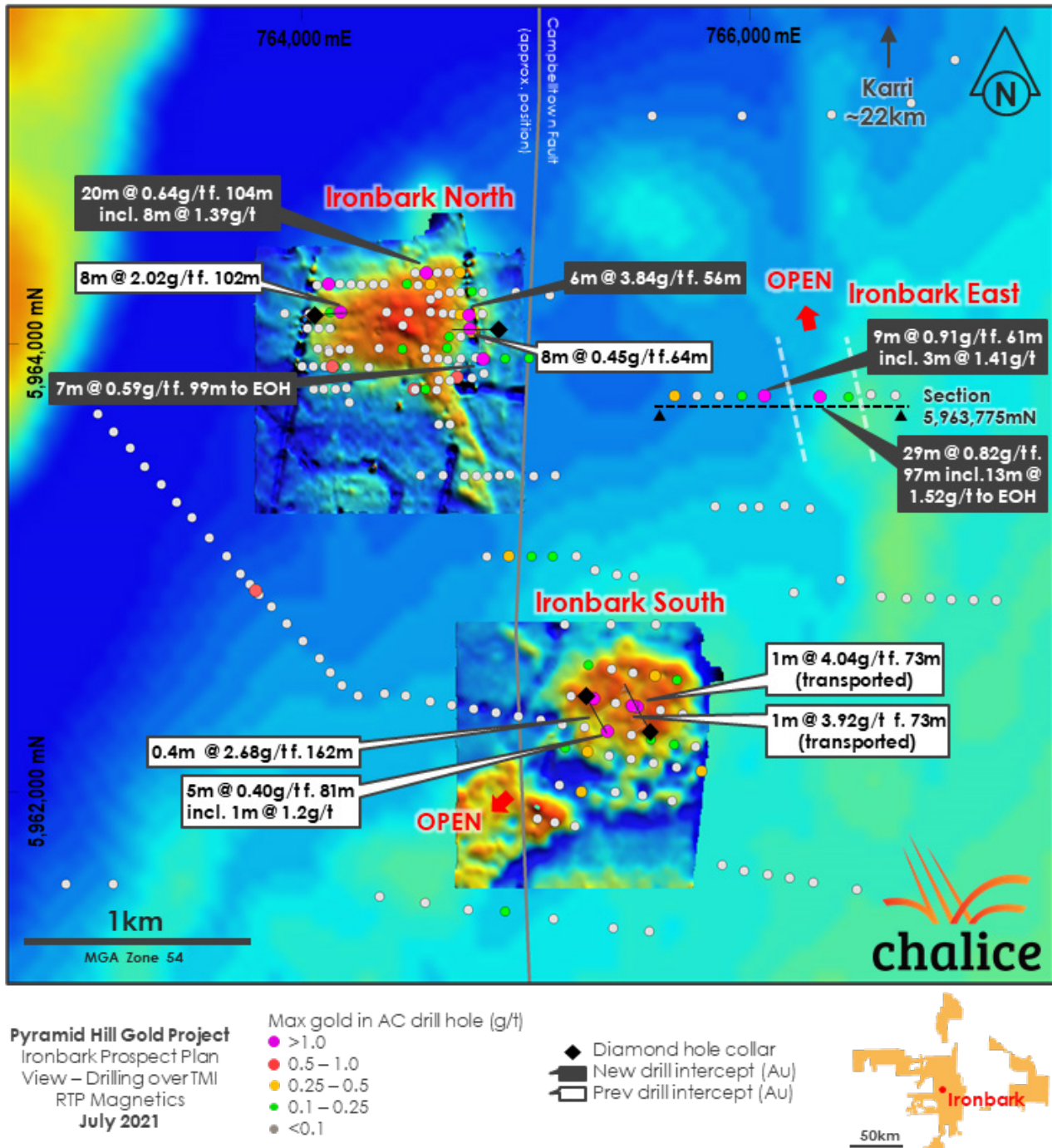


Figure 7. Ironbark Prospect Plan View – Drilling results over magnetics.

2.2.3.1 Ironbark North Diorite

At Ironbark North, the eastern diorite contact gold intercepts are coincident with strong antimony (stibnite) and arsenic (arsenopyrite) with grades up to 1,585ppm Sb and 5,280ppm As respectively,

associated with quartz veining and sulphide stringers throughout the host rock (Figure 7). Significant new drill intersections include:

- « **20m @ 0.64g/t Au** from 104m incl. **8m @ 1.39g/t Au** (PA923)
- « **6m @ 3.84g/t Au** from 56m (PA943)
- « **7m @ 0.59g/t Au** from 99m to EOH (PA935)

2.2.3.2 Ironbark East Diorite

Gold mineralisation at Ironbark East is associated with strongly bleached Castlemaine Group sandstone (PA918) and deeply weathered diorite (PA953). Significant new drill intersections include:

- « **29m @ 0.82g/t Au** from 97m incl. **13m @ 1.52g/t Au to EOH** (PA953)
- « **9m @ 0.91g/t Au** from 61m (PA918)

Gold mineralisation in PA953 (13m @ 1.52g/t Au) is coincident with strong arsenic (up to 2,000ppm) and the zone remains open at the end-of-hole (EOH). Ironbark East is a priority target for infill and extensional AC drilling prior to first-pass diamond drilling.

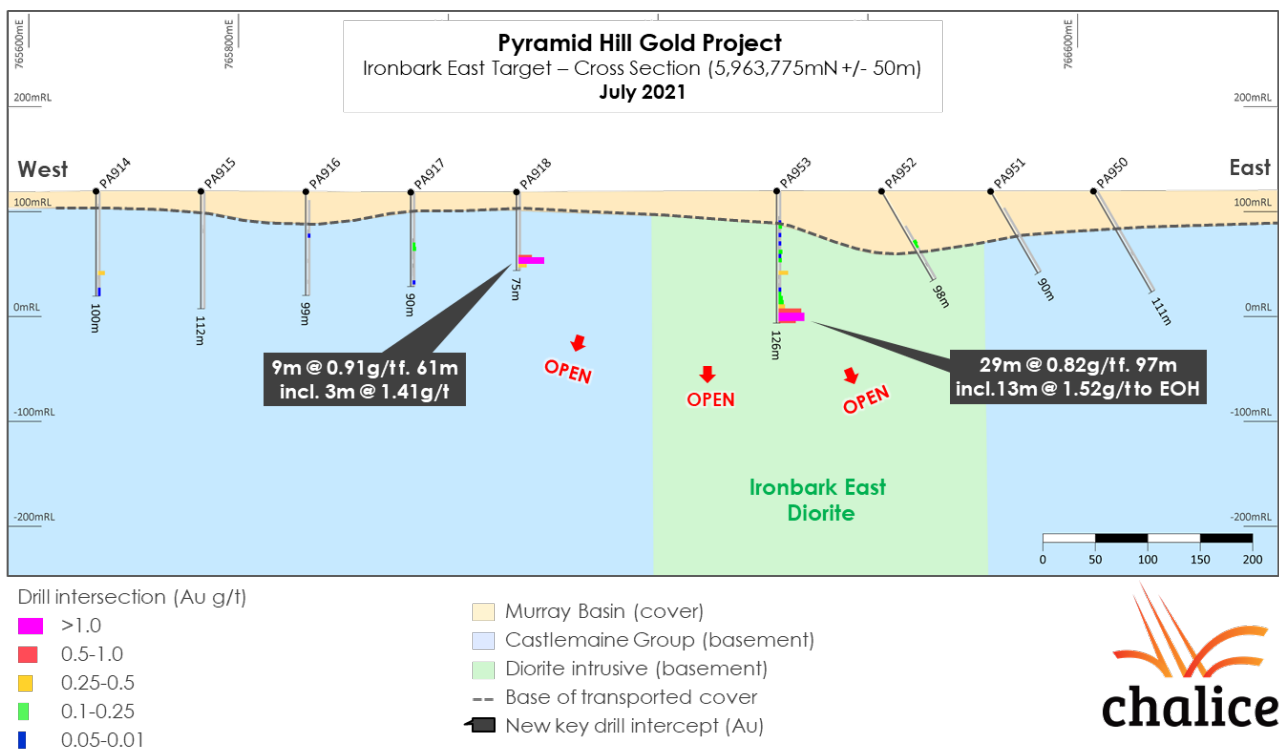


Figure 8. Ironbark East Target – Cross Section 5,963,775mN.

2.2.4 Muckleford area reconnaissance

10 regionally spaced (3-10km) AC lines totalling 155 holes for 16,024m were drilled in the southern end of the Muckleford area as a first-pass drill test of the area. Drill spacing was designed to screen a large area of ground quickly in search of potential large-scale gold systems.

The first-pass drilling identified two new areas of significant gold anomalism at the newly named Banksia and Wandoo prospects (Figure 9). These new prospects remain at an early stage of exploration and will require a considerable amount of follow-up drilling to define the extent of gold anomalism discovered to date.

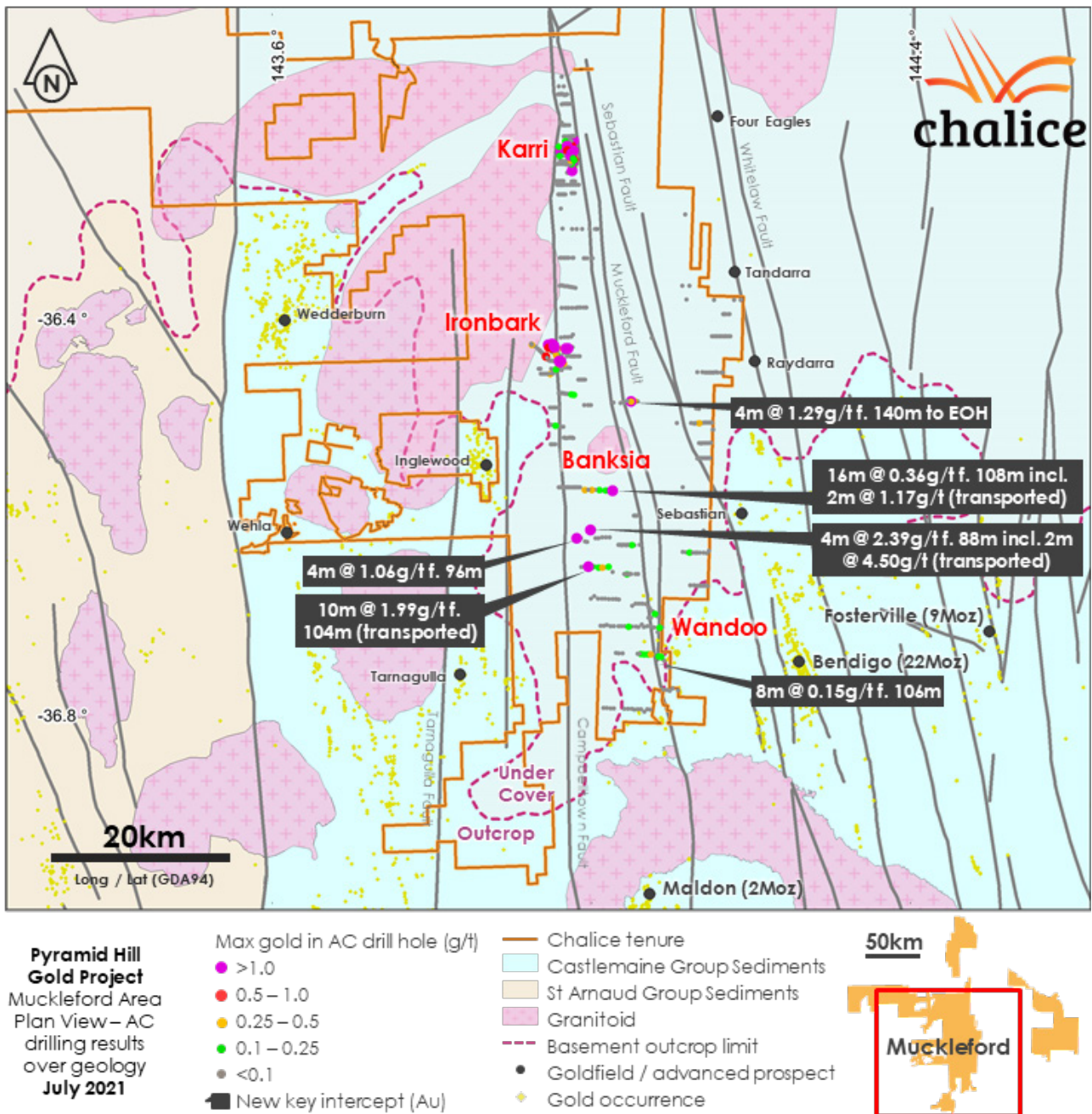


Figure 9. Muckleford Area Plan View – AC drilling results over geology

2.2.4.1 Banksia Prospect

Four very wide-spaced first-pass AC drill lines were completed in the southern Muckleford area, returning significant results from both transported alluvial gravels and Castlemaine Group basement. Gold within transported quartz gravels was defined over an inferred ~10km strike length, with significant results including:

- « 4m @ 2.39g/t Au (PA861)
- « 10m @ 1.99g/t Au (PA817)
- « 16m @ 0.36g/t Au incl. 2m @ 1.17g/t (PA866)

Many historical goldfields in Victoria have a significant alluvial/placer gold component, which commonly occurs proximal to underlying primary gold lodes.

Future infill AC drilling at Banksia will be designed to establish the footprint of the alluvial gold mineralisation, which may vector towards higher gold grades and a potential bedrock source of the transported gold.

Elevated gold-in-basement was also returned in two holes – PA877 (8m @ 0.70g/t Au incl. 4m @ 1.29g/t Au to EOH) and PA865 (4m @ 1.06g/t Au), which is considered highly encouraging given the early-stage nature of the drilling completed to date. These intersections will be further tested with infill and extensional AC drilling.

2.2.4.2 Wandoo Prospect

Three wide-spaced first-pass AC drill lines were completed in the southern Muckleford area, ~15km west of the Bendigo Goldfield.

Several encouraging gold and pathfinder zones were intersected, including PA761 (8m @ 0.15g/t Au) and PA762 (8m @ 0.14g/t Au). These gold intersections are comparable to the initial AC results at the Karri Prospect at the equivalent stage of exploration and are therefore considered worthy of further exploration.

2.2.5 Forward plan

Planning is underway in preparation for the next round of exploration drilling at Pyramid Hill, which is expected to commence in Q4 2021. Future diamond and AC drilling programs are planned at the Karri, Ironbark, Banksia and Wandoo prospects. Initial reconnaissance AC drilling is also planned over new targets on recently granted tenure.

2.3 Hawkstone Nickel-Copper-Cobalt Project, WA

No exploration was completed during the quarter. An initial diamond drill program at the Ephesus Target is planned in August 2021.

2.4 Generative exploration projects

2.4.1 Barrabarra Nickel-Copper-PGE Project, WA

A moving loop EM (MLEM) program was undertaken over the Recherche target for a total of 19 line-km surveying with 200m x 200m loops on 400m-spaced lines. Modelling has defined three low conductance (100-150S) anomalies, two of which are broadly coincident with the previously defined ~4km x ~0.6km Cu-Cr +/- Ni-Pd soil anomaly.

Planning is underway for first-pass AC drill testing of the soil geochemical anomaly and EM conductors, which is expected to commence in Q4 2021 due to access constraints.

2.4.2 South West Nickel-Copper-PGE Project, WA

A ~42 line-km MLEM survey commenced this quarter over selected airborne EM targets associated with strong and discrete magnetic anomalies interpreted as potential ultramafic-mafic intrusions. Work to date has identified up to six low to moderate conductance anomalies (100-1500S). The survey has been paused due to weather-related access constraints and is expected to recommence in October 2021.

Currently defined EM anomalies are planned to be followed up with infill MLEM and soil geochemistry to define potential drill-ready targets.

2.4.3 Auralia Nickel-Copper-PGE Project, WA

A high temperature SQUID EM orientation survey was undertaken over the buried c. 100km x 3-15km Loongana mafic-ultramafic intrusion to test the application of this technique for target generation under 250-350m Palaeozoic cover.

Five 2-6km long lines were surveyed with 400m x 400m loops and, while no basement conductors were defined, the results of the survey show that any significant bedrock conductors (potential Ni-Cu+/-PGE sulphide mineralisation) would be expected to be detected beneath areas of moderate cover depth (<300-350m depth), which occurs over most of the intrusion.

Planning is underway for the next phase of exploration activities.

2.4.4 Viking Gold Project, WA

No exploration was completed during the quarter. The Company continues to progress permitting approvals for initial RC drilling which is expected to commence in Q4 2021.

2.5 Non-operated joint venture projects

2.5.1 Nulla South Gold Project, WA (Ramelius ASX: RMS earning 75%)

No exploration was completed during the quarter.

2.5.2 Gibb Rock Gold Project, WA (Ramelius ASX: RMS earning 75%)

All assay results were received from Brahma West AC drilling (22 holes for 1,726m) and no significant results were reported.

2.5.3 Warrego North Copper-Gold Project, NT (NT Bullion Pty Ltd earning 75%)

No exploration was completed during the quarter.

3. Corporate

3.1 Proposed demerger and IPO of gold assets

Chalice intends to pursue a demerger of its Pyramid Hill Project and other Australian gold assets, subject to shareholder and regulatory approvals.

The decision follows a strategic review of Chalice's portfolio which concluded that a demerger is the optimal structure to maximise value for shareholders. A demerger will allow Chalice to focus on its Julimar Ni-Cu-PGE Project and the new West Yilgarn Ni-Cu-PGE Province in Western Australia.

The demerger aims to deliver Chalice shareholders a standalone, listed, Australian gold-focused exploration company with a strong balance sheet to target tier-1 gold discoveries in Victoria and WA.

The demerged entity will hold the largest exploration holding (>5,000km²) in the Bendigo Zone of Victoria, which hosts Kirkland Lake Gold's (NYSE / TSX: KL | ASX: KLA) world-class Fosterville Gold Mine (~9Moz Au endowment) and the historic Bendigo Goldfield (>22Moz Au endowment). The entity's portfolio would be further enhanced by Chalice's other high-potential gold projects, including the highly prospective Viking Project in WA (where Chalice is earning up to a 70% JV interest).

Key advisors have been engaged to commence preparations on the proposed demerger. The potential transaction structure will be finalised subject to receiving legal, financial and taxation

advice, and communication with regulatory authorities. The potential transaction is subject to obtaining all necessary shareholder and regulatory approvals.

The Company will provide further details in the coming months as these matters are progressed.

3.2 Cash and investments

As of 30 June 2021, Chalice had a cash balance of ~\$100 million and \$15.6 million in listed investments, which include shares held in O3 Mining Inc. (TSX-V: OIII) and Caspin Resources Ltd (ASX: CPN).

During the Quarter Chalice partially disposed of its holding in O3 Mining Inc for proceeds of ~\$2.6 million. Subsequent to quarter-end, Chalice disposed of the balance of its holding for proceeds of ~\$4.6 million.

3.3 Cashflow

During the quarter, operating cashflows included expenditures of \$14.7 million on exploration activities (including ~\$13.2 million at the Julimar Project) and \$0.8 million on corporate and administration (net of interest, government grants and tax incentives).

Investing activities included cash consideration paid of \$8.5 million (including stamp duty) for the acquisition of two private properties at the Julimar Project.

Further details are available in the attached Appendix 5B.

3.4 Payments to related parties of the entity and their associates

Payments of \$208k reported in Item 6.1 of the attached Appendix 5B, relates to salaries and fees (including superannuation) paid to Directors.

3.5 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.



Alex Dorsch
Managing Director

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

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Twitter: [@chalicemining](https://twitter.com/chalicemining)

Competent Persons and Qualifying Persons Statement

The information in this report that relates to Exploration Results in relation to the Julimar Nickel-Copper-PGE Project is based on and fairly represents information and supporting documentation compiled by Mr. Bruce Kendall BSc (Hons), a Competent Person, who is a Member of the Australian Institute of Geoscientists. Mr. Kendall is a full-time employee of the Company and has sufficient experience that is relevant to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and is a Qualified Person under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. The Qualified Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Mr Kendall consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results in relation to the Pyramid Hill Gold Project is based on information compiled by Dr. Kevin Frost BSc (Hons), PhD, a Competent Person, who is a Member of the Australian Institute of Geoscientists. Dr. Frost is a full-time employee of the company and has sufficient experience that is relevant to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and is a Qualified Person under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. The Qualified Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Dr. Frost consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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

- « "New EM Conductors and Nickel-Copper Soil Anomalies at Hartog", 25 March 2021
- « "Resource drilling at Julimar delivers further growth in high-grade zones", 22 April 2021
- « "Extensive Ni-Cu Soil Anomalism at Julimar" 9 June 2021
- « "Resource drilling continues to define continuous high-grade zones at Julimar", 2 July 2021

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

- « "Chalice announces intention to demerge gold assets", 12 July 2021

The above announcements are available to view on the Company's website at www.chalicemining.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 and Qualified Person's findings are presented have not been materially modified from the relevant original market announcements.

Forward Looking Statements

This report may contain forward-looking information, including forward looking information within the meaning of Canadian securities legislation and 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 report 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 Company's strategy, the completion of the intended demerger, the estimated timing of drilling

in the Julimar State Forest, the fair value of investments ultimately realised, the estimation of mineral reserves and mineral resources, the realisation of mineral resource estimates, estimation of metallurgical recoveries, the forecast timing of the estimation of mineral resources, the likelihood of exploration success at the Company's projects, the prospectivity of the Company's exploration projects, the existence of additional EM anomalies within the Julimar Project, the forecast timing of the completion of the Gonneville Scoping Study, the timing of future exploration activities on the Company's exploration projects, planned expenditures and budgets and the execution thereof, the timing and availability of drill results, potential sites for additional drilling, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

In certain cases, forward-looking statements can be identified by the use of words such as "aims", "anticipated", "could", "considered", "emerging", "expected", "indications", "highly", "interpreted", "may", "plan" or "planned", "potential", "proposed", "targeting", "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; assay results of soil samples; whether geophysical and geochemical anomalies are related to economic mineralisation or some other feature; obtaining appropriate access to undertake additional ground disturbing exploration work on EM anomalies located in the Julimar State Forrest; the results from testing EM anomalies; 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, future prices of mineral resources; grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; movements in the share price of investments and the timing and proceeds realised on future disposals of investments, the impact of the COVID 19 epidemic 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 SEDAR at sedar.com, ASX at asx.com.au and OTC Markets at otcm Markets.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.

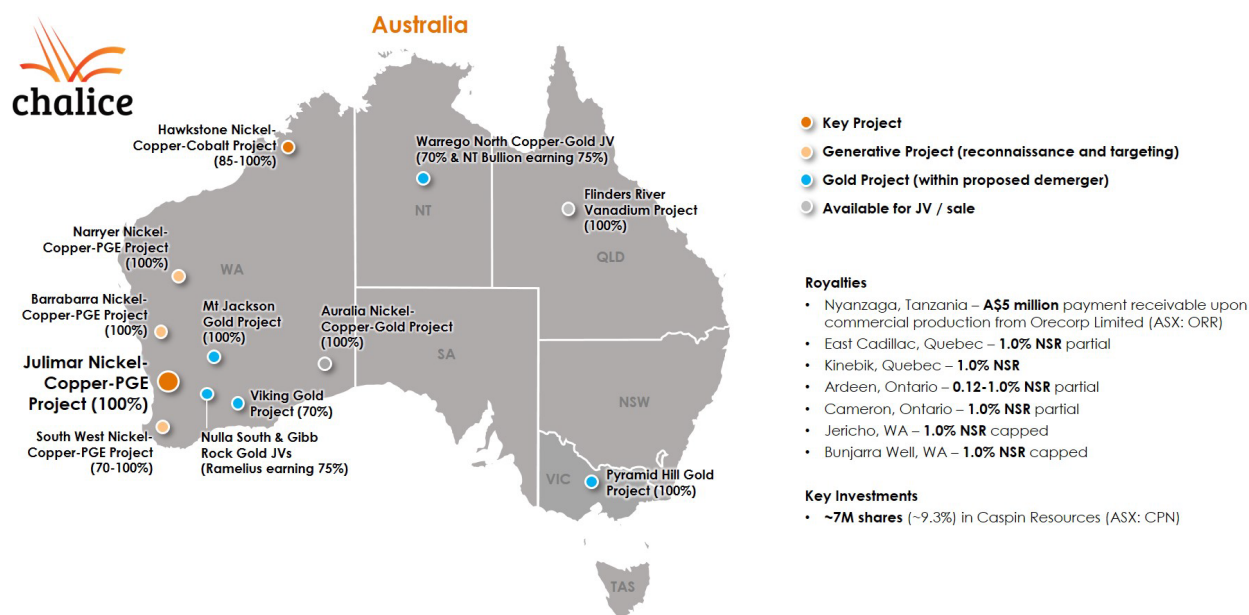


Figure 10. Chalice's project locations, royalties and investments.

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 30 June 2021.

Table 1. 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
		E04/2299	Strategic Metals Pty Ltd	0% - Farm-in agreement, right to earn up to 85% interest
		E04/2325	Strategic Metals Pty Ltd	0% - Farm-in agreement, right to earn up to 85% interest
	Gibb Rock	E70/4869	CGM (WA) Pty Ltd	95% - Farm-out agreement, Ramelius Resources Ltd has the right to earn up to 75% interest
		E70/5194	CGM (WA) Pty Ltd	100% - Farm-out agreement, Ramelius Resources Ltd has the right to earn up to 75% interest
	Nulla South	E77/2353 to E77/2354	CGM (WA) Pty Ltd	20% interest
	Julimar	E70/5118 to E70/5119	CGM (WA) Pty Ltd	100%
	Julimar (regional)	E70/5350	CGM (WA) Pty Ltd	100%
E70/5358 to E70/5361		CGM (WA) Pty Ltd	100%	
	E70/5367	CGM (WA) Pty Ltd	100%	

Location	Project	Tenement No.	Registered Holder	Nature of interest
Western Australia		E70/5369	CGM (WA) Pty Ltd	100%
		E70/5373	CGM (WA) Pty Ltd	100%
	Auralia	E69/3636 to E69/3637	CGM (WA) Pty Ltd	100%
		E69/3700	CGM (WA) Pty Ltd	100%
	Barrabarra	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%
		E70/5624	CGM (WA) Pty Ltd	100%
		E70/5666 to E70/5667	CGM (WA) Pty Ltd	100%
		E70/5695	CGM (WA) Pty Ltd	100%
		E59/2451	CGM (WA) Pty Ltd	100%
	Viking	E63/1963	Metal Hawk Ltd	0% - Earn-in agreement, right to earn up to 70% interest
	Mt Jackson	E77/2577	CGM (WA) Pty Ltd	100%
	South West	E70/5086	Nebula Pty Ltd	100%
		E70/5532	Nebula Pty Ltd	100%
		E70/4837	Venture Lithium Pty Ltd	0% - Earn-in agreement, right to earn up to 70% interest
		E70/5067	Venture Lithium Pty Ltd	0% - Earn-in agreement, right to earn up to 70% interest
		E70/5421	Venture Lithium Pty Ltd	0% - Earn-in agreement, right to earn up to 70% interest
	Holt Rock	E70/5536	CGM (WA) Pty Ltd	100%
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%	
Victoria	Pyramid Hill	EL006661	CGM (WA) Pty Ltd	100%
		EL006669	CGM (WA) Pty Ltd	100%
		EL006737 to EL006738	CGM (WA) Pty Ltd	100%
		EL006864	CGM (WA) Pty Ltd	100%
		EL006898	CGM (WA) Pty Ltd	100%
		EL006901	CGM (WA) Pty Ltd	100%
		EL006960	CGM (WA) Pty Ltd	100%
		EL007040	CGM (WA) Pty Ltd	100%

Location	Project	Tenement No.	Registered Holder	Nature of interest
		EL007120 to EL007121	CGM (WA) Pty Ltd	100%
		EL007322	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 70% interest
		EL31608	CGM (WA) Pty Ltd	100% - Farm-out agreement, TC Resources NT Pty Ltd has the right to earn up to 75% interest
		EL31610	CGM (WA) Pty Ltd	100% - Farm-out agreement, TC Resources NT Pty Ltd has the right to earn up to 75% interest
Queensland	Flinders River	EPM26861	CGM Lithium Pty Ltd	100%
		EPM26866	CGM Lithium Pty Ltd	100%

Table 2. Listing of tenements acquired (directly or beneficially) during the quarter

Location	Project	Tenement No.	Registered Holder	Interest at end of Quarter
Western Australia	Barrabarra	E59/2451	CGM (WA) Pty Ltd	100%
		E70/5624	CGM (WA) Pty Ltd	100%
	Wubin	E70/5357	CGM (WA) Pty Ltd	100%
	Julimar (regional)	E70/5360	CGM (WA) Pty Ltd	100%
	Narryer	E09/2436	CGM (WA) Pty Ltd	100%
E09/2446 to E09/2447		CGM (WA) Pty Ltd	100%	
Victoria	Pyramid Hill	EL007322	CGM (WA) Pty Ltd	100%

Table 3. Tenements relinquished, reduced or lapsed (directly or beneficially) during the quarter

Location	Project	Tenement No.	Registered Holder	Interest at end of Quarter
Western Australia	Nulla South	E77/2353 to E77/2354	CGM (WA) Pty Ltd	20% (75% interest transferred to Ramelius Resources Ltd during the quarter)

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")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3	80
1.2 Payments for		
(a) exploration & evaluation	(14,691)	(34,543)
(b) development	-	-
(c) production	-	-
(d) staff costs	(437)	(2,572)
(e) administration and corporate costs	(618)	(1,653)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	31	171
1.5 Interest and other costs of finance paid	-	(17)
1.6 Income taxes (paid)/received	-	127
1.7 Government grants and tax incentives	24	462
1.8 Other (provide details if material)	162	(310)
1.9 Net cash from / (used in) operating activities	(15,526)	(38,255)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(214)	(680)
(d) exploration & evaluation	-	-
(e) investments	-	(1,202)
(f) other non-current assets ⁽¹⁾	(8,502)	(20,774)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	2,589	2,691
(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)	-	-
2.6 Net cash from / (used in) investing activities	(6,127)	(19,965)

(1) Represents cash consideration paid for private properties at the Julimar project.

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	115,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	984
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(5)	(3,647)
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)	-	-
3.10 Net cash from / (used in) financing activities	(5)	112,337

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	121,463	45,694
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(15,526)	(38,255)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(6,127)	(19,965)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(5)	112,337

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	79	73
4.6	Cash and cash equivalents at end of period	99,884	99,884

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	8,016	1,376
5.2	Call deposits	91,868	120,087
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)	99,884	121,463

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	208
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)	(15,526)
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)	(15,526)
8.4 Cash and cash equivalents at quarter end (item 4.6)	99,884
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	99,884
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	6.4
<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

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

Date:28 July 2021.....

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

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

Notes

1. 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 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.