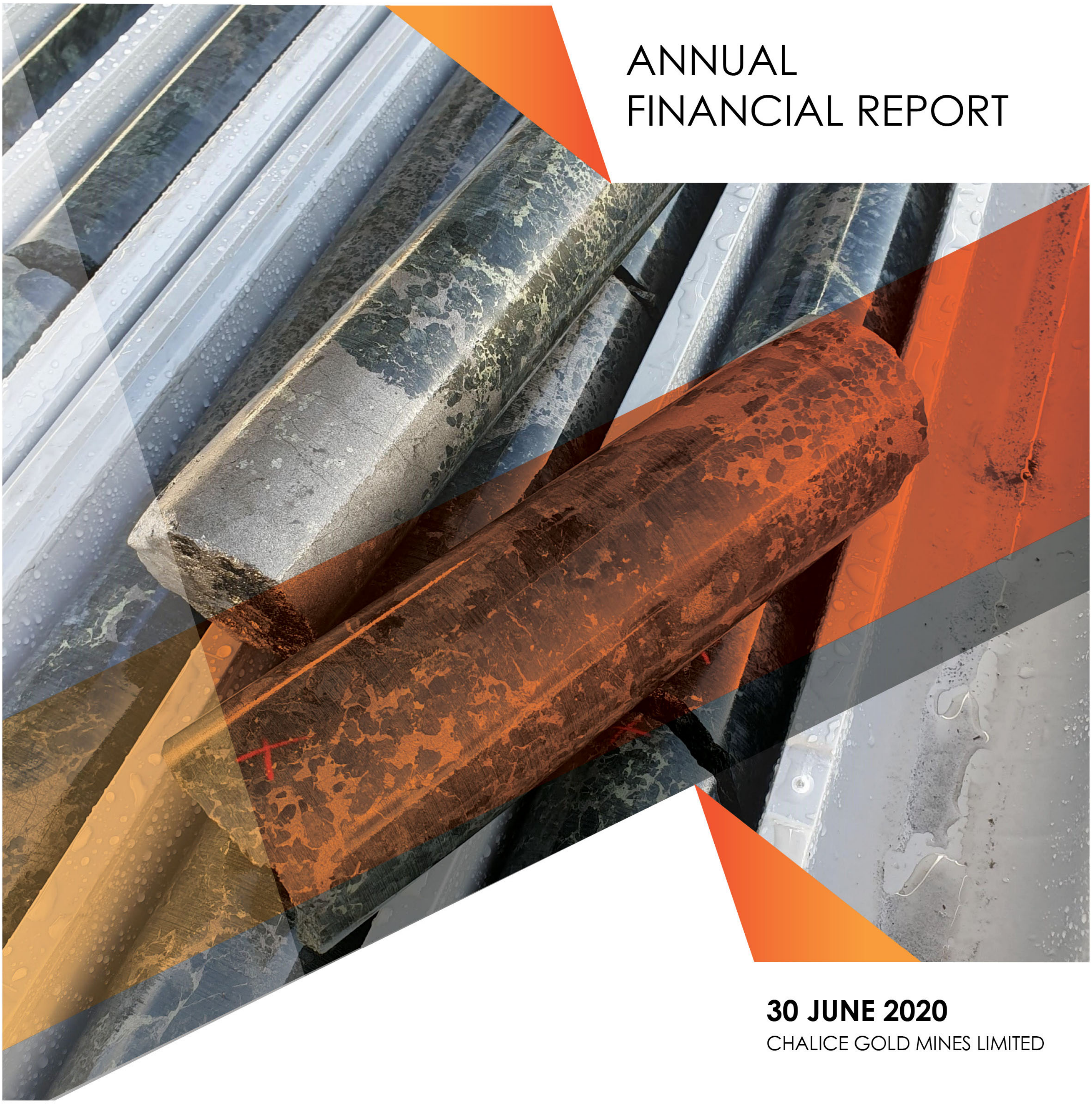
ANNUAL FINANCIAL REPORT



30 JUNE 2020

CHALICE GOLD MINES LIMITED

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Directors

Tim Goyder .... Non-Executive Chairman
Alex Dorsch .... Managing Director
Morgan Ball .... Lead Independent Director
Stephen Quin .... Non-Executive Director
Garret Dixon .... Non-Executive Director

Company Secretary

Jamie Armes

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ASX

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OTCQB

Share Code: ....CGMLF

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CHAIRMAN'S LETTER

Tim Goyder

Dear Fellow Shareholder,

What an extraordinary year it has been!

Notwithstanding the wider impacts of the COVID-19 pandemic, 2020 has been a truly exceptional year for Chalice thanks to the discovery at Julimar in Western Australia.

This major multi-commodity discovery has, in short order, accelerated our growth trajectory and put Chalice within the mid-tier ranks on the ASX. Pleasingly, it has also vindicated our strategy of pursuing generative exploration opportunities within Australia.

Over the last few years, I have expressed our aspiration to make major greenfield mineral discoveries in the frontier high-grade gold and nickel provinces we are active in. We are very proud to have excelled in this objective, with the added advantage that the remarkable discovery at Julimar is located right here in Western Australia – one of the best mining jurisdictions.

Thanks to the careful and judicious management of our balance sheet in previous years and having the right technical team in place, we have been able to apply the industry-leading geological thinking to unlock not just a single discovery, but potentially an entire new mineral province.

It has been very pleasing to see the discovery capture industry and investor support both within Australia and internationally, even during these globally challenging times.

Our success at Julimar has been reflected in a significant increase in the Company's market capitalisation, which has increased approximately 700% during the financial year. As a result, Chalice has been able to attract major new institutional and sophisticated investors to its register while at the same time maintaining its loyal long-term shareholder base – a significant achievement that we continue to build on.

While we are justifiably excited about the discovery itself, and its economic potential, we are also acutely aware that with a major discovery comes additional corporate responsibilities in terms or our environmental, social and governance obligations.

While it is still relatively early days for the Julimar Project, our team has already demonstrated our strong Company culture and developed systems that aim to deliver benefits, not only to shareholders, but also to the broader community and other stakeholders as we advance the project.

With a resource drill-out currently underway, we are transitioning from exploration to resource definition and the commencement of mining studies is now fully funded following the successful $30 million placement in May 2020.

All of this was achieved despite the unprecedented and unanticipated challenges presented this year by the COVID-19 pandemic. I am pleased to say that the Chalice team adapted quickly and, most importantly, remained safe and fully operational during this period.

We continue to closely monitor developments in this regard, however we are very fortunate to be well-positioned with an all-Australian exploration portfolio and strong balance sheet.

In addition to the discovery at Julimar, our exploration campaign within the world-class Bendigo Goldfield region of Victoria has continued to produce very encouraging early results at our Pyramid Hill Gold Project. Importantly, we believe we are making steady progress in vectoring in towards what we hope will be a significant high-grade gold discovery in this world-class gold district, as detailed in the body of this report.

The board and I are also thankful that our timely and deliberate strategy to focus on home soil has proven to be the right decision. Our portfolio of projects across Australia has continued to grow, with a focus on tier-1 scale greenfield discovery opportunities across several district-scale land holdings – all of which present great opportunities to create value for shareholders.

In conclusion, I would like to thank my fellow Directors and the entire Chalice team for their support, dedication and hard work during the year, and extend a warm welcome to Garret Dixon, who joined the Board in August 2020.

The calibre of the growing Chalice team has given me the confidence to move into a non-executive Chair role, allowing me to step aside from day-to-day operations and leave the management of the Company in the very capable hands of our Managing Director, Alex Dorsch.

Most importantly, I would like to thank all of our shareholders for their patience through the years, that is now being rewarded, and for their continued support. I look forward to what I believe will be a very exciting and rewarding year ahead.

Yours faithfully,

Tim Goyder
Non-Executive Chairman

MANAGING DIRECTOR'S LETTER

Alex Dorsch

Dear Fellow Shareholder,

Since its inception, Chalice's long-term aspiration has been to deliver a company making mineral discovery for our shareholders.

I am proud to say that our major platinum group element-nickel-copper-cobalt discovery at Julimar has not only met this objective, but also uncovered a brand new mineral province in Western Australia.

The impact of this greenfield discovery in March 2020 has been profound, delivering a step-change in the Company's market capitalisation and cementing our reputation as one of the leading explorers in Australia.

The Gonneville discovery at Julimar is a rare find, having the combination of shallow, high-grade base and platinum group metals in a layered intrusive complex. It is shaping up to be the first major palladium discovery ever in Australia and its location on the outskirts of Perth in Western Australia makes it even more remarkable.

Our ability to conceptualise, target, discover and rapidly advance this world-class discovery is the result of the outstanding creativity and expertise of our technical team.

Since drilling the discovery hole in March, Chalice has made significant progress in delineating the Gonneville orebody, with resource definition drilling continuing to grow the high-grade mineralised zones across the ~1.6km x 0.8km Intrusion. Our recent airborne electromagnetic (AEM) survey across the wider project area has now demonstrated the potential of the district to host multiple discoveries, with a major new EM anomaly extending for ~6.5km directly north and along strike from Gonneville.

Excitingly, we believe we may have only scratched the surface at Julimar, which looks to have the makings of a globally significant mineral province. Our task for the coming year will be to maintain our strong exploration momentum and continue de-risking the discovery to unlock Julimar's full potential.

We currently have a 4-rig drilling program underway at Gonneville with the aim of defining a maiden Mineral Resource Estimate within the next 12 months. Our geological understanding of the Gonneville discovery and the wider Julimar Complex continues to grow with every drill hole.

In addition, Chalice has moved swiftly to acquire the most prospective ground surrounding Julimar and within the new West Yilgarn Nickel-Copper-PGE Province, leveraging its proprietary knowledge of the geology and unique competitive advantage. This early positioning is incredibly important for our long term growth ambitions.

While Julimar has quickly become our key focus, we have also maintained activities across the other projects within our high-quality, district-scale exploration portfolio that spans some of Australia's most exciting mineral provinces.

Leading this generative pipeline is our Pyramid Hill Gold Project, where our systematic exploration programs to date have uncovered large-scale gold targets under cover in the highly prospective Bendigo Goldfields of Victoria.

Diamond drilling is set to re-commence at Pyramid Hill in early Q4 2020, and I am eagerly awaiting results as we narrow in on the >4km gold system identified at the priority Karri Prospect.

Elsewhere, a maiden drilling program is imminent at our Hawkstone Project in the frontier West Kimberley region of WA. The start of drilling at Pyramid Hill and Hawkstone will mark the beginning of an unprecedented level of exploration activity for the Company, with simultaneous drilling underway across three large-scale projects in hotly contested mineral provinces. This intensive program could see up to eight drill rigs operating across the portfolio in the coming months, a testament to our drive for new discoveries.

Fundamental to this acceleration in our exploration programs will be our ability to maintain our commercial discipline and financial strength. Our successful capital raise in May 2020 was a major step in ensuring this financial security to fund our ambitious exploration strategies into the future.

It is a privilege to work with our highly regarded Board and executive team. Their strong technical, financial and commercial expertise will continue to be a key part of our success moving forward into 2021 and beyond.

Our growth this year has also reinforced the importance of our Company's core values and our commitment to achieving exceptional corporate governance and Environmental, Social and Governance (ESG) outcomes.

Consistent with our presence across the portfolio, we have been very proactive from the outset at our flagship Julimar Project, in raising awareness in the local community about our activities, listening to specific community interests and concerns and managing any adverse impacts of our activities.

Reflecting on the extraordinary year 2020 has been, I would like to extend my deepest thanks to all of our shareholders and stakeholders, both old and new, and I look forward to sharing even more exciting Company updates as we continue to advance our exciting portfolio of projects.

I would also like to thank all of my colleagues at Chalice and their families, who have demonstrated their dedication and commitment to the Company. The outstanding successes of the year are a product of our collective making.

2020 has laid the foundation for a transformational year ahead, and I believe this next chapter for Chalice is only just the beginning.

Yours faithfully,

Alex Dorsch
Managing Director

FY2020 HIGHLIGHTS

Chalice made an exceptional greenfield platinum group element (PGE)-nickel-copper-cobalt discovery at the 100%-owned Julimar Project in WA:

- First drill hole at Julimar in March 2020 intersected 19m @ 8.4g/t Pd, 2.6% Ni, 1.0% Cu, 0.1% Co from 48m and has transformed the Company
- Discovery at Julimar established the new West Yilgarn nickel-copper-PGE province in WA and has triggered an exploration boom in the region
- Chalice in a commanding position in the new province with the ability to leverage its competitive advantage to make further discoveries
- Julimar could become the first major palladium discovery in Australia

The large scale potential of several new rapidly advancing prospects was confirmed at the Pyramid Hill Gold Project in Victoria:

- Chalice's position in the world-class and newly invigorated Bendigo Goldfields of Victoria is unrivalled, with a 100%-owned, >5,000km^2 Project
- The recently defined >4km long Karri Prospect hosts high-grade gold and has the potential to deliver a large-scale gold discovery under cover

Chalice's pipeline of greenfield projects across Australia continues to be advanced, with a focus on large-scale, high-grade gold and nickel sulphide discovery opportunities

An oversubscribed A$30 million (before costs) private placement was completed to major institutional and sophisticated investors to rapidly advance Julimar to mining feasibility stage

One of the top performing companies on the ASX All Ordinaries index in 2020

Multiple awards received by Chalice and Managing Director Alex Dorsch, recognising the exceptional Julimar discovery and transformational growth Chalice has experienced in 2020

FY2021 STRATEGY

Define a maiden JORC Mineral Resource Estimate and outline the potential for a commercially viable mining operation for the Gonneville PGE-Ni-Cu-Co discovery at the Julimar Project:

- Assess potential metallurgical parameters for all mineralisation styles
- Commence preliminary mining, processing, infrastructure and environmental studies
- Secure access to the Julimar State Forest and complete non-ground disturbing reconnaissance exploration activities

Make a significant new discovery (outside of Gonneville), which shows the potential to be economic

Continue our generative approach to new greenfield projects that maintains a pipeline of discovery opportunities to complement the current portfolio

Continue to build trust-based and inclusive relationships with our external stakeholders, including investors, landowners, indigenous peoples, local communities and governing organisations

Continue to build our team with a focus on internal resourcing and nurture our culture of ownership, sustainable success and ideation

Maintain our strong financial position and exercise discipline on capital management

Maintain and expand our activities on sustainability (environmental, social and governance) to uphold our social licence to operate

THE CHALICE WAY

Our Core Values

INTEGRITY	OWNERSHIP	URGENCY	ALIGNMENT	ADVANCEMENT
'Do the right thing'	'Think like an owner'	'Act today, not tomorrow'	'If Chalice wins, we all win'	'Improve every day'

SUSTAINABILITY

Chalice has a strong values-based approach to sustainability, with the ultimate aim of delivering responsible environmental, social and governance practices that lead to the creation of economic returns for our shareholders and the creation of shared value for all of our stakeholders.

Our vision, and the values we adhere to, are only meaningful if they are acted upon.

With our recent discovery at the Julimar Project and active exploration programs ongoing at several other projects around Australia that increase our presence and potential effects, we aim to ramp up our focus on environment, social and governance (ESG) in order to meet and exceed our corporate responsibilities.

Whilst our projects are at the early stages of the mining life cycle, as we progress from exploration to mining studies and project development, so too will our commitment to meeting leading industry standards appropriate for each stage of development .

Environment

Chalice takes its environmental responsibilities seriously and is committed to achieving excellence in environmental management through understanding the sensitivities of our operations and minimising the impacts of our activities to the extent reasonably practicable.

The Company has been active on a number of initiatives over the financial year, including the formulation and submission of a Conservation Management Plan (CMP) governing our proposed Stage 1 exploration activities in the Julimar State Forest. These activities form a key part of our wider Julimar exploration plan.

The objective of the CMP is to detail our mitigations to minimise potential adverse environmental impacts, ensure protection of Julimar State Forest conservation value (environment, community and heritage) and ensure systems are in place for strict compliance with exploration licence conditions and other relevant legislation.

In addition to the CMP, Chalice has also commissioned independent Flora, Fauna and Heritage Surveys at the Gonneville discovery (on private land within the Julimar Project) to ensure we deliver on our commitments to minimising environmental impact. Early stage environmental baseline data acquisition has also commenced on noise and waterways.

Chalice has also formulated and submitted a number of other environmental management plans as part of ongoing exploration activities at the Pyramid Hill (Victoria) and Hawkstone Projects (Kimberley, Western Australia).

There are strict provisions governing exploration and mining in Western Australia and Victoria, with both states having some of the most advanced and leading legislative frameworks in the world. There are also supporting regulations under the commonwealth and state environment portfolios, and Chalice will continue to ensure we meet or exceed our statutory obligations.

Social

Chalice aims to uphold the highest social standards and recognises the importance of building respectful and inclusive relationships with our stakeholders, which includes local communities, indigenous peoples, businesses and governing organisations.

Chalice is committed to open communication with the communities in which it operates. The Company aims to actively manage the impact of our activities through the continued consideration and response to the interests and concerns of the local community where its projects are located.

Following our recent discovery at the Julimar Project, the Company has implemented a detailed Stakeholder Management and Advocacy Plan (SMAP) designed as a foundation for maintaining Chalice's 'Social Licence to Operate'. The Plan's objectives are to identify Julimar stakeholders, actively engage with the key stakeholders and build trust-based and transparent relationships with those stakeholders in order to derive mutually beneficial outcomes.

The SMAP is structured in three phases, which progress in line with the stage of the project:

Build trust – during the advanced exploration stage (current phase)
Ensure a pathway to timely access approvals and development.

1

Build possibilities – during feasibility studies
Build visibility – be seen and felt by supporting local business and communities.

2

Demonstrate commitment – during the mine development stage
Realising opportunities in partnership with the region – ensure operations and policies involve and integrate with the community.

3

Based on this stage 1 framework, Chalice has commenced a host of community engagement initiatives since the discovery in March 2020.

A suite of Fact Sheets have also been developed, aimed at providing key information for the local communities surrounding the Julimar Project. These Fact Sheets have been readily available and are designed to offer an accessible reference on topics such as environment, community consultation, exploration licences and drilling activities.

These fact sheets are available online at https://chalicegold.com/community-western-australia.

Chalice has also held meetings with key Shire and business representatives to introduce the Julimar Project, and to establish good relationships to better facilitate the distribution of correct information to the communities which they serve.

Active engagement has continued with landowners at the Gonneville discovery, and Chalice has been adaptive in its exploration approach to ensure our impact on the primary land use is minimised.

This increased interaction within the Julimar region has also provided Chalice with new opportunities to positively impact the local community and to potentially achieve meaningful social and economic benefits.

To this effect, the Company has commenced work on our Community Investment Guidelines in order to best prioritise any future funding. Forming the basis of this framework is our aim to focus on community partnering initiatives which are consistent with our core values of Integrity, Alignment and Advancement.

Chalice will also continue to prioritise local procurement and local employment opportunities wherever possible.

Governance

Chalice recognises that good corporate governance is integral to how we operate, and underpins value creation for shareholders and the sustainability of the business. Governance is hence one of the foundations of the company's success.

Our Board provides strong leadership on governance matters, with a culture-driven approach based on our core values of integrity, ownership, urgency, alignment and advancement. The Board has established principles and policies that provide the framework for the delivery of the best standards of corporate governance.

This framework was developed with reference to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Our Board is ultimately responsible and accountable for our governance, risk and compliance frameworks, including ensuring compliance with all policies and procedures, values, and various legislative and regulatory requirements.

Our corporate policies and practices are available online at: https://chalicegold.com/corporate-governance

HEALTH AND SAFETY

The health and safety of our employees and stakeholders is at the core of Chalice's business. Our primary objectives are to maintain a culture of integrity and ownership, provide a safe working environment at all of our locations and maintain the health and wellbeing of our employees and stakeholders.

Chalice is committed to adopting and adhering to best practice safety standards, with the aim to identify health and safety hazards and to implement and monitor the controls to reduce risk to as low as reasonably practicable.

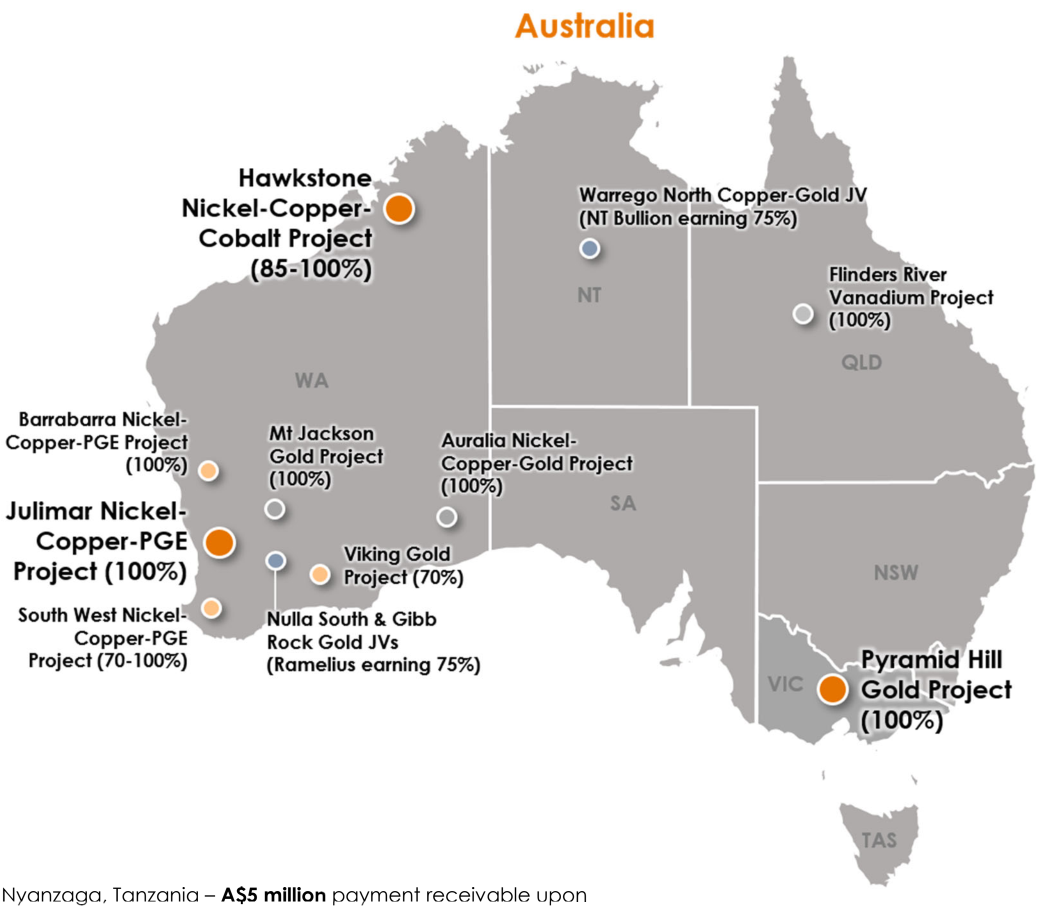
We believe health and safety also requires the right mindsets and behaviours, which contribute to our strong safety culture.

In line with our commitment to identify opportunities for continual improvement, health and safety standards and systems will be reviewed regularly. Chalice understands that as the business grows, so too does the need for a comprehensive and integrated management system, and at the time of reporting a comprehensive review of all Chalice's policies and systems is underway.

OPERATING AND FINANCIAL REVIEW

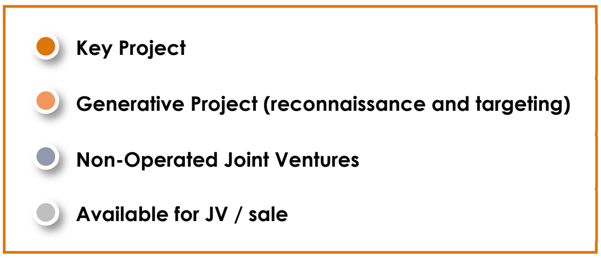
Chalice's portfolio includes three district-scale precious and base metal projects located in premier terranes of Australia.

The Company also owns several generative exploration projects (including a significant exposure to the new West Yilgarn Ni-Cu-PGE Province), early-stage gold royalties, listed investments and non-operated joint ventures (Figure 1).



Royalties

- Nyanzaga, Tanzania – **A$5 million** payment receivable upon commercial production from Orecorp Limited (ASX: ORR)
- East Cadillac, Quebec – **1.0% NSR** partial
- Kinebik, Quebec – **1.0% NSR**
- Ardeen, Ontario – **0.12-1.0% NSR** partial
- Cameron, Ontario – **1.0% NSR** partial
- Jericho, WA – **1.0% NSR** capped
- Bunjarra Well, WA – **1.0% NSR** capped



Key Investments

- **~3.1M shares** (~5%) in O3 Mining Inc. (TSX-V: OIII)

Figure 1: Chalice's project, royalty and investment portfolio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JULIMAR NICKEL-COPPER-PGE PROJECT

Location	Avon Region, Western Australia
Development Stage	Advanced Exploration - maiden discovery in March 2020
Acquired	Staked in 2018, further staking in 2020
Ownership	100%
Project Area	>2,000km²

OVERVIEW

Chalice made a remarkable PGE-Ni-Cu-Co discovery this year at the Julimar Project, uncovering a new mineral province.

The Project is located north-east of Perth on private land and State Forest (Figure 2).

The Project has direct access to major highway, rail, power and port infrastructure in one of the world's most attractive mining jurisdictions – Western Australia.

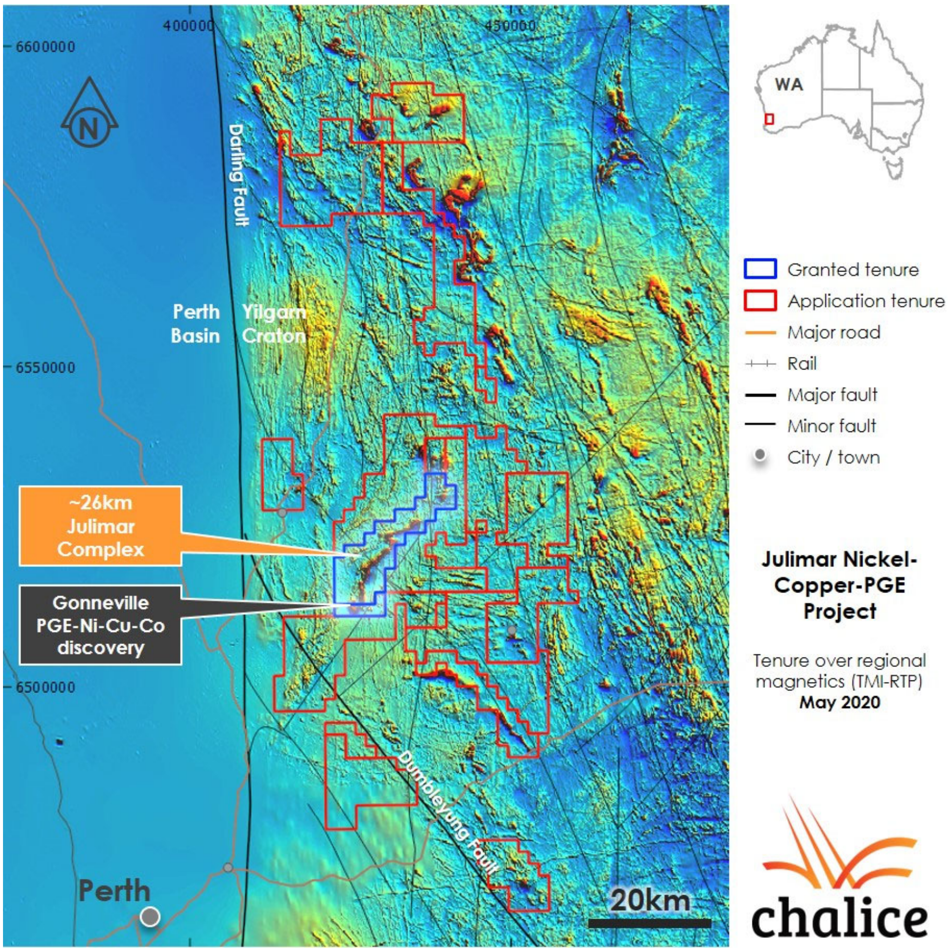

Figure 2: Julimar Project tenure over regional magnetics

THE OPPORTUNITY

The Project was staked in 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 (the 'Complex') at Julimar based on high-resolution airborne magnetics. The Complex is interpreted to extend over ~26km of strike and is confirmed to be highly prospective for nickel, copper and platinum group elements.

Prior to Chalice's exploration activities the Complex had never been explored for these metals, and the lack of any bedrock geology exposures and widespread development of laterite and transported cover in the region hindered the confirmation of the conceptual geological model.

Chalice interpreted two potential 'feeder' zones within the Julimar Complex as initial areas of interest, one situated at the southern end of the Complex on private land (the Gonneville Intrsuion) and the other situated mid-way along the Complex within the Julimar State Forest. Exploration activities were initially undertaken on private land with the process to gain access to the Julimar State Forest now underway.

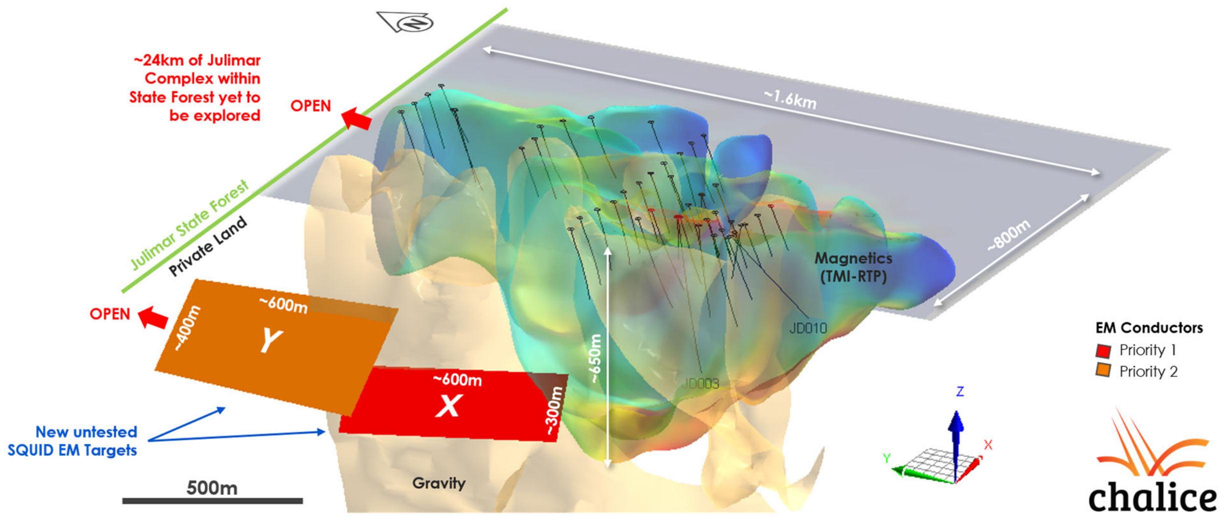

Figure 3: Gonneville Intrusion – Magnetic / Gravity Inversion Model, Drilling and new SQUID EM Conductors

EXPLORATION

Chalice commenced a systematic greenfield exploration program over the Gonneville Intrusion in mid-2019 which included ground EM geophysics and soil geochemistry on private land. The program identified multiple targets with two of the more significant EM conductors selected for an initial drill test targeting high-grade nickel, copper and platinum group elements (PGEs).

The initial RC drill program commenced in Q1 2020 and resulted in the discovery of shallow high-grade PGE-nickel-copper-cobalt mineralisation (Figure 5). The first drill hole (JRC001) intersected 19m @ 8.4g/t Pd, 1.1g/t Pt, 2.6% Ni, 1.0% Cu and 0.14% Co from 48m. The Gonneville discovery has since sparked an exploration rush in the region and has defined the new West Yilgarn Ni-Cu-PGE Province.

Since the discovery a total of 20 diamond drill holes and 90 RC drill holes have been drilled at Gonneville up to the date of this report (estimate as of 29-Sep-2020), targeting both extensions of four currently defined high-grade zones (G1-4) with 40-80m spaced step-out drill holes and scoping out the extensive zones of disseminated sulphides on a 200m x 80m spaced grid.

Four high-grade massive / matrix / heavily disseminated sulphide zones (G1-4) have been intersected to date over a ~400m x ~350m area.

The discrete high-grade massive and matrix-rich PGE-Ni-Cu-Co zones comprise sulphide-rich accumulations (20-100% sulphide).

Massive-matrix sulphide intersections typically have a grade range of 3-15g/t Pd-Pt-Au, 0.5-3.3% Ni, 0.4-4.5% Cu and 0.03-0.27% Co.

Widespread disseminated PGE-Cu-Ni mineralisation has also been intersected in many drill holes that have tested the broader footprint of the Gonneville Intrusion and this mineralisation is typically associated with low abundance of disseminated sulphides (trace to 3% on average).

Figure 4: General Manager-Exploration, Dr Kevin Frost, with Julimar core samples

Disseminated sulphide zones intersected to date typically have a grade range of 0.5-2.0g/t PGE, 0.1-0.2% Ni, 0.05-0.15% Cu and 0.01-0.03% Co. Disseminated sulphides have been intersected down to ~450m below surface, and the depth extent of the Intrusion is still unknown.

Weathering extends down to ~30-40m below surface and a well-developed saprolite profile after serpentinite contains elevated PGE grades (typically ranging from 1.2-4.5g/t PGE) from near surface to a depth of ~25m.

Early stage metallurgical testwork completed to date on selected high-grade and disseminated sulphide mineralisation samples has returned promising flotation results, giving initial encouragement that the sulphide-hosted mineralisation at Gonneville will be amenable to conventional flotation under standard conditions.

Tests completed on a composite of oxide mineralisation samples has also returned promising results, with the extraction of PGE and gold achieved through oxidative leaching under standard conditions.

An extensive metallurgical testwork program on the various mineralisation styles is currently underway and will support future economic studies.

An airborne electromagnetic (EM) survey was recently completed over the entire Julimar Complex. Three new large EM anomalies were identified - Hartog, Baudin and Jansz. The Hartog EM Anomaly extends ~6.5km directly north of the Gonneville Intrusion into the Julimar State Forest (Figure 7).

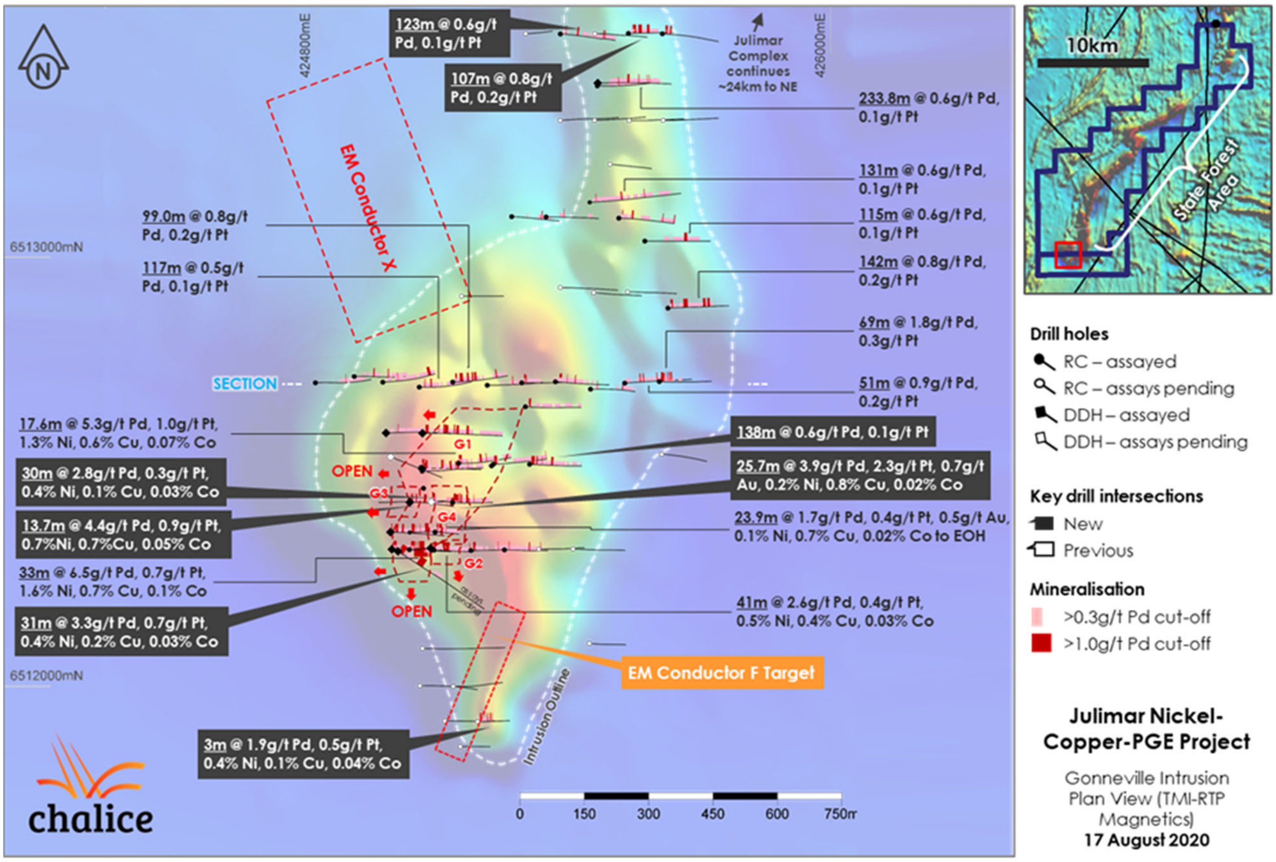

Figure 5: Gonneville Intrusion Plan View – Key drilling results over TMI-RTP Magnetic

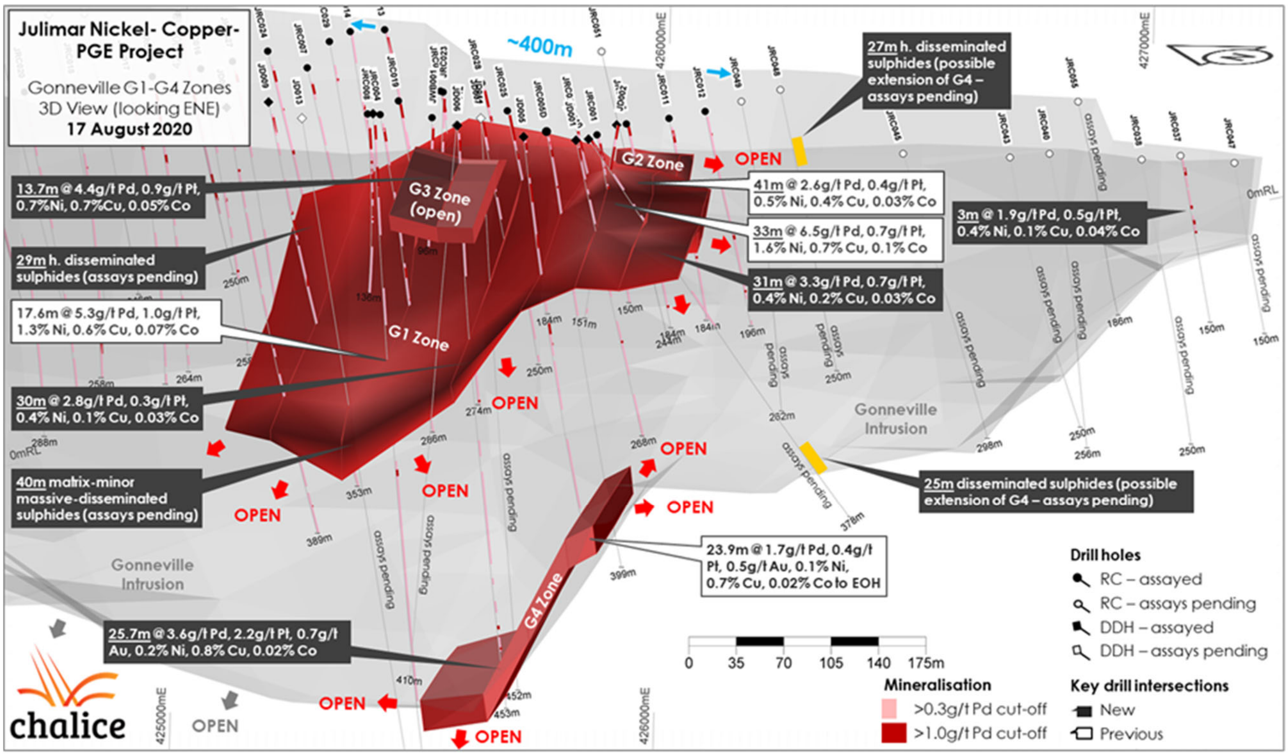

Figure 6: Gonneville G1-G4 Zones 3D View (looking east-north-east)

FORWARD PLAN

Chalice is continuing its approach of simultaneously exploring and evaluating the zones of high-grade PGE-Ni-Cu-Co+/-Au mineralisation and the extensive PGE-Cu-Ni zones associated with disseminated sulphides within the ~1.6km x 0.8km Gonneville Intrusion.

The Company is aiming to define a maiden Mineral Resource Estimate for Gonneville by mid-2021, which will be used in subsequent preliminary economic modelling.

Ongoing and planned activities at Julimar in the 2021 financial year include:

- A ~70,000m RC/diamond resource definition drilling program with 3-5 drill rigs:
  - 80m x 40m or 40m x 40m grid (pending resource geology assessment) of RC/diamond in high-grade zones.
  - 100m x 80m across the entire intrusion (disseminated sulphide zones).
- Detailed mineralogical and metallurgical testwork program on representative samples from all mineralisation styles (G1-4 sulphide, disseminated sulphide and oxide).
- Secure approval and complete exploration activities (soil sampling and ground EM) within the Julimar State Forest.
- Downhole EM Geophysics on key drill holes, to identify potential high-grade targets or extensions for follow-up.

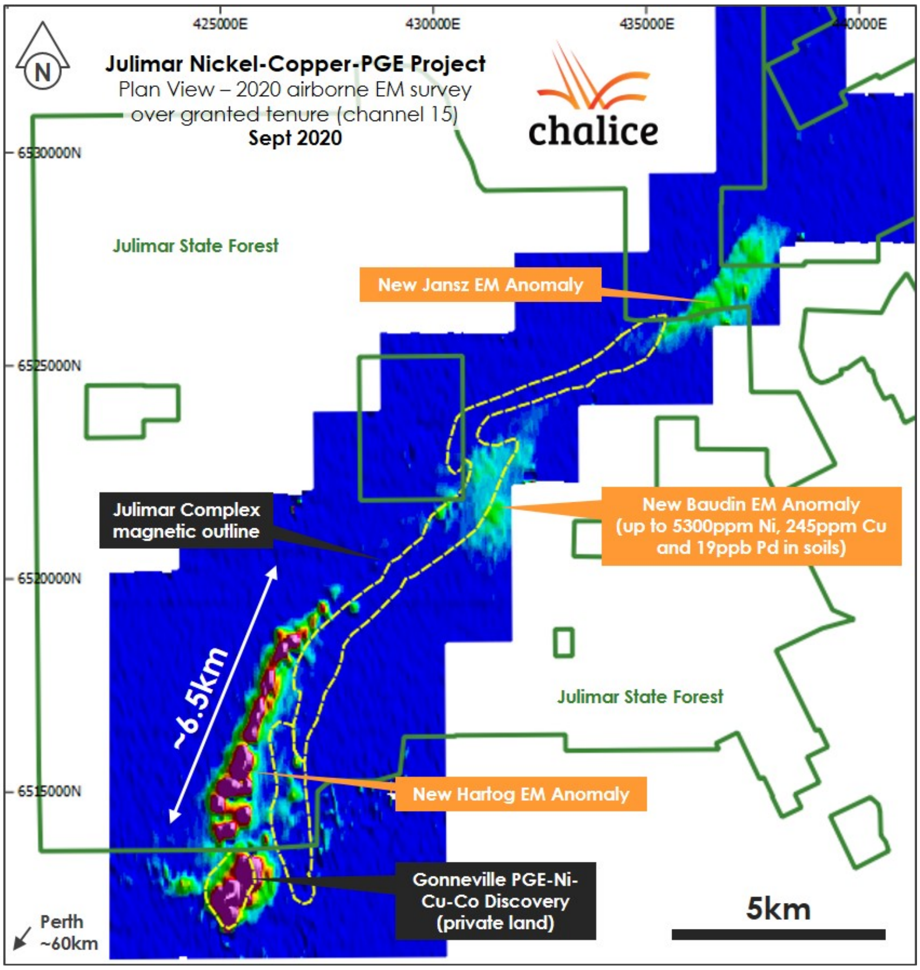

Figure 7: Julimar Complex Plan View – Airborne EM survey preliminary mid-time response

PYRAMID HILL GOLD PROJECT

Location	Bendigo Region, Victoria
Development Stage	Early Exploration
Acquired	Staked in 2017, further staking in 2018-2020
Ownership	100%
Project Area	>5,000km²

OVERVIEW

The 100%-owned Pyramid Hill Gold Project was staked in late 2017 and now 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 Percydale (Figure 8: 8).

The central Muckleford Area extends to the north-west of the high-grade historic >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).

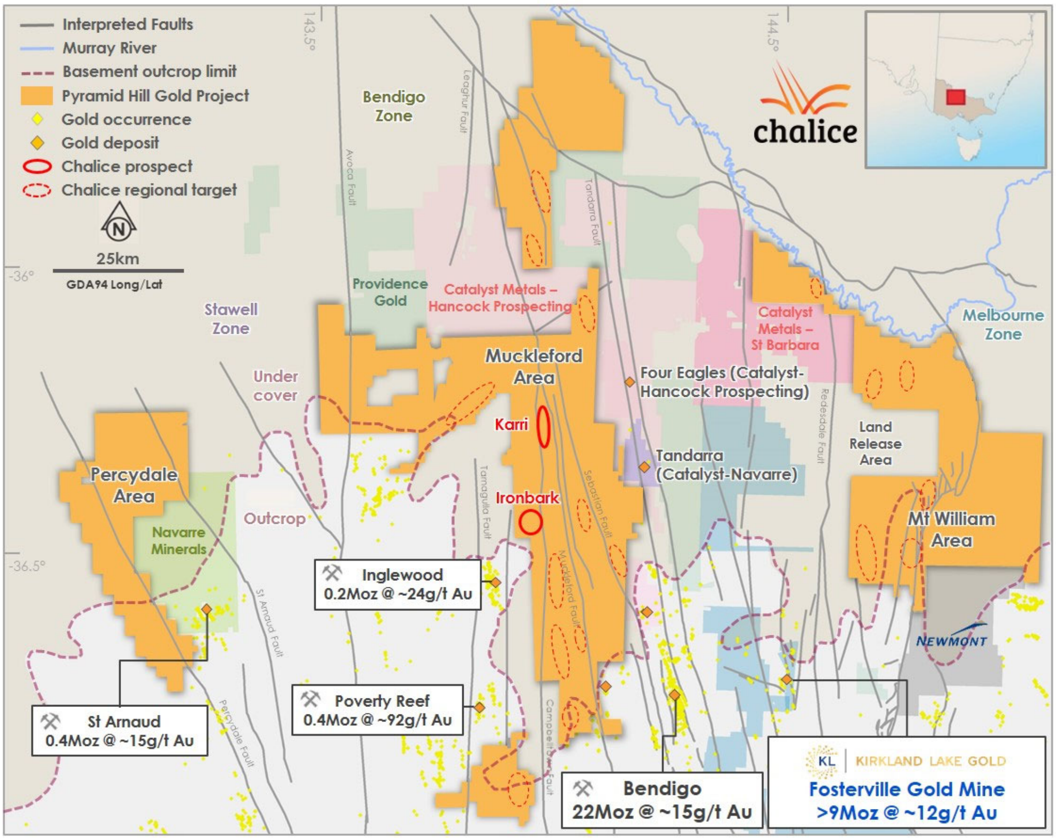

Figure 8: Pyramid Hill Gold Project tenure, regional land holders, gold deposits and occurrences

THE OPPORTUNITY

The Bendigo Zone of Victoria has produced >60Moz of gold at an average in-situ grade of ~15g/t Au. The region has been mined since the mid nineteenth century, however is now capturing global attention once again, largely due to Kirkland Lake Gold's new ultra-high-grade discoveries at its Fosterville mine.

The 'Gold Undercover"[1] initiative by the Victorian Government in 2006-2009 estimated a potential ~32Moz (P50 mid-case) of undiscovered gold beneath Murray Basin cover in the Bendigo Zone. However, the vast majority of the covered area remains sparsely explored. Given that there is highly variable, shallow cover over a large portion of the Project, the Company believes that there is excellent potential for the discovery of new commercially viable gold deposits within its tenements.

Chalice is targeting tier-1 scale (>US$1bn NPV), high-grade gold discoveries and commenced a systematic, regional-scale greenfield exploration program in 2018.

EXPLORATION

The Company is utilising all available targeting tools at its disposal, including the substantial pre-existing regional geophysics database (including crustal scale 2D seismic), regional-scale soil sampling and ground geophysics.

Low-cost reconnaissance air-core (AC) drilling to the top of the target basement on wide-spaced lines has been used effectively to narrow the target search space over the very large Project area. Over 700 AC holes have been completed by Chalice to date, identifying the Karri and Ironbark Prospects as well as several other secondary targets.

The Company's first phase of geological diamond drilling (10 holes for ~3,500m) was completed in H1 2020, which confirmed prospective geology and fertile gold systems at each of the Karri, Ironbark North and Ironbark South Prospects.

All six initial diamond drill holes at the Karri Prospect intersected tightly folded, upright stratigraphy and primary gold mineralisation, indicating that the Karri Prospect has the potential for a tier-1 scale gold system (Figure 9 and Figure 10).

Tightly folded / upright Castlemaine Group sediments with gently plunging anticlinal fold hinges are a characteristic feature of all large high-grade gold deposits in the Bendigo Zone including Bendigo (>22Moz Au), Fosterville (>9Moz Au) and Ballarat (>14Moz Au).

[1]Lisitsin, V., Olshina, A., Moore, D.H. & Willman, C.E., 2007. Assessment of undiscovered mesozonal orogenic gold endowment under cover in the northern part of the Bendigo Zone. GeoScience Victoria Gold Undercover Report 2, Department of primary Industries.

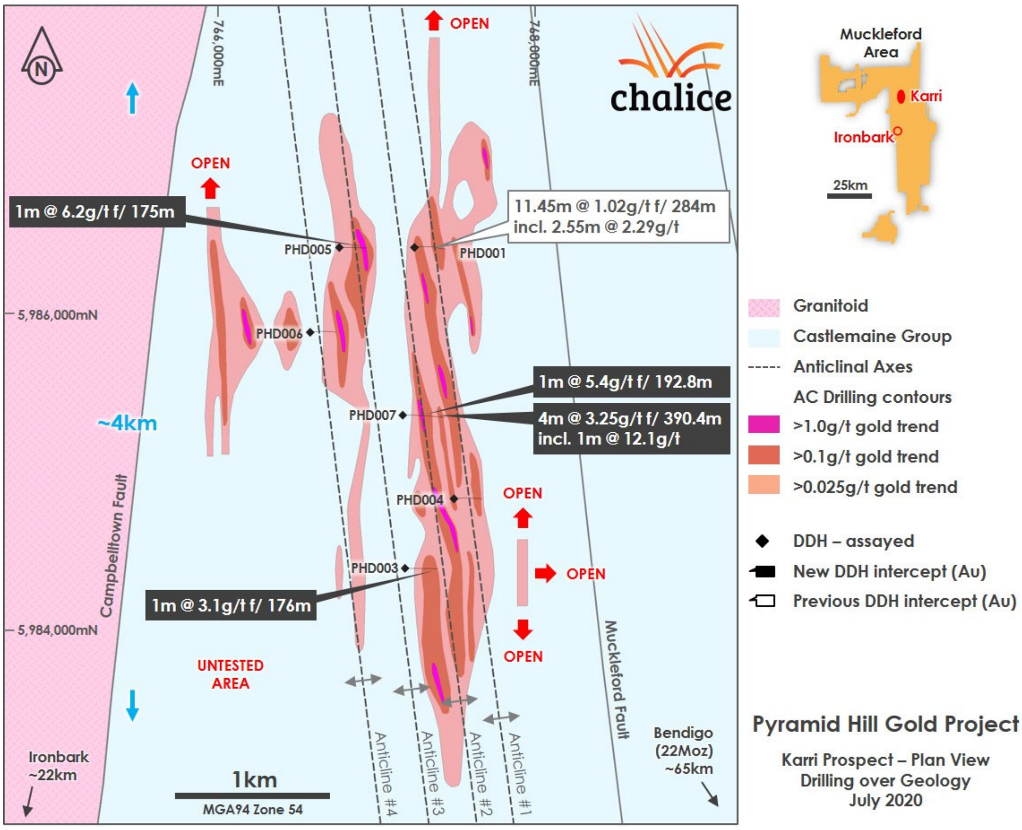

Figure 9: Karri Prospect – Plan View of diamond drill results and AC gold trends over geology

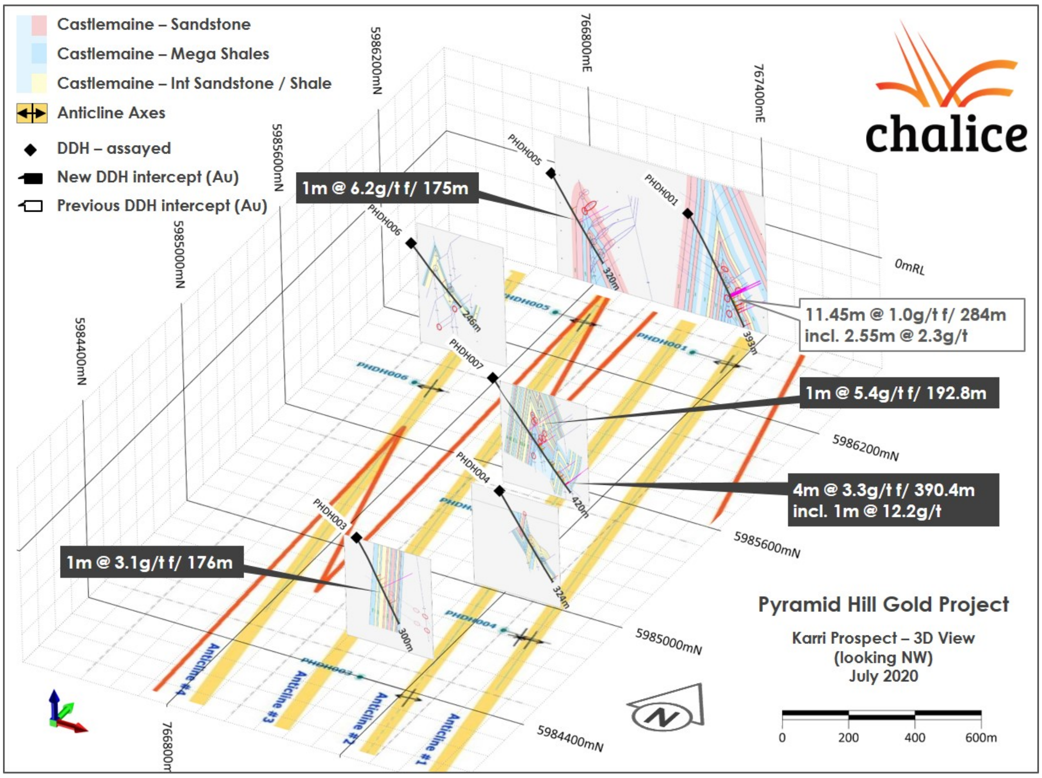

Figure 10: Karri Prospect – 3D perspective view (looking north-west) of diamond drill results, sectional interpretations over anticlinal axes

FORWARD PLAN

Chalice is continuing its systematic approach to gold exploration under cover in central Victoria, targeting Fosterville / Bendigo style gold discoveries.

The promising maiden diamond drill results at the Karri, Ironbark North and Ironbark South Prospects demonstrate the presence of primary gold systems at relatively shallow depth, paving the way for the next stage of exploration which will be targeted towards the discovery of primary gold lodes.

Ongoing and planned activities at Pyramid Hill in the 2021 financial year include:

- A Phase 2 diamond drill program at the Karri Prospect will commence in early Q4 2020.
- A Phase 3 reconnaissance AC drill program is planned at the Ironbark Prospects to extend coverage between the diorite intrusions and to the south-west of the Ironbark South diorite, where anomalous primary gold remains open along strike. AC drilling is planned to commence in early Q4 2020.
- A regional reconnaissance AC drill program is planned at new targets within the Muckleford and Mt William Areas, on 3-5km spaced drill lines. This program will commence once AC drilling at Ironbark is completed.

HAWKSTONE NICKEL-COPPER-COBALT PROJECT

Location	West Kimberley Region, Western Australia
Development Stage	Early Exploration
Acquired	2019
Ownership	100% (other than King Sound Area where Chalice earning 85%)
Project Area	~1,800km²

OVERVIEW

The Hawkstone Nickel-Copper-Cobalt Project (formerly the King Leopold Nickel Project) covers an area of ~1,800km² in the west Kimberley region of Western Australia.

The Project covers several known areas of Ruins and Hart Dolerite which are both considered highly prospective for magmatic nickel sulphides as well as other related metals (Cu, Co, PGEs, Au, Sn, W).

Chalice's Hawkstone Project is a combination of several 100% owned exploration licences, 100% owned hard rock rights as well as an earn-in agreement (earning up to 85%).

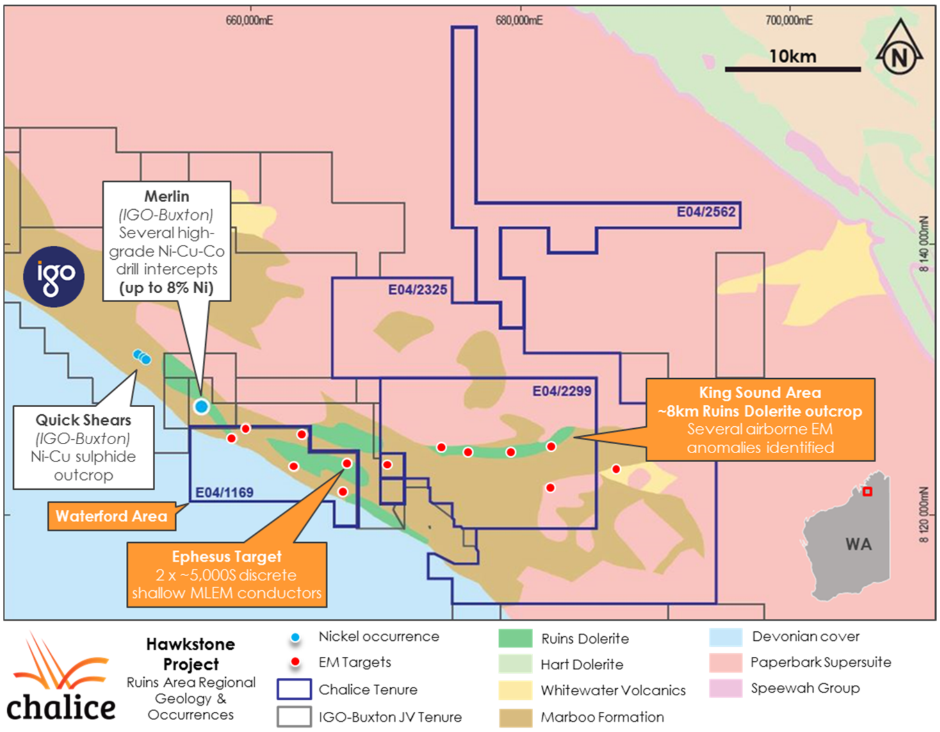

Figure 11: Hawkstone Nickel-Copper-Cobalt Project tenure, nickel occurrences, targets and regional geology.

OPPORTUNITY

The Ruins Dolerite has been demonstrated to host high-grade nickel sulphides after the Merlin discovery in 2015 by Buxton Resources (ASX: BUX). Drill intersections reported by Buxton on their tenements include (refer to ASX Announcement on 11 March 2019):

- 14m @ 1.9% NiEq from 304m including 6.6m @ 3.5% NiEq
- 6m @ 2.4% NiEq including 2.2m @ 5.2% NiEq
- 15m @ 1.1% NiEq from 242m including 9.9m @ 1.5% NiEq

Buxton has since executed two option and earn-in joint venture agreements with IGO Limited (ASX: IGO) and large-scale exploration activities are underway in the region. The JV has also substantially increased its licence holding in this frontier province.

EXPLORATION

Field-based exploration commenced in July 2019, following the acquisition of private explorer North West Nickel Pty Ltd. Activities have focused on areas immediately south-east of the Merlin Prospect within an area of extensive outcropping Ruins Dolerite.

A maiden ground-based EM survey (MLEM) was completed in July 2019 over the Waterford Area (E04/1169) to follow-up on conductors identified from a 2018 airborne EM survey. In addition, a maiden airborne EM survey was completed in early August 2019 over the King Sound Area (E04/2299 & 2325). The two surveys have resulted in the delineation of several highly prospective EM conductors (Figure 11).

A MLEM survey was partially completed over the Waterford Area in 2019, with the objective of defining drill-ready, discrete, late-time EM conductors. Two high priority, strong, discrete and shallow EM conductors were identified and modelled at the Ephesus Target (Figure 12).

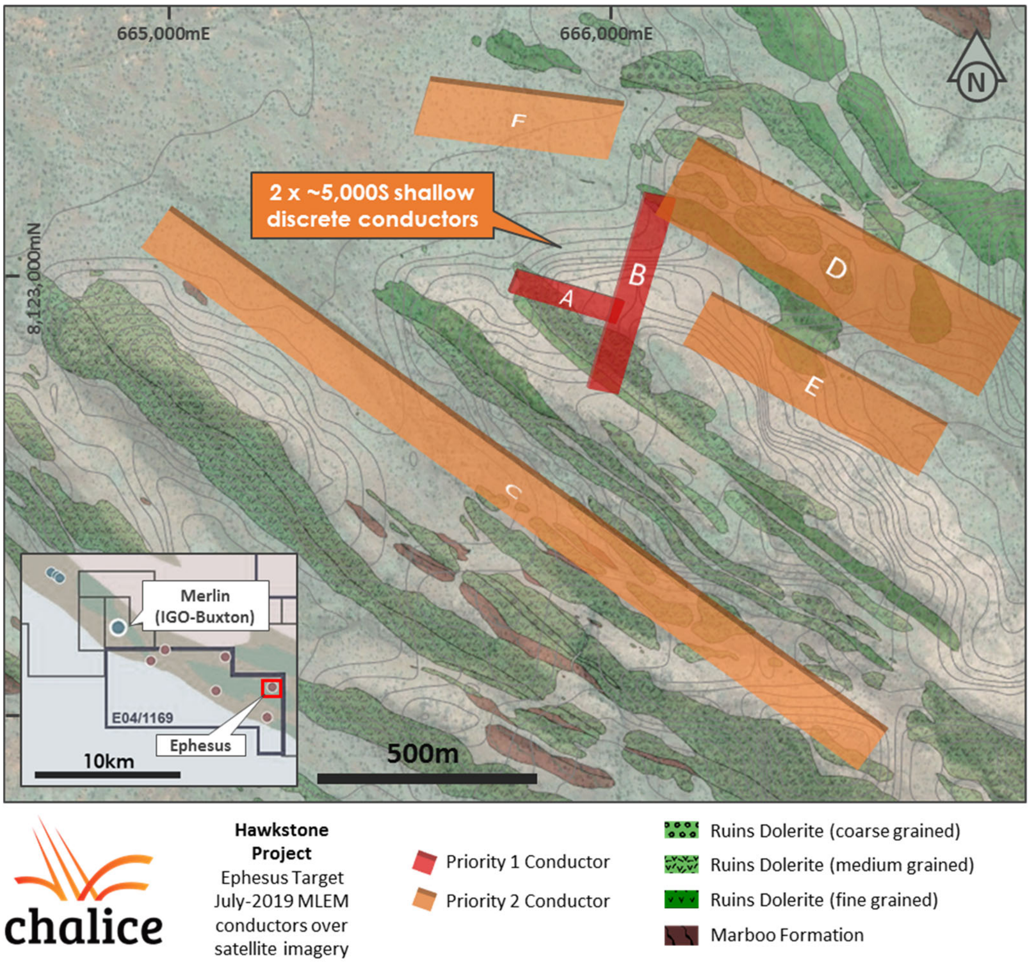

Figure 12: Ephesus Target MLEM conductors over mapped geology and satellite imagery

Field activities recommenced in June 2020 and the MLEM survey as well as a program of soil and rock chip sampling was completed over the Waterford and King Sound Areas.

FORWARD PLAN

The Company is planning a maiden RC/diamond drill program in early Q4 2020 to test several new EM targets, including the high-priority ~2.5km x 1.5km Ephesus Target.

GENERATIVE PROJECTS

The Company holds several generative exploration projects, which are typically conceptual or early-stage opportunities where low-cost prospect generation can contribute to a diversified pipeline of future projects in the Chalice portfolio.

South West Nickel-Copper Project, Western Australia (Up to 70%)

In July 2020, Chalice secured a significant new opportunity in the South West region of Western Australia with the potential for nickel-copper-PGE sulphide discoveries.

The South West Nickel Project includes a 'Julimar look-alike' Ni-Cu-PGE target, a ~20km long interpreted mafic-ultramafic complex with a strong magnetic signature and massive sulphide occurrence (the Thor Target).

Chalice's immediate focus at the project will be geological reconnaissance, systematic surface geochemistry and ground-based electromagnetic (EM) geophysics over the >20km long Thor Target. These activities are planned to commence in late 2020.

The Company has executed an earn-in agreement with Venture Minerals ("Venture", ASX: VMS), whereby Chalice may earn up to a 70% interest in the project by spending $3.7 million on exploration over 4 years (with a minimum commitment of $300,000).

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

The Barrabarrra Nickel-Copper-PGE Project is located ~150km east of Geraldton, in the highly prospective West Yilgarn Ni-Cu-PGE Province discovered by Chalice. The Project includes a ~15km long unexplored interpreted mafic-ultramafic complex, with a similar geophysical signature to the Julimar Complex and anomalous Ni-Cu in soils.

Limited exploration activity has been undertaken at Barrabarra, however planning is underway for reconnaissance, geochemical sampling and geophysical surveys. The Company aims to leverage its knowledge from its Gonneville discovery to unlock the potential of the project.

Viking Gold Project, Western Australia (100%)

In August 2019, Chalice executed a conditional Option and Earn-in Agreement on the Viking Gold Project, east-south-east of Norseman in Western Australia.

The Viking Gold Project includes several historical high-grade gold intersections in oxide, that have never been followed up. Chalice is currently progressing the exploration licence application towards grant.

The Option and Earn-in Agreement was executed with Metal Hawk Pty Ltd, whereby Chalice may earn up to a 70% interest in the project by spending $2.75 million on exploration over 4.5 years (with a minimum commitment of $200,000, subject to the exploration licence being granted).

Mt Jackson Gold Project, Western Australia (100%)

The Mt Jackson Gold Project is located at the northern end of the Southern Cross Greenstone Belt in Western Australia.

Reconnaissance and soil geochemistry programs (~800 samples) were completed during the year, which identified a coherent, untested Au-As-Ab anomaly measuring ~2km x ~0.5km. The Company is currently seeking a joint venture partner to progress the project.

Auralia Nickel-Copper-Gold Project, Western Australia (100%)

The Auralia Project is a district-scale ~1,422km^2 land holding, 500km east of Kalgoorlie in the Madura Province of Western Australia.

Limited historical exploration drilling below the Eucla Basin in this area intersected ultramafic to mafic intrusive rocks associated with a large 80km strike length magnetic anomaly.

No exploration activity was undertaken on the Auralia Project during the year, however Chalice is planning an initial ground based EM survey in 2021.

Flinders River Vanadium Project, Queensland (100%)

The Company is currently seeking a farm-out or divestment of the Flinders River Project.

Non-Operated Joint Ventures

Nulla South Gold Project, Western Australia (Ramelius Resources Ltd earning 75%)

Operator Ramelius Resources Ltd (ASX: RMS) reported that no exploration drilling was completed during the year.

Gibb Rock Gold Project, Western Australia (Ramelius Resources Ltd earning 75%)

Operator Ramelius Resources Ltd (ASX: RMS) reported that a 42-hole, 1,474m aircore drilling program was completed at the end of the year to test broad gold-in-soil anomalies along an interpreted granite-greenstone contact. Assay results are pending.

Ramelius considers the anomalous Au trend remains open to the west and additional aircore and RC drilling is required as follow-up.

Warrego North Project, Northern Territory (70-100%)

Subsequent to year end, Chalice executed an agreement whereby TC Resources NT Pty Ltd (a subsidiary of NT Bullion Pty Ltd) may earn up to a 75% interest in Chalice's 100%-owned granted exploration licences and exploration licence applications at its Warrego North Project in the Northern Territory, by spending $1.15 million over six years (with a minimum commitment of $300,000 within 12 months). The agreement is conditional on the tenement applications being granted.

Investments and Royalties

O3 Mining Inc. (TSX-V: OIII)

Chalice received ~3.1 million fully paid ordinary shares in O3 Mining Inc. ("O3 Mining", TSX-V: OIII) as partial consideration for the sale of its subsidiary Chalice Gold Mines (Quebec) Inc. As at the date of this report, the Company holds a ~5% interest in O3 Mining which is valued at approximately $10 million at the time of reporting.

Spectrum Metals Limited (ASX: SPX)

Chalice acquired ~97 million shares in Spectrum Metals Ltd ("Spectrum", ASX: SPX) in H2 2019 to gain exposure to the high-grade Penny West gold discovery in Western Australia.

In Q1 2020, Ramelius Resources Limited ("Ramelius", ASX: RMS) announced a recommended takeover offer ("Offer") to acquire Spectrum in exchange for 1 Ramelius share for every 10 Spectrum shares plus cash consideration of $0.017 per Spectrum share.

Chalice accepted the Offer for its ~97 million shares held in Spectrum and on 26 March 2020, the Company received ~9.7 million Ramelius shares. On 1 April 2020, the Company received the cash consideration of $1.65 million.

The Company subsequently disposed of the ~9.7 million Ramelius shares for total proceeds of ~$10.6 million. The disposal resulted in a total gain of ~$6.5 million.

Nyanzaga Gold Project, Tanzania – OreCorp Limited (ASX: ORR)

Following Chalice's merger with Sub-Sahara Resources NL in 2009, the Company became entitled to a payment of $5 million upon commercial production at the Nyanzaga Project in Tanzania. During the year, OreCorp Limited (ASX: ORR) signed a binding Heads of Agreement to advance to a 100% interest in the Project, and has commenced a Definitive Feasibility Study.

The Company also holds several early-stage royalties on gold projects across Canada and Australia

FINANCIAL REVIEW

Financial Performance

The Group reported a net loss after income tax from continuing operations of $11.4 million predominately due to exploration and evaluation expenditure being expensed against profit and loss as incurred. The loss for the year ended 30 June 2020 was greater than the net loss of $6.8 million for the year ended 30 June 2019. The increase in loss is largely related to an expansion in exploration activities at the Julimar and Pyramid Hill Projects resulting in exploration and evaluation expenditure on continuing operations increasing to $9.6 million from $4.7 million in 2019.

Profit from discontinued operations was $8.7 million (2019: loss $3.4 million) as a result of the completion of the disposal of Chalice Gold Mines (Quebec) Inc ("CGMQ") during July 2020.

Statement of Cash Flows

Cash and cash equivalents at 30 June 2020 were $45.7 million (2019: $18.6 million). The increase in cash of $27.1 million is predominately due to a share placement undertaken in May 2020 to institutional and sophisticated investors raising $30 million (before costs).

In comparison to the 2019 financial year, net cash flows used in operating activities increased by 16% from $8.6 million to $10.2 million primarily due to the receipt of $2.1 million in exploration tax credits in 2019.

Net cash flows from investing activities increased significantly during the year from a net inflow of $1.3 million in 2019 to a net inflow of $8.7 million in 2020 as a result of higher proceeds received from sale of financial assets in 2020 and proceeds received on the completion of the disposal CGMQ of $1.6 million.

Net cash inflows from financing activities for 2020 were $28.4 million compared to outflows of $10.8 million in 2020. The difference is due to the proceeds from the May 2020 placement compared to the capital return of $10.7 million completed in 2019.

Financial Position

At 30 June 2020, the Group had net assets of $53.4 million (2019: 21.8 million) and an excess of current assets over current liabilities of $52.9 million (2019: $21.1 million). Current assets increased by 148% to $54.9 million (2019: $22.1 million) mainly due to an increase in cash on hand due to the May 2020 placement and the investment held in O3 Mining Inc. Refer to the statement of cash flows discussion above for further details regarding the movements and cash equivalents at 30 June 2020.

There was no material movement in non-current assets during the financial year.

COMPETENT PERSON AND QUALIFYING PERSON STATEMENT

The information in this Annual Report that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared 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 the Annual Report of the matters based on his information in the form and context in which it appears.

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

- "High-grade nickel-copper-palladium sulphide intersected at Julimar Project in WA", 23 March 2020
- "Preliminary results from second target at Julimar Project", 24 March 2020
- "Significant nickel-palladium discovery confirmed at Julimar", 15 April 2020
- "Second diamond hole intersects discovery zone at Julimar", 20 April 2020
- "Exciting visual results from deep diamond drill hole at Julimar", 5 May 2020
- "Large-scale PGE system further expanded at Julimar", 11 May 2020
- "High-grade Ni-Cu-PGEs confirmed in discovery zone at Julimar", 25 May 2020
- "Extension of wide, high-grade PGE-Ni-Cu matrix zone at Julimar", 15 June 2020
- "Chalice discovers new high-grade PGE-Cu-Au zone at Julimar", 9 July 2020
- "Significant extension of high-grade PGE-Ni-Cu-Co zones at Julimar", 17 August 2020
- "Positive preliminary metallurgical results at Julimar", 1 September 2020
- "Major new 6.5km-long EM anomaly identified at Julimar", 22 September 2020

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

- "Discovery of new >2km gold trend in air-core drilling at Karri Target indicates potential for a significant gold system", 12 December 2019
- "Several new gold zones discovered in first drill holes at Ironbark North Target", 19 December 2019
- "Karri gold trend expanded to over 3km of strike extent", 13 January 2020
- "Infill AC drilling at Karri returns best intercept to date of 4m at ~4g/t gold", 3 February 2020
- "New High-Grade Gold Zones at the Large-Scale Karri Target", 4 March 2020
- "First diamond drill hole at Karri hits primary gold zone", 7 April 2020
- "Maiden diamond drill program at the Pyramid Hill Gold Project confirms a large gold system at the Karri Prospect", 29 July 2020

The Information in this Annual Report that relates to exploration results for the Hawkstone Project (formerly the King Leopold Project) is extracted from the following ASX announcements:

- "Chalice acquires highly prospective nickel sulphide project in west Kimberley region of WA", 18 June 2019
- "Strong EM Conductors Identified at King Leopold Project", 20 August 2019

The above announcements are available to view on the Company's website at chalicegold.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions in the market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's and Qualifying Persons findings are presented have not been materially modified from the original market announcements.

FORWARD LOOKING STATEMENTS

This Annual Report may contain 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 Gold Mines 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 price of O3 Mining securities, the estimation of mineral reserve and mineral resources, the realisation of mineral resource estimates, 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 project, 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 "plans", "planning" "expects" or "does not expect", "is expected", "will", "may", "would", "potential", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", "occur", "impending", "likely", "indicative" or "be achieved" 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 visually interpreted mineralised intersections; whether geophysical anomalies are related to economic mineralisation or some other feature; obtaining access to undertake additional exploration access on EM anomalies located in the Julimar State Forrest; the results from testing EM anomalies; results of planned metallurgical testwork; changes in project parameters as plans continue to be refined; changes in exploration programs based upon the results of exploration; future prices of mineral resources; possible variations in mineral resources or ore reserves, 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 O3 Mining securities and future proceeds and timing of potential sale of O3 Mining securities, 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 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.

Designated Foreign Issuer Status

The Company listed on the TSX on 26 November 2010 and upon listing, the Company became a reporting issuer in the province of Ontario. However, in accordance with National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers ("NI 71-102"), the Company will be a "designated foreign issuer" (as defined by NI 71-102) for the balance of the current financial year and until such time as it ceases to satisfy the requirements to be a designated foreign issuer. As such, the Company will not be subject to the same ongoing reporting requirements as most other reporting issuers in Canada. Generally, the Company will comply with Canadian ongoing reporting requirements if it complies with the regulatory requirements of the ASX, which is a "foreign regulatory authority" (as defined by NI 71-102) and files any documents required to be filed with or furnished to the ASX on SEDAR.

TENEMENT SCHEDULE

As at 28 September 2020

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	
	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	95% - Farm-out agreement, Ramelius Resources Ltd has the right to earn up to 75% interest
	Julimar	E70/5118 to E70/5119	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	CGM (WA) Pty Ltd	100%
		E70/5264	CGM (WA) Pty Ltd	100%
	Mt Jackson	E77/2577	CGM (WA) Pty Ltd	100%
	Kurrajong Bore	P37/8702	CGM (WA) Pty Ltd	95%
		P37/8706 to P37/8707	CGM (WA) Pty Ltd	95%
		P37/8710 to P37/8711	CGM (WA) Pty Ltd	95%
		P37/9021	CGM (WA) Pty Ltd	100%
		P37/9028	CGM (WA) Pty Ltd	100%
	South West	E70/5086	Banks, Aaron Peter; Keil, Michael; Roseberry Holdings 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

Location	Project	Tenement No.	Registered Holder	Nature of Interest
Victoria	Pyramid Hill	EL006661	CGM (WA) Pty Ltd	100%
		EL006737 to EL006738	CGM (WA) Pty Ltd	100%
		EL006669	CGM (WA) Pty Ltd	100%
		EL006805	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%
		EL007121	CGM (WA) Pty Ltd	100%
		EL007120	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%

The Directors present their report together with the consolidated financial statements of Chalice Gold Mines Limited ("Chalice" or "the Company") and its subsidiaries (together "the Group") for the financial year ended 30 June 2020 and the independent auditor's report thereon.

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

1. DIRECTORS

Timothy (Tim) R B Goyder
Non-executive Chairman (previously Executive Chairman until 31 August 2020)

Tim has considerable experience in the resource industry as an executive and investor. He has been involved in the formation and management of a number of publicly-listed and private companies.

Tim has been a director of Chalice since 2005 (15 years) and was appointed Executive Chairman on 23 March 2018. Tim previously held the position of Managing Director.

Other current directorships of listed companies:

Chairman of DevEx Resources Limited (since 2002) and Liontown Resources Limited (since 2006).

Former directorships of listed companies in the last three years:

Strike Energy Limited (2017 to 2018).

Alexander (Alex) C Dorsch
BEng (Hons), BFin
Managing Director

Alex is an experienced consultant, engineer and corporate advisor in the energy and resource sectors. Prior to joining Chalice, Alex was a specialist consultant with the global management consultancy McKinsey & Company. Prior to this he worked for over six years as an engineer in the oil and gas industry. Alex has a thorough understanding of corporate strategy, business development, financial markets, project development and operations.

Alex was appointed Managing Director on 13 November 2018 and previously held the position of Chief Executive Officer.

Other current directorships of listed companies:

None

Former directorships of listed companies in the last three years:

None

Morgan S Ball
B.Com, CA, FFin
Lead Independent Non-executive Director

Morgan is a Chartered Accountant with more than 30 years of Australian and international experience in the resources, logistics and finance industries. Morgan is currently Chief Financial Officer of ASX Listed Saracen Mineral Holdings Limited.

Morgan is Chairman of the Audit and Risk Committee, a member of the Remuneration Committee and was appointed to the Board as an Independent Non-executive Director on 24 June 2016 (4 years).

Other current directorships of listed companies:

None

Former directorships of listed companies in the last three years:

Arrow Minerals Limited (2019 to 2020).

Stephen P Quin
PGeo, FGAC, FSEG, MIOM3
Independent Non-executive Director

Stephen is a geologist with more than 38 years' experience in the mining and exploration industry. Stephen is based in Vancouver, Canada, and has been the President & CEO of Midas Gold Corp. and its predecessor since January 2011 and is a currently a director of Kutcho Copper Corp (since December 2017), a TSX-V listed resource development company. Stephen was previously President and COO of TSX listed copper producer Capstone Mining Corp. and, up until its merger with Capstone, President and CEO of TSX-V listed copper producer Sherwood Copper Corp. Prior to joining Sherwood, Stephen spent 18 years as Vice President and subsequently Executive Vice President of TSX listed Miramar Mining Corporation, a Canadian focused gold producer and developer. Stephen has extensive experience in the resources sector, and in the financing, development and operation of production companies.

Stephen is Chairman of the Remuneration Committee and a member of the Audit and Risk Committee. Stephen has been an Independent Non-executive Director since 2010 (10 years).

Other current directorships of listed companies:

Midas Gold Corp. (since 2011) and Kutcho Copper Corp (since 2017).

Former directorships of listed companies in the last three years:

None

Garret J Dixon
BEng, Civil (Hons), MBA, and is a member of the AICD
Independent Non-executive Director
(Appointed 21 August 2020)

Garret has extensive experience in the resources and mining contracting sectors in Australia and overseas. His work in both private and ASX listed companies spans more than three decades, having worked in senior executive roles for major mine owners, mine operators and contractors. Garret recently held the position of Executive VP Alcoa & President Bauxite where he was responsible for the global bauxite mining business for the NYSE listed Alcoa Corporation. His career also includes the role of Executive General Manager of civil construction and contract mining group Henry Walker Eltin Ltd and Managing Director of ASX listed Gindalbie Metals Ltd.

Garret is a member of the Remuneration Committee and the Audit and Risk Committee. Garret has been an Independent Non-executive Director since 21 August 2020.

Other current directorships of listed companies:

BCI Minerals Ltd (since 2020), Fenix Resources Ltd (since 2020) and Dynamic Drill & Blast Holdings Ltd (since 2020).

Former directorships of listed companies in the last three years:

Watpac Ltd (2014 to 2019).

2. COMPANY SECRETARY

Jamie Armes
B.Bus, CA,
(appointed 16 August 2019)

Jamie is a Chartered Accountant who has over 27 years' experience within the accounting profession and the administration of public listed companies in the mining and exploration industry.

Leanne Stevens
B.Com, CA, ACIS
(resigned 16 August 2019)

Leanne is a Chartered Accountant and Chartered Secretary who has over 18 years of accounting and governance experience within the mining and energy industries.

3. DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	Audit & Risk Committee	Remuneration	Nomination
Number of meetings held:	8	2	2	-
Number of meetings attended:				
T R B Goyder	8	-	-	-
A C Dorsch	8	-	-	-
S P Quin	8	2	2	-
M S Ball	8	2	2	-

The Company has an audit and risk committee and a separate remuneration committee. The nomination committee comprises the full membership of the board of directors and any matters to be dealt with by the nomination committee are included in board meetings. Members acting on the committees during the year were:

Audit and Risk	Remuneration	Nomination
M S Ball (Chairman)	S P Quin (Chairman)	Full Board
S P Quin	M S Ball	

4. PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was mineral exploration on the Julimar Nickel-Copper-PGE Project and Pyramid Hill Gold Project. Other than as outlined in the Operating and Financial Review, there has been no significant change in the nature of the principal activities during the year.

5. OPERATING AND FINANCIAL REVIEW

The directors of Chalice Gold Mines Limited present the Operating and Financial Review of the Group, prepared in accordance with section 299A of the Corporations Act 2001 for the year ended 30 June 2020. The information provided in this review forms part of the Directors' Report and provides information to assist users in assessing the operations, financial position and business strategies of the Group. Please refer to page 15 for further details.

Future exploration results, movements in commodity prices, foreign exchange rates and equity prices may adversely impact the achievement of the Company's business strategies. In particular, the Company has an exposure to equity prices and potentially material movements in the Australian dollar to Canadian dollar through its holding of approximately 3.1 million shares in O3 Mining Inc. Refer to note 22 for further information on these financial risks.

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the changes documented in the Operating and Financial Review and elsewhere in this Directors' Report, the state of affairs of the Company was not affected by any other significant changes during the year.

7. REMUNERATION REPORT – AUDITED

This report for the year ended 30 June 2020 outlines remuneration arrangements in place for directors and other Key Management Personnel (KMP) of the Group in accordance with the requirements of the Corporations Act 2001 (the "Act") and its regulations. This information has been audited as required by section 308 (3C) of the Act.

7.1 Objectives

The Company's remuneration policy is structured to attract, retain and motivate executives whilst ensuring alignment to the Company's strategy and shareholder interests. These objectives are designed to be achieved through the Company's short term and long-term incentive plans which link the achievement of these objectives to the variable compensation of KMP and staff.

7.2 Introduction

The remuneration report details the remuneration arrangements for KMP who are defined as those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company and the Group directly or indirectly. The following were the KMP of the Group during the financial year and unless otherwise indicated were KMP for the entire financial year:

Executive Directors

Tim Goyder	Executive Chairman
Alex Dorsch	Managing Director

Non-executive Directors

Stephen Quin	Non-executive Director
Morgan Ball	Non-executive Director

Executives

Richard Hacker	Chief Financial Officer
Kevin Frost	General Manager – Exploration
Bruce Kendall	General Manager – Corporate Development (appointed 1 October 2019)
Patrick Lengyel	Exploration Manager – Canada (resigned 31 December 2019)

After the reporting date, Mr Garret Dixon was appointed as a Non-executive Director on 21 August 2020 and on 1 September 2020, Mr Tim Goyder transitioned to Non-executive Chairman.

Other than disclosed above, there were no changes in KMP after the reporting date and before the financial report was authorised for issue.

7.3 Remuneration governance

Remuneration committee

The Board is responsible for ensuring Chalice's remuneration strategy is aligned with Company performance and shareholder interests and is equitable for participants. To assist with this, under a formal charter, the Board has established a Remuneration Committee that consisted of the following non-executive directors during the reporting period:

- Stephen Quin (Chair) – appointed to Chair on 12 July 2019
- Morgan Ball (member) – resigned as Chair on 12 July 2019.

The Remuneration Committee has been delegated decision-making authority for some matters related to the remuneration arrangements for KMP and is required to make recommendations to the Board on other matters.

Specifically, the Board approves the remuneration arrangements of the Managing Director and other executives including the award of Short-Term Incentives and Long-Term Incentives, following recommendations from the Remuneration Committee. The Board also sets Non-executive Directors fees and the aggregate fee pool for Non-executive Directors (which is subject to shareholder approval).

The Remuneration Committee meets through the year when appropriate. The Managing Director may attend certain Remuneration Committee meetings by invitation, where management input is required. KMP are not present during any discussions related to their own remuneration arrangements.

Further information on the Remuneration Committee's role, responsibilities and membership can be found at chalicegold.com.

Use of remuneration consultants

To ensure the Remuneration Committee is fully informed when making remuneration decisions, the Remuneration Committee may seek external advice, as it requires, on remuneration policies and practices. Remuneration consultants are able to be engaged by, and report directly to, the Committee. In selecting remuneration consultants, the Committee would consider potential conflicts of interest and independence from the Group's KMP and other executives. Given the recent growth of the Company, subsequent to the end of the financial year, the Remuneration Committee sought advice from external consultants in relation to remuneration benchmarking for Executives and Non-executive directors as well as a review of the structure and design elements of the incentive based remuneration. This did not involve providing the Remuneration Committee with any remuneration recommendations as defined by the Corporations Act 2001. As a result, the Remuneration Committee has recommended changes as to the quantum and structure of KMP remuneration which will become effective retrospectively from 1 July 2020.

Based on the above considerations the target maximum remuneration components for executives calculated as a percentage of fixed remuneration comprising base salary and superannuation is as follows

	30 June 2020		From 1 Jul 2020	
	STI	LTI	STI	LTI
Executive Chairman	-	45%	N/A	N/A
Managing Director	-	45%	25%	75%
Other Executives	-	30% - 37.5%	25%	50%

Remuneration report approval at 2019 Annual General Meeting

The Remuneration Report for the financial year ended 30 June 2019 received positive shareholder support at the 2019 Annual General Meeting ("AGM") with a vote of 98.4% in favour.

7.4 Remuneration principles and components of remuneration

The Company has adopted the following principles in its remuneration framework:

1. Setting aggregate remuneration at a level which provides the Company with the ability to attract and retain directors and executives of a high calibre at a cost which is acceptable to shareholders; and
2. KMP interests being aligned with shareholder value and Company performance by:
   - providing fair, consistent and competitive compensation and rewards to attract and retain appropriate employees;
   - ensuring that total remuneration is competitive with its peers by market standards; and
   - incorporating in the remuneration framework both short and long-term incentives linked to the strategic goals and performance of the Company.

The following table is an overview of the components of remuneration:

	Element	Non-executive directors	Executives
Fixed remuneration	Base salary	×	✓
	Base fees	✓	×
	Committee fees	✓	×
	Superannuation	✓ (1)	✓
	Consultancy fees	×	×
	Other benefits	✓ (2)	✓ (2)
Variable remuneration	Short term incentives (STI)	×	✓
	Share options	✓ (3)	✓
	Performance rights	× (4)	✓

(1) Only applies to Australian non-executives.

(2) Other benefits relate to directors and officers insurance and income protection for executives.

(3) No performance related hurdles and subject to shareholder approval.

(4) Mr Goyder was awarded performance rights whilst an executive of the Company. On transitioning to a non-executive role on 1 September 2020, the Board resolved that these performance rights are permitted to be retained and not forfeited .

7.4.1 Non-executive director remuneration

The Company's Constitution and the ASX Listing Rules specify that the maximum aggregate fees to be paid to non-executive directors for their roles as directors are to be approved by shareholders at a general meeting. The latest determination was at the 2011 AGM, whereby Shareholders approved a maximum aggregate amount of $450,000 per year (including superannuation). The Board does not propose to seek any increase to the non-executive director fee pool at the upcoming 2020 Annual General Meeting.

The fee structure for non-executive directors is reviewed annually. With effect from 1 July 2019, the Remuneration Committee reviewed the fee structure for non-executive directors and determined that in light of reducing corporate overheads and to reflect the Company's current strategy at the time, it was agreed that non-executive director fees would be reduced. To compensate non-executive directors for the reduction in fees, the Board resolved in July 2019 to grant 500,000 share options each to Mr Ball and Mr Quin. These options were issued on 28 November 2019 following receipt of shareholder approval at the Company's 2019 AGM.

Remuneration for non-executive directors is not linked to the performance of the Company.

Other than the payment of statutory superannuation benefits, non-executive directors are not entitled to receive retirement benefits. Non-executive directors, at the discretion of the Board, may participate in the Employee Securities Incentive Plan ("ESIP") through the issue of share options, subject to approval by shareholders. It is currently the policy of the Company not to award performance rights under the ESIP to non-executive directors.

Details of directors fees and committee fees, inclusive of superannuation where applicable, are shown in the table below:

	From 1 July 2020 $	From 1 July 2019 $	From 1 July 2018 $
Base Fees (annual)			
Non-Executive Chairman (from 1 Sept 2020)	150,000	-	-
Non-executive Directors	60,000	40,000	60,000
Committee Fees (annual)			
Chairperson of Committee	6,000	6,000	-
Member of Committee	4,000	4,000	5,000

In addition, subject to shareholder approval at the Company's upcoming AGM, it is proposed that each non-executive director will be issued 150,000 unlisted share options under the terms of the Company's ESIP, with an exercise price of $2.20 and an expiry date of 30 June 2023. As Non-executive Chairman, Mr Goyder will be issued 250,000 unlisted options on the same terms as other non-executive directors.

As part of the remuneration paid to non-executive directors, it is proposed that each director be issued share options annually (subject to shareholder approval each year).

The remuneration of non-executive directors for the years ended 30 June 2020 and 30 June 2019 is detailed further in this Remuneration Report.

7.4.2 Executive remuneration

Executive remuneration consists of fixed remuneration and may also comprise variable performance-based remuneration in the form of short-term incentives (STIs) comprising of cash bonuses, and long-term incentives (LTIs) share options and/or performance rights.

(a) Fixed remuneration

The level of fixed remuneration is set to provide a base level of remuneration which is both appropriate for the position and competitive in the market. The Company aims to pay in accordance with market rates and the Board may use its discretion to pay above this to attract and retain key employees in achieving the Company's strategic goals.

Fixed remuneration is reviewed at appropriate times (and no less than on an annual basis) by the Remuneration Committee and approved by the Board having regard to the Company and individual performance, relevant comparable remuneration for similarly capitalised companies in the mining industry and independently compiled market data. Executives receive their fixed remuneration in the form of cash.

The fixed remuneration for executives is detailed further in this Report.

(b) Variable remuneration – short term incentives (STI)

At the discretion of the Board, executives can be incentivised in the shorter term (12 months) through the payment of cash bonuses upon achievement of predefined targets, however, until 1 July 2020, the Board had suspended the use of formal STI's and moved 100% of eligible executive's incentive entitlements exclusively to long-term incentives (LTI). During the financial year, Mr Lengyel, Exploration Manager – Canada, was paid a cash bonus of $22,215 upon successful completion of the sale of Chalice Gold Mines (Quebec) Inc. No cash bonuses were paid to any other executive during the year.

Given the recent growth of the Company, effective 1 July 2020, the Remuneration Committee determined that it is appropriate to recommence a formal STIP. The maximum bonus percentage is 25% of an executive's fixed annual remuneration. The STIP is based on achieving "Base" and "Stretch" targets which are aligned with the objectives set by the Board for the following 12 months. These performance measures include targets related to (i) a maiden mineral resource for Gonneville – 30%, (ii) a significant new discovery (outside of Gonneville – 15%, (iii) relative and absolute Total Shareholder Return measures – 15% and (iv) environmental, social, governance and health and safety objectives – 25%; all with a measurement date of 30 June 2021.

(c) Variable remuneration – long term incentives (LTI)

The Company provides LTI's to executives in the form of performance rights (which is a right to convert into ordinary shares after achievement of applicable criteria and targets) under the Employee Securities Incentive Plan (ESIP). The Board has the discretion to make annual awards of performance rights with the level of the award dependent on an executive's position within the Company and their total fixed remuneration. Subject to the performance criteria set out in the terms of the LTI's, performance rights may convert into ordinary fully paid shares in the Company. In the event performance criteria are not achieved by the measurement date, the performance rights lapse with no shares being issued.

A summary of the ESIP is set out below:

Key Design Feature	Design
Eligibility	All full-time employees and permanent part-time employees (including executive directors and non-executive directors) of the Company are eligible participants. Shareholder approval is required before any director or their related party can participate in the ESIP. Current Company policy is to not award performance rights to non-executive directors.
Award quantum	The award quantum will be determined in consideration of total remuneration of the individual, market relativities and business affordability. The ESIP does not set out a maximum number of performance rights that may be issuable to any one person, however, the total number of performance right offers made in reliance on ASIC Class Order 14/1000 at any time during the previous 3 year period cannot exceed 5% of the total number of shares on issue at the date of the offer.
Performance conditions	The performance conditions that must be satisfied in order for the performance rights to vest are determined by the Board. The performance conditions may include one or more of the following: « Employment of a minimum period of time; « Achievement of specific objectives by the participant and/or the Company. This may include the achievement of share price targets, total shareholder return and other major long-term milestone targets; or « Such other performance objectives as the Board may determine.
Vesting	Vesting may occur at the end of a defined period, usually three years, and upon the achievement of the performance conditions.
Term and lapse	The term of the performance rights is determined by the Board in its discretion, however they will ordinarily have a three year term. Performance Rights are subject to lapsing if performance conditions are not met by the relevant measurement date or expiry dates (if no other measurement date is specified) or if employment is terminated for cause or in circumstances as described below.

Key Design Feature	Design
Price Payable by Participant	No consideration payable.
Change of Control	If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
Cessation of Employment	If an employee leaves the Company prior to the expiration of the relevant vesting period for a particular award of performance rights, such performance rights would, as a general rule lapse, except in certain limited defined situations such as disability, redundancy or death.

The Company adopted the ESIP at the 2019 AGM. The ESIP was developed to combine and replace the previous Employee Share Option Plan (ESOP) and Long Term Incentive Plan (LTIP).

Annual grant of performance rights – 2020/2021

In September 2020, performance rights were granted to KMP as per the table below:

Annual Award	KMP	Number of Rights	Measurement Date	Vesting Date
2020/2021	Alex Dorsch[1]	280,081	30 June 2023	30 June 2023
	Richard Hacker	160,893	30 June 2023	30 June 2023
	Kevin Frost	160,422	30 June 2023	30 June 2023
	Bruce Kendall	157,792	30 June 2023	30 June 2023

[1] The performance rights to be issued to Mr Dorsch are subject to shareholder approval at the Company's 2020 AGM.

The performance rights shown above will not vest (and the underlying shares will not be issued) unless the performance conditions set by the Board have been satisfied at the measurement date.

The following table outlines performance conditions and the weightings of each condition .

Overall Performance Condition	Specific Performance Conditions	Percentage of performance rights that will vest if performance conditions are met
1. ESG and H&S objectives	A proportional LTI payment shall be made according to the number of conditions below being met between 1 July 2020 and 30 June 2023: « Zero fatalities « Lost time injury frequency rate (LTIFR) for Chalice staff of <1.8 « Zero reportable environmental incidents (including spills, loss of containment, etc.) « No material breach of any Programme of Work (POW) conditions (drilling permits) « Zero community or landowner incidents resulting in the permanent loss of land access on a material private property or the immediate halting of all operations on any site « No material breach of the Company's Code of Conduct 100% allocation if no breach 67% allocation if one breach 33% allocation if two breaches 0% allocation if more than two breaches	15%

Overall Performance Condition	Specific Performance Conditions	Percentage of performance rights that will vest if performance conditions are met
2. Pre-feasibility study completion	Release on the ASX a mining pre-feasibility study (PFS) on an asset (including Gonneville) which shows the potential to generate an internal rate of return (IRR) of >20% using consensus commodity prices and Board approved assumptions.	25%
3. Project milestone achievements	Generate significant value, on an existing or new asset (either operated or non-operated), through achievement of the below milestones: a) Define a new JORC Mineral Resource Estimate (for a new discovery outside of Gonneville) which shows the potential to be economic (generate an IRR >20% based on internal financial modelling using consensus commodity prices and Board approved assumptions). b) Increase an existing JORC Mineral Resource Estimate by a factor of 2x, subject to a minimum increase of 0.5Moz AuEq. c) Sell a material asset (as part of an asset sale or corporate transaction) where: i. the total deal value (including royalties retained) exceeds a threshold determined by the Board using a published mining feasibility study outcome OR consensus commodity prices and Board approved assumptions OR as determined by an Independent Expert); and ii. the deal generates a profit after-tax of at least 50% reflecting costs of acquisition and all project-to-date expenditure incurred (whether expensed or capitalised).	
	Achieving NONE of the above conditions	0%
	Achieving ONE of the above conditions	12.5%
	Achieving TWO (or more) of the above conditions For Example: Achieving both a) and or b) on a single asset, OR achieving a) on two separate assets, would classify as this condition met.	25%
4. 36-month Absolute TSR measure	A proportional LTI payment shall be made which is directly proportional to the Total Shareholder Return (TSR) from 1 July 2020 to 30 June 2023. The proportion paid is calculated as: 0% allocation if 3-yr TSR <30% Pro-rata allocation if 3-yr TSR between 30-100% 100% allocation if 3-yr TSR >100% If the 20-trading day VWAP until 30 June 2023 exceeds 200% of the 20-trading day VWAP until 1 July 2020, the performance measure would be deemed to have been met. The 20-day VWAP of the Company at 1 July 2020 is $0.95. If, for example, the 20-day VWAP at 30 June 2023 is $1.71 (an 80% increase in the 20-day VWAP), then 80% of this performance measure would be deemed to have been met.	17.5%
5. 36-month Relative TSR compared to peer group.	A proportional LTI payment shall be made where the TSR exceeds the median TSR, between 1 July 2020 and 30 June 2023, of the peer group* (refer below). « 0% allocation if TSR below 50th percentile « Pro-rata allocation if TSR between 50th and 75th percentile (as detailed below) « 100% allocation if TSR above 75th percentile	17.5%

Overall Performance Condition	Specific Performance Conditions	Percentage of performance rights that will vest if performance conditions are met
	If the TSR is between the 50th and 75th percentile, then for each percentile increment above 50, a multiple of 4 times that increment would have been met. For example: If the Chalice TSR is at the 55th percentile, 20% of this performance measure would be deemed to have been met. *The peer group includes the following ASX listed resource companies: Panoramic Resources Limited, Finders Mines Limited, Liontown Resources Limited, New Century Resources Limited, Emerald Resources NL, Rand Mining Limited, Atrum Coal Limited, Greenland Minerals Limited, Stavely Minerals Limited, Lion One Metals Limited, Magnetic Resources NL and Oklo Resources Limited.	

Where required, the Board may, acting reasonably and in good faith, use its discretion to vary the LTI maximum weightings. For example, where a sale of an asset occurs prior to completion of a PFS (i.e. milestone 1 is unable to be met), the Board may allocate the attributable weighting to other milestones.

Annual grant of performance rights – 2019/2020

The table below outlines the performance rights granted to KMP for the 2019/2020 financial year and have not yet vested:

Annual Award	KMP	Number of Rights	Measurement Date	Expiry Date
2019/2020	Tim Goyder	735,294	30 June 2022	30 June 2023
	Alex Dorsch	1,074,402	30 June 2022	30 June 2023
	Richard Hacker	700,606	30 June 2022	30 June 2023
	Kevin Frost	827,593	30 June 2022	30 June 2023
	Bruce Kendall	363,221	30 June 2022	30 June 2023

The performance rights shown above will not vest (and the underlying shares will not be issued) unless the performance conditions set by the Board have been satisfied at the measurement date. For the 2019/2020 annual grant of performance rights, the Remuneration Committee recommended to the Board that 100% of KMP's incentive entitlements are offered via the LTIP and that 25% of the LTIP is to be based on meeting absolute Total Shareholder Return ("TSR"), 25% based on meeting relative TSR objectives and the remaining 50% is to be based on achieving key business objectives.

The following table outlines key business objectives and the weightings of the performance conditions:

Overall Performance Condition	Specific Performance Conditions	Percentage of granted performance rights that will vest if performance conditions are met
Strategic objectives	Undertake a significant acquisition or corporate transaction: acquire one or more assets or undertake a corporate transaction with potential to generate an internal rate of return (IRR) of at least 20% using consensus commodity prices and board approved cost assumptions. AND/OR Value generation through: « making a significant new discovery which shows the potential to be economic based on consensus commodity prices and board approved cost assumptions; « substantially increasing the Company's resource base;	50%

Overall Performance Condition	Specific Performance Conditions	Percentage of granted performance rights that will vest if performance conditions are met
	« conducting economic/feasibility studies which show the potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions; or « the sale of an asset(s) at a significant profit. NB: The determination as to whether the above objectives have been met will be done by the Board of the Company in a timely manner, acting reasonably and in good faith.	
Absolute TSR objectives	If the volume weighted average price of the Company's Shares traded on ASX over the 30 trading days (30-Day VWAP) up to and including 30 June 2022 is: « below $0.18 per Share; « between $0.18 and $0.20 per Share; and « at or above $0.20 per Share. By way of example, if the 30-Day VWAP as at 30 June 2022 is $0.19 per Share, 16.625% of the Performance Rights would vest, calculated as follows: 8.25% + (($0.19 - $0.18)/($0.20-$0.18)*(25%-8.25%)) = 16.625% In the event of a corporate action including a demerger, special dividend or reorganisation of capital (including a consolidation, sub-division, return of capital, or reduction of capital), the above thresholds are to be amended to account for that corporate action, provided that such amendment must not provide the Performance Rights holder with a benefit that holders of Shares do not receive.	0% Pro rata between 8.25% and 25% 25%
Relative TSR objectives	Comparison of the Company's total shareholder return (TSR) with that of an appropriate comparator group of companies as determined by the Remuneration Committee over the period from the grant of the Performance Rights, to 30 June 2022. The Performance Rights will vest depending on the Company's percentile ranking within the comparator group on the relevant vesting date as follows: « Below 50th percentile « Between 50th and 75th percentile « At or above 75th percentile The comparators companies include the following ASX and TSX listed companies: Probe Metals Inc., Cartier Resources Inc, QMX Gold Corporation, GFG Resources Inc., Catalyst Metals Limited, Navarre Minerals Limited, Kalamazoo Resources Limited, Petratherm Limited, Buxton Resources Limited, Encounter Resources Limited, Prodigy Gold Limited, S2 Resources Limited, and Mirasol Resources Ltd.	0% Pro rata between 8.25% and 25% 25%

Annual grant of performance rights – 2018/2019

The table below outlines the performance rights granted to KMP for the 2018/2019 financial year and have not yet vested:

Annual Award	KMP	Number of Rights	Measurement Date	Expiry date
2018/2019	Tim Goyder	871,751	30 June 2021	30 June 2022
	Alex Dorsch	1,045,931	30 June 2021	30 June 2022
	Richard Hacker	762,514	30 June 2021	30 June 2022
	Kevin Frost	847,738	30 June 2021	30 June 2022
	Patrick Lengyel	543,973	30 June 2021	30 June 2022

The performance rights shown above will not vest (and the underlying shares will not be issued) unless the performance conditions set by the Board have been satisfied at the measurement date. For the 2018/2019 annual grant of performance rights, the Remuneration Committee recommended to the Board that 100% of KMP's incentive entitlements are offered via the LTIP and that 25% of the LTIP is to be based on meeting absolute Total Shareholder Return ("TSR"), 25% based on meeting relative TSR objectives and the remaining 50% is to be based on achieving key business objectives.

The following table outlines key business objectives and the weightings of the performance condition:

Overall Performance Condition	Specific Performance Conditions	Percentage of granted performance rights that will vest if performance conditions are met
Strategic objectives	Undertake a significant acquisition or corporate transaction: acquire one or more assets or undertake a corporate transaction with potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions. AND/OR Value generation through: « making a significant new discovery which shows the potential to be economic based on consensus commodity prices and board approved cost assumptions; or « substantially increasing the Company's resource base; or « conducting economic/feasibility studies which show the potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions; or « the sale of an asset(s) at a significant profit. NB: The determination as to whether the above objectives have been met will be done by the Board of the Company in a timely manner, acting reasonably and in good faith.	50%
Absolute TSR objectives	The performance conditions for performance rights issued will be measured by comparing the Company's share price (which to the extent reasonable takes into account value generated through demerger and special dividends) with an absolute share price at the end of the financial year that is 3 years after that date (vesting date). The performance rights will vest on a pro-rata basis as follows:	
	« Share price below 15% p.a. increase (equates to CHN share price <21c in 3 years)	0%
	« Between 15% p.a. and 20% p.a. (21c – 24c)	Pro rata between 8.25% and 25%
	« At or above 20% p.a. (>24c)	25%

Overall Performance Condition	Specific Performance Conditions	Percentage of granted performance rights that will vest if performance conditions are met
Relative TSR objectives	The performance conditions for performance rights issued will be measured by comparing the Company's TSR with that of an appropriate comparator group of companies as determined by the Remuneration Committee over the period from the grant of the performance rights, to the end of the financial year that is 3 years after that date (vesting date). The performance rights will vest depending on the Company's percentile ranking within the comparator group on the relevant vesting date as follows: The comparators companies include the following ASX and TSX listed companies: Belo Sun Mining Corporation, Equatorial Resources Limited, Bluestone Resources Inc., Probe Metals Inc., OreCorp Limited, Intrepid Mines Limited, S2 Resources Limited, Bauxite Resources Limited, Strategic Metals Ltd., Cartier Resources Inc., Torq Resources Inc., NuLegacy Gold Corporation, Alexandria Minerals Corporation, QMX Gold Corporation, Catalyst Metals Limited, Navarre Minerals Limited, and Meteoric Resources NL.	
	« Below 50th Percentile	0%
	« Between 50th and 75th percentile	Pro rata between 8.25% and 25%
	« At or above 75th percentile	25%

The test date for the 2018/2019 performance rights is set at 30 June 2021, being approximately 3 years from the date of grant.

Annual grant of performance rights – 2017/2018

The table below outlines the performance rights granted to KMP for the 2017/2018 financial year. In July 2020, the Remuneration Committee determined that the 2017/2018 Performance Rights vested in full due to the achievement of the performance conditions measured over the three years ended 30 June 2020.

Upon vesting, the performance rights were exercised into an equivalent number of fully paid ordinary shares in accordance with their terms. The Board resolved to pay cash in lieu of the exercise of 415,365 Performance Rights, held by Pat Lengyel.

Annual Award	KMP	Number of Rights	Measurement Date	Expiry date
2017/2018	Tim Goyder	1,217,989	30 June 2020	30 June 2021
	Alex Dorsch	339,076	30 June 2020	30 June 2021
	Richard Hacker	764,921	30 June 2020	30 June 2021
	Kevin Frost	815,607	30 June 2020	30 June 2021
	Patrick Lengyel	415,365	30 June 2020	30 June 2021

The following table outlines key business objectives which were determined by the Remuneration Committee to have been met in full during the measurement period.

Overall Performance Condition	Specific Performance Conditions	Percentage of granted performance rights that will vest if performance conditions are met
Strategic objectives	Undertake a significant acquisition or corporate transaction: acquire one or more assets or undertake a corporate transaction with potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions. AND/OR	50%

Overall Performance Condition	Specific Performance Conditions	Percentage of granted performance rights that will vest if performance conditions are met
	Value generation through: « making a significant new discovery which shows the potential to be economic based on consensus commodity prices and board approved cost assumptions; or « substantially increasing the Company's resource base; or « conducting economic/feasibility studies which show the potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions; or « the sale of an asset(s) at a significant profit. NB: The determination as to whether the above objectives have been met will be done by the Board of the Company in a timely manner, acting reasonably and in good faith.	
TSR objectives	The performance conditions for performance rights issued will be measured by comparing the Company's TSR with that of an appropriate comparator group of companies as determined by the Remuneration Committee over the period from the grant of the performance rights, to the end of the financial year that is 3 years after that date (vesting date). The performance rights will vest depending on the Company's percentile ranking within the comparator group on the relevant vesting date as follows: « Below 50th Percentile « Between 50th and 75th percentile « At or above 75th percentile	0% Pro rata between 16.5% and 50% 50%

Annual grant of performance rights - 2016/2017

In July 2019, the Remuneration Committee determined that, at the measurement date of 30 June 2019, the performance conditions as set by the Board during the measurement period of 1 July 2016 until 30 June 2019 (inclusive) were not met, therefore the 2016/2017 performance rights did not vest, and lapsed on 12 July 2019.

(d) Variable remuneration – share option plan

The Company has at times exercised its discretion to grant share options to executives. The granting of options is not subject to specific performance criteria, however, when granting options, the terms of the options are designed to provide an incentive that will contribute towards increasing shareholder wealth. This is undertaken by determining an exercise price that exceeds the underlying share price at the date of grant and through vesting conditions that require a period of continuous employment. Upon cessation of employment, participants have 3 months from the date of cessation to exercise the share options. This requirement may be waived at the Board's discretion.

Generally, it is the Board's preference to issue performance rights as an LTI to KMP rather than share options. However, in the current year 1,000,000 unlisted options were granted to Mr A Dorsch, following the receipt of Shareholder approval at the Company's 2019 AGM. The options were awarded to Mr Dorsch in November 2018 as part of a sign on incentive for his appointment as Managing Director.

7.4.3 Link between performance and executive remuneration

By granting performance rights to executives, the Company aims to align executive remuneration with shareholder wealth and return. Vesting conditions are designed to be consistent with the Company's strategic and business objectives that are set with the ultimate aim of generating shareholders wealth.

The share price performance over the last 5 years, adjusted to reflect the capital return of $0.04 per share in December 2018, is as follows:

	2016	2017	2018	2019	2020
Share price as at 30 June	$0.14	$0.11	$0.10	$0.12	$0.995
Share price increase	100%	(21%)	(9%)	20%	729%

7.5 Key Management Personnel remuneration

Key Management Personnel		Short-term Benefits			Post-employment Benefits		Share-based Payments		
		Salary & Fees $	Non-monetary Benefits $	Cash Bonus $	Superan -nuation $	Termination Payments $	Long-term Incentives[5] $	Total $	Proportion of Remuneration Performance Related %
Directors									
T R B Goyder	2020	200,000	4,308	-	19,000	-	70,043	293,351	24
	2019	324,078	5,268	-	26,381	-	158,127	513,854	31
A C Dorsch [1]	2020	298,997	4,308	-	21,003	-	172,589	496,897	21
	2019	299,468	4,461	-	20,531	-	141,426	465,886	30
A W Kiernan [2]	2020	-	-	-	-	-	-	-	-
	2019	16,779	905	-	1,594	-	-	19,278	-
S P Quin	2020	50,000	7,746	-	-	-	30,065	87,811	-
	2019	70,000	8,388	-	-	-	-	78,388	-
M S Ball	2020	45,662	4,308	-	4,338	-	30,065	84,373	-
	2019	63,927	4,461	-	6,073	-	-	74,461	-
Executives									
R K Hacker	2020	284,893	6,899	-	21,003	-	37,196	349,991	11
	2019	285,365	6,759	-	20,531	-	101,719	414,374	25
K M Frost	2020	271,987	4,308	-	21,003	-	43,850	341,148	13
	2019	269,644	-	-	23,215	-	119,736	412,595	29
B Kendall[3]	2020	195,418	3,225	-	15,752	-	11,880	226,275	5
	2019	-	-	-	-	-	-	-	-
P Lengyel[4]	2020	108,853	5,488	22,215	-	61,819	15,068	213,443	7
	2019	200,645	13,357	61,068	-	-	64,510	339,580	19
Total Compensation	2020	1,455,810	40,590	22,215	102,099	61,819	410,756	2,093,289	
	2019	1,529,906	43,599	61,068	98,325	-	585,518	2,318,416	

(1) On 13 November 2018, Mr Dorsch was appointed Managing Director. Prior to this date, Mr Dorsch held the role of Chief Executive Officer.

(2) Mr Kiernan resigned from the Board on 13 September 2018.

(3) Mr Kendall was appointed General Manager – Corporate Development 1 October 2019.

(4) On 31 December 2019, Mr Lengyel was made redundant following the cessation of exploration and business development activities in Canada. Mr Lengyel was paid a cash bonus of $22,215 upon successful completion of the sale of Chalice Gold Mines (Quebec) Inc.

(5) The amount disclosed in the table above relates to the non-cash value ascribed to share options and performance rights under Australian Accounting Standards using the Black Scholes and Monte Carlo valuation methodologies and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options and performance rights allocated to this reporting period. This includes negative amounts where a share-based payment expense is reversed due to a non-market based performance condition not being met.

7.6 Equity instruments

7.6.1 Options granted as compensation

During the financial year, options over ordinary shares granted as compensation under the ESOP following shareholder approval at the Company's 2019 AGM are as follows:

	No. of options granted	Grant date	Fair value per option at grant date $	Exercise price per option $	Expiry date	Number of options vested
Directors						
A C Dorsch	1,000,000	28 November 2019	0.047	0.21	30 November 2021	1,000,000
M S Ball	500,000	28 November 2019	0.060	0.21	30 November 2022	500,000
S P Quin	500,000	28 November 2019	0.060	0.21	30 November 2022	500,000

The value of the options is estimated at the date of grant using a Black-Scholes option-pricing model. Refer to Note 17 of the financial statements for model inputs for the options granted during the year.

7.6.2 Performance rights granted as compensation

During the reporting period the following performance rights were granted as compensation to KMP and details of performance rights that vested during the reporting period are as follows:

	Number of performance rights granted	Grant date	Fair value of performance rights at grant date $	Weighted average fair value per right $	Expiry date	Number of performance rights vested
Directors						
T R B Goyder	735,294	28 November 2019	105,331	0.14	30 June 2023	-
A C Dorsch	1,074,402	28 November 2019	153,908	0.14	30 June 2023	-
Executives						
R K Hacker	700,606	28 November 2019	100,362	0.14	30 June 2023	-
K M Frost	827,593	28 November 2019	118,553	0.14	30 June 2023	-
B M Kendall	363,221	28 November 2019	52,031	0.14	30 June 2023	-

The value of performance rights granted in the year is the fair value of performance rights calculated at grant date using the Monte Carlo simulation model (market based conditions) and the Black Scholes option valuation methodology (non-market based conditions) that takes into account the term of performance rights, the share price at grant date and expected volatility of the underlying performance right, the expected dividend yield, the risk free rate for the term of the performance right and the correlations and volatilities of the peer companies. The total value of the performance rights granted is included in the table above. This amount is allocated to remuneration over the vesting period. Refer to Note 17 of the financial statements for model inputs for the performance rights granted during the year.

The above performance rights were issued at no cost and expire on the earlier of their expiry date or termination of the KMP's employment.

Details of the vesting profile of performance rights granted as remuneration to each KMP of the Group are outlined below.

	Number of Performance Rights	Grant date	% vested in year	% forfeited/lapsed in year	Measurement Date
Directors					
T R B Goyder	1,200,738	22 November 2016	-	100	30 June 2019
	1,217,989	29 November 2017	-	-	30 June 2020
	871,751	28 November 2018	-	-	30 June 2021
	735,294	28 November 2019	-	-	30 June 2022
A C Dorsch	339,076	9 November 2017	-	-	30 June 2020
	1,045,931	31 July 2018	-	-	30 June 2021
	1,074,402	28 November 2019	-	-	30 June 2022
Executives					
R K Hacker	754,087	15 July 2016	-	100	30 June 2019
	764,921	28 July 2017	-	-	30 June 2020
	762,514	31 July 2018	-	-	30 June 2021
	700,606	28 November 2019	-	-	30 June 2022
K M Frost	804,058	15 July 2016	-	100	30 June 2019
	815,607	28 July 2017	-	-	30 June 2020
	847,738	31 July 2018	-	-	30 June 2021
	827,593	28 November 2019	-	-	30 June 2022
B Kendall	363,221	28 November 2019	-	-	30 June 2022
P Lengyel	389,594	15 July 2016	-	100	30 June 2019
	415,365	28 July 2017	-	-	30 June 2020
	543,973	31 July 2018	-	-	30 June 2021

7.6.3 Equity holdings of key management personnel

Option holdings and performance rights of key management personnel

The movement during the reporting period in the number of options and performance rights over ordinary shares in the Group held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Equity Type	Held at 1 July 2019	Granted as compensation	Exercised/ Forfeited	Held at 30 June 2020	Vested during the year	Vested and exercisable at 30 June 2020
Directors							
T Goyder	Performance Rights	3,290,478	735,294	(1,200,738)	2,825,034	-	-
A Dorsch	Performance Rights	1,385,007	1,074,402	-	2,459,409	-	-
	Options	4,000,000	1,000,000	-	5,000,000	2,333,334	5,000,000
S P Quin	Options	500,000	500,000	(650,000)	350,000	-	350,000
M S Ball	Options	-	500,000	-	500,000	-	500,000
Executives							
R K Hacker	Performance Rights	2,281,522	700,606	(754,087)	2,228,041	-	-
K M Frost	Performance Rights	2,467,403	827,593	(804,058)	2,490,938	-	-
B M Kendall	Performance Rights	-	363,221	-	363,221	-	-
P Lengyel	Performance Rights	1,348,932	-	(389,594)	959,338	-	-

Shareholdings of key management personnel

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2019	Received on exercise of Options / Performance rights	Other Changes[1]	Held at 30 June 2020
Directors				
T R B Goyder	45,975,209	-	(10,000,000)	35,975,209
A Dorsch[2]	-	-	-	-
S P Quin[3]	26,321	150,000	-	176,321
M B Ball	30,000	-	-	30,000
Executives				
R K Hacker	600,000	-	(500,000)	100,000
K M Frost	-	-	-	-
B M Kendall	-	-	-	-
P Lengyel	-	-	-	-

(1) Other changes represent shares that were purchased or sold during the year or shares held by KMP who resigned in the year.

(2) The closing balance disclosed in the 30 June 2019 Directors Report for Mr Dorsch included shares held by Dorsch Consultants Pty Ltd as trustee for the Dorsch Family Trust ("Trust"). On 6 May 2020, it was identified that although Mr Dorsch is a beneficiary of the Trust, Mr Dorsch is not a director or shareholder of the trustee of the Trust and does not have control over the shares held by the Trust.

(3) Subsequent to 30 June 2020, Mr Quin disposed of 120,000 shares on market, see section 11 of this report.

7.7 Other transactions with key management personnel and their related parties

A number of KMP, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with KMP or their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate income/(expense) recognised during the year relating to KMP or their related parties was as follows:

	Note	2020 $	2019 $
Other related parties			
Liontown Resources Limited	(i)	241,844	249,107
DevEx Resources Limited	(i)	147,233	114,000
PhosEnergy Limited	(i)	21,600	21,600

(i) The Group supplied office facilities and corporate services such as accounting and administration to Liontown Resources Limited ("LTR"), DevEx Resources Limited ("DEV") and PhosEnergy Limited ("PEL"). Mr Goyder is a director of LTR, DEV and PEL. Mr Hacker is a director of DEV, alternate director of PEL and was formerly the Chief Financial Officer of LTR. Amounts were billed on a proportionate share of the cost to the Group of providing the services and are due and payable under normal payment terms.

Amounts outstanding from the above related parties at reporting date arising from these transactions were as follows:

	2020 $	2019 $
Assets and liabilities arising from the above transactions		
Current payables	-	-
Trade debtors	30,244	109,998
	30,244	**109,998**

7.8 Executive contracts

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below.

	T Goyder Executive Chairman	A Dorsch Managing Director	R Hacker Chief Financial Officer	K Frost General Manager – Exploration	B Kendall General Manager – Corporate
Total fixed remuneration incl. of superannuation (per annum)	$219,000[(1)]	$355,000	$305,896	$305,000	$300,000
Resignation notice	3 months	3 months	3 months	3 months	3 months
Termination notice for cause	None	None	None	None	None
Termination notice without cause	3 months	3 months	3 months	3 months	3 months
Termination notice in cases of death or disablement	3 months	3 months	3 months	3 months	3 months
Diminution of responsibility	12 months	6 Months	6 Months	-	-

[(1)] From 1 September 2020, it was agreed that Mr Goyder become Non-executive Chairman and as such now receives directors' fees of $150,000 (incl. superannuation).

End of Remuneration Report

8. DIVIDENDS

No dividends were declared or paid during the year and the directors recommend that no dividend be paid.

9. LIKELY DEVELOPMENTS

There are no likely developments that will impact on the Company other than as disclosed elsewhere in this report.

10. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 14 July 2020, 4,382,655 2017/2018 Performance Rights that were issued to KMP and employees in 2017 vested in full due to the achievement of the performance conditions measured over the three years ended 30 June 2020. Upon vesting, 3,967,290 Performance Rights were exercised into an equivalent number of fully paid ordinary shares. The Board resolved to pay cash in lieu of the exercise for 415,365 Performance Rights, held by a non-Australian resident. The total payment of cash in lieu of shares was $450,957.

On 21 August 2021, subject to shareholder approval at the Company's 2020 Annual General Meeting, the Board resolved that each Non-Executive Director will be issued 150,000 unlisted share options with an exercise price of $2.20 and an expiry date of 30 June 2023. The Non-Executive Chairman will be issued 250,000 unlisted options on the same terms as other Non-executive Directors.

On 2 September 2020, the Company issued 820,482 - 2020/2021 Performance Rights to senior executives and employees of the Company under the terms of the Employee Securities Incentive Plan. In addition to the above issue, on 21 August 2020, it was resolved that Alex Dorsch, Managing Director, has been awarded 280,081 Performance Rights on the same terms and conditions. The issue of the Performance Rights to Mr Dorsch is conditional on the receipt of shareholder approval to be sought at the Company's 2020 Annual General Meeting.

Other than disclosed above or elsewhere in this report, there have been no other material post balance date events which have impacted the Company.

11. DIRECTORS' INTERESTS

The relevant interest of each director in the shares, rights or options over such instruments issued by Chalice and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Ordinary shares	Options over ordinary shares	Performance rights
T R B Goyder[2]	37,193,198	-	1,607,045
A C Dorsch[1]	339,076	5,000,000	2,120,333
S P Quin[2]	56,321	350,000	-
M B Ball[2]	30,000	500,000	-
G J Dixon[2]	-	-	-

[1] In August 2020, the Board resolved, subject to shareholder approval at the Company's 2020 AGM to issue 280,081 performance rights to Mr Dorsch.

[2] In August 2020, the Board resolved, subject to shareholder approval at the Company's 2020 AGM to issue Mr Ball, Mr Quin and Mr Dixon 150,000 share options each and 250,000 share options to Mr Goyder as disclosed previously in this Report.

12. SHARE PLACEMENTS AND ISSUES

During the financial year, the Company issued the following fully paid ordinary shares, excluding options exercised before costs:

Date	No. of shares	Price per share ($)	Amount issued ($)
18 July 2019[1]	7,500,000	0.145	1,087,500
20 May 2020	28,619,046	1.05	30,049,998

[1]On 18 July 2019, the Company issued 7,500,000 fully paid ordinary shares to acquire 100% of the ordinary shares of North West Nickel Pty Ltd (refer note 7 of the financial statements for further information)

13. SHARE OPTIONS AND PERFORMANCE RIGHTS

Unissued shares under option

At the date of this report 6,350,000 (6,350,000 at reporting date) unissued ordinary shares of the Company are under option on the following terms and conditions:

Expiry date	Exercise price ($)	Number of options
31 March 2021	0.16	2,000,000
31 March 2021	0.18	2,000,000
10 June 2022	0.25	500,000
30 November 2021	0.21	1,000,000
30 November 2022	0.21	850,000

Unless exercised, these options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

In addition to the above, the Board has resolved, subject to shareholder approval at the Company's 2020 AGM, to grant Mr Ball, Mr Quin and Mr Dixon 150,000 share options each and 250,000 share options to Mr Goyder, in accordance with the terms and conditions of the Company's ESIP. The options will have an exercise price of $2.20, and an expiry date of 30 June 2023.

Performance rights

At the date of this report 12,043,616 performance rights (15,605,789 at reporting date) have been issued on the following terms and conditions:

Series	Exercise price ($)	Number of rights	Test date	Expiry date
2018/2019	Nil	5,930,787	30 June 2021	30 June 2022
2019/2020	Nil	5,292,347	30 June 2022	30 June 2023
2020/2021	Nil	820,482	30 June 2023	30 June 2024

In addition to the above, the Board resolved, subject to shareholder approval at the Company's 2020 AGM to grant Mr Dorsch 280,081 performance rights with a test date of 30 June 2023, and expiry of 30 June 2024.

Shares issued on exercise of options or performance rights

During the financial year the Company issued the following ordinary shares on the exercise of options:

Date	Date options granted	Issue price of shares ($)	No. of shares issued
1 May 2020	18 Dec 2018	0.20	700,000
29 May 2020	27 Nov 2019	0.21	150,000

No shares were issued since the end of the year as a result of the exercise of options.

No shares were issued during the financial year as a result of the vesting and exercise of performance rights. On 14 July 2020, the Company issued 3,967,290 fully paid ordinary shares to KMP and employees following the vesting and exercise of 2017/2018 performance rights granted in 2017.

14. ENVIRONMENTAL LEGISLATION

The Group is subject to environmental legislation and obligations within the jurisdictions in which it operates, which during the period has been primarily Australia.

The Company is not aware of any breach of any environmental regulations to which it is subject.

15. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

16. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the directors and officers who have held office during the year, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the year the Group has paid insurance premiums in respect of directors and officers indemnity insurance contracts, for current and former directors and officers.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

17. INDEMNIFICATION IF AUDITORS

The Company has not, during or since the financial period, indemnified or agreed to indemnify the auditor of the Company against a liability incurred as an auditor.

18. NON-AUDIT SERVICES

During the year HLB Mann Judd, the Company's auditors provided taxation compliance services in addition to their statutory duties. Refer to note 25.

19. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 61 and forms part of the Directors' Report for the year ended 30 June 2020.

This Report is made in accordance with a resolution of the Directors:

Alex Dorsch
Managing Director

Dated at Perth the 29th day of September 2020

Chalice Gold Mines Limited ACN 116 648 956 (**Company**) has established a corporate governance framework, the key features of which are set out in its Corporate Governance statement which can be found on the Company's website at chalicegold.com, under the section marked "Corporate Governance".

In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained it reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The ASX Corporate Governance Council has released the fourth edition of its Corporate Governance Principles and Recommendations applicable to financial years commencing after 1 January 2020 and shall be utilised by the Company as a reference for its corporate governance activities during the financial year ended 30 June 2021.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Chalice Gold Mines Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**M R Ohm**
29 September 2020	**Partner**

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Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Continuing operations			
Revenue	5(a)	453,269	308,438
Net Finance Income	5(b)	35,785	362,084
Net gain on sale of exploration and evaluation assets	5(c)	178,147	-
Foreign exchange gain		219,069	1,087,262
Derecognition of investment in associate		-	148,828
Exploration and evaluation expenditure	7	(9,622,332)	(4,671,073)
Corporate administrative expenses	6(a)	(2,221,597)	(2,268,553)
Business development expenditure	6(c)	(699,162)	(825,778)
Share based payments	17	(512,414)	(785,083)
Depreciation and amortisation expense		(264,098)	(75,731)
Loss from deconsolidation of subsidiaries		(80,944)	-
Loss before tax from continuing operations		**(12,514,277)**	**(6,719,606)**
Income tax benefit/(expense)	8	1,114,618	(49,247)
Loss for the year from continuing operations		**(11,399,659)**	**(6,768,853)**
Discontinued operations			
Net gain/(loss) for the year from discontinued operations		8,740,950	(4,308,185)
Income tax benefit/(expense)	8	(618)	910,654
Profit/(loss) for the year from discontinued operations	9	**8,740,332**	**(3,397,531)**
Loss for the year attributed to owners of the parent		**(2,659,327)**	**(10,166,384)**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Foreign exchange gain on deconsolidation of subsidiaries		1,022,310	-
Items that will not be reclassified to profit or loss			
Net gain/(loss) on fair value of financial assets, net of tax	21(b)	3,303,249	(300,956)
Exchanges differences on translation of foreign operations		(264,257)	137,508
Other comprehensive income/(loss) for the year		**4,061,302**	**(163,448)**
Total comprehensive income/(loss) for the year		**1,401,975**	**(10,329,832)**
Total comprehensive income/(loss) for the year attributable to owners of the parent		**1,401,975**	**(10,329,832)**
Basic and diluted loss per share from continuing operations	10	(0.04)	(0.03)
Basic and diluted earnings gain/(loss) per share from discontinued operations	9	0.03	(0.01)
Basic and diluted earnings/(loss) per share from continuing and discontinued operations	10	(0.01)	(0.04)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	11	45,693,727	18,620,857
Receivables	12	611,401	472,936
Financial assets	13	8,579,785	1,469,956
Assets held for sale	9	-	1,584,349
Total current assets		**54,884,913**	**22,148,098**
Non-current assets			
Financial assets	13	278,536	349,272
Right-of-use assets	15	13,681	-
Receivables	12	14,601	-
Property, plant and equipment	14	295,946	328,530
Total non-current assets		**602,764**	**677,802**
Total assets		**55,487,677**	**22,825,900**
Current liabilities			
Trade and other payables	18	1,744,566	730,840
Lease liabilities	15	47,218	-
Employee benefits	16	207,867	217,466
Liabilities directly associated with assets held for sale	9	-	12,831
Total current liabilities		**1,999,651**	**961,137**
Non-current liabilities			
Lease liabilities	15	11,633	-
Other liabilities		49,351	45,685
Total non-current liabilities		**60,984**	**45,685**
Total liabilities		**2,060,635**	**1,006,822**
Net assets		**53,427,042**	**21,819,078**
Equity			
Issued capital	19	59,500,883	29,807,308
Accumulated losses	20	(6,751,967)	(9,132,908)
Reserves		678,126	1,144,678
Total equity		**53,427,042**	**21,819,078**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

	Issued capital $	Accumulated losses $	Share based payments reserve Note 21(a) $	Investment revaluation reserve Note 21(b) $	Foreign currency translation reserve $	Total $
Balance at 1 July 2019	**29,807,308**	**(9,132,908)**	**1,461,524**	**(74,490)**	**(242,356)**	**21,819,078**
Loss for the year	-	(2,659,327)	-	-	-	(2,659,327)
Other comprehensive income for the period						
Net change in fair value of equity investments	-	-	-	3,303,249	-	3,303,249
Exchange differences on deconsolidation of subsidiaries	-	-	-	-	1,022,310	1,022,310
Exchange differences on translation of foreign operations	-	-	-	-	(264,257)	(264,257)
Total comprehensive income/(loss) for the year	**-**	**(2,659,327)**	**-**	**3,303,249**	**758,053**	**1,401,975**
Issue of share capital (net of costs)	29,693,575	-	-	-	-	29,693,575
Share-based payments	-	-	512,414	-	-	512,414
Transfers between equity items	-	5,040,268	(343,259)	(4,697,009)	-	-
Balance at 30 June 2020	**59,500,883**	**(6,751,967)**	**1,630,679**	**(1,468,250)**	**515,697**	**53,427,042**

	Issued capital $	Retained earnings/ (accumulated losses) $	Share based payments reserve $	Investment revaluation reserve $	Foreign currency translation reserve $	Total $
Balance at 1 July 2018	**39,836,041**	**956,081**	**977,078**	**243,572**	**(379,864)**	**41,632,908**
Loss for the year	-	(10,166,384)	-	-	-	(10,166,384)
Other comprehensive income for the period						
Net change in fair value of equity investments	-	-	-	(300,956)	-	(300,956)
Exchange differences on translation of foreign operations	-	-	-	-	137,508	137,508
Total comprehensive income/(loss) for the year	**-**	**(10,166,384)**	**-**	**(300,956)**	**137,508**	**(10,329,832)**
Modified retrospective standard application (AASB 9)	-	552,368	-	(552,368)	-	-
Share issue costs	(21,470)	-	-	-	-	(21,470)
Capital return	(10,662,725)	-	-	-	-	(10,662,725)
Shares issued to acquire a Joint Venture interest	415,114	-	-	-	-	415,114
Performance rights vested	240,348	-	(240,348)	-	-	-
Share-based payments	-	-	785,083	-	-	785,083
Transfers between equity items	-	(474,973)	(60,289)	535,262	-	-
Balance at 30 June 2019	**29,807,308**	**(9,132,908)**	**1,461,524**	**(74,490)**	**(242,356)**	**21,819,078**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Cash receipts from operations		541,583	234,315
Cash paid to suppliers and employees		(3,258,631)	(2,983,657)
Payments for mineral exploration and evaluation		(7,789,189)	(8,422,012)
Income tax received		109,990	16,099
Exploration tax credits		-	2,127,227
Government incentives received		134,000	-
Interest received		55,108	384,274
Interest paid		(13,420)	-
Net cash used in operating activities	11	**(10,220,559)**	**(8,643,754)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(81,230)	(58,415)
Proceeds from sale of fixed assets		9,185	15,589
Proceeds from sale of financial assets		12,944,043	1,313,993
Payment for acquisition of financial assets		(5,632,752)	-
Proceeds from disposal of subsidiary		1,572,833	-
Costs associated with disposal of subsidiary		(139,736)	-
Net cash from investing activities		**8,672,343**	**1,271,167**
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(196,807)	-
Security deposits		38,274	(75,000)
Capital return		-	(10,662,725)
Proceeds from issue of shares	19	30,221,483	-
Share issue and capital return costs	19	(1,615,408)	(21,470)
Net cash from/(used) in financing activities		**28,447,542**	**(10,759,195)**
Net increase/(decrease) in cash and cash equivalents		26,899,326	(18,131,782)
Cash and cash equivalents at the beginning of the year		18,620,857	35,739,484
Effect of exchange rate fluctuations on cash held		173,544	1,013,155
Cash and cash equivalents at 30 June	11	**45,693,727**	**18,620,857**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

SUMMARY OF SIGNIFICANT POLICIES

This Section of the financial report sets out the Group's (being Chalice Gold Mines Limited and its controlled entities) accounting policies that relate to the Consolidated Financial Statements as a whole. Where the accounting policy is specific to one Note, the policy is described in the Note to which it relates.

The Notes include information which is required to understand the Financial Statements and is material and relevant to the operations and the financial position and performance of the Group.

Information is considered relevant and material if:

- The amount is significant due to its size or nature
- The amount is important in understanding the results of the Group
- It helps to explain the impact of significant changes in the Group's business
- It relates to an aspect of the Group's operations that is important to its future performance.

1. CORPORATE INFORMATION

The consolidated financial report of Chalice Gold Mines Limited for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of Directors on 29th September 2020.

Chalice Gold Mines Limited is listed on the Australian Securities Exchange ("ASX") (trading under the code CHN) and OTCQB Venture Market ("OTCQB") (trading under the code CGMLF) and is domiciled in Australia at Level 2, 1292 Hay Street, West Perth, Western Australia. The nature of the operations and principal activities are disclosed in the Directors' Report.

2. REPORTING ENTITY

The consolidated financial report comprises the financial statements of Chalice Gold Mines Limited ("Company" or "Parent") and its subsidiaries ("the Group") for the year ended 30 June 2020. A list of the Group's subsidiaries is provided at note 24.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) Basis of measurement

The financial report has been prepared on a historical cost basis, except for financial assets, which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. Chalice is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

(c) Significant accounting judgements, estimates and assumptions

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Group.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Group also discloses its exposure to risks and uncertainties in note 22. The key judgements, estimates and assumptions which are material to the financial report are found in note 17.

(d) Foreign currency translation

The functional currency of the Company is Australian dollars and the functional currency of subsidiaries based in Canada is Canadian Dollars (CAD). The Group's consolidated financial statements are presented in Australian Dollars (AUD), which is also the parent company's functional currency. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

All exchange differences in the consolidated financial report are taken to profit or loss as incurred. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at exchange rates as at the date of the initial transaction.

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Chalice Gold Mines Limited at the rate of exchange ruling at the balance date and their statement of comprehensive income is translated at the average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of recognised foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

PERFORMANCE FOR THE YEAR

This section provides additional information about those line items in the Statement of Comprehensive Income that the directors consider most relevant in the context of the operations of the entity.

4. SEGMENT REPORTING

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. The Group considers that it only operated in one reportable segment, being mineral exploration and evaluation. The segment information is as per the Group's consolidated financial statements.

5. REVENUE

(a) Revenue	2020 $	2019 $
Corporate and administration services	310,100	291,600
Government grants and incentives	136,500	-
Other	6,669	16,838
	453,269	308,438

Accounting policy

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Government Grants are recognised when there is reasonable certainty that the grant will be received, and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Government grants include amounts received or receivable under the Federal Government's JobKeeper Payment Scheme ($84,000) and Cashflow Boost Scheme ($50,000), which provide temporary subsidies to eligible business.

(b) Net finance income

	2020 $	2019 $
Finance Income		
Interest income from financial assets	46,207	362,084
Interest income from lease receivables	2,998	-
	49,205	362,084
Finance costs		
Interest on lease liabilities	(13,420)	-
	(13,420)	-
	35,785	362,084

Accounting policy

The Group's finance income and finance costs include, interest income, interest expense and interest income and expenses on lease liabilities. The Group receives interest income from monies held in its bank accounts. Interest revenue is recognised on an accruals basis based on the interest rate, deposited amount and time which lapses before the reporting period end date.

(c) Net gain on sale of exploration and evaluation projects

	2020 $	2019 $
Net gain on sale of exploration and evaluation projects	178,147	-
	178,147	-

Net gain on sale of exploration and evaluation projects represents the gain from the sale of the Company's Jericho and Bunjarra Well tenements to OreCorp Limited in November 2019. Consideration received for the sale was 468,809 fully paid ordinary shares in OreCorp Limited and the retention of a 1% Net Smelter Return (NSR) royalty capped at $2.5 million.

6. EXPENSES

(a) Corporate administrative expenses

	2020 $	2019 $
Insurance	42,930	45,014
Investor relations	98,740	119,798
Legal fees	44,859	4,509
Travel and conferences	102,729	148,789
Head office costs	53,816	72,854
Regulatory and compliance	409,542	427,750
Personnel expenses (note 6(b))	1,444,364	1,425,317
Other	24,617	24,522
	2,221,597	2,268,553

(b) Corporate personnel expenses

	2020 $	2019a $
Wages and salaries	985,513	901,389
Directors' fees	106,883	162,542
Other associated personnel expenses	238,744	274,555
Superannuation contributions	75,221	56,078
Increase in liability for annual leave	77,820	18,502
(Decrease)/increase in liability for long service leave	(39,817)	12,251
	1,444,364	1,425,317

(c) Business development costs

	2020 $	2019 $
Personnel expenses	389,095	384,049
Head office costs	84,381	109,814
Consultants	91,014	95,520
Travel and conferences	98,429	187,389
Other	36,243	49,006
	699,162	825,778

7. EXPLORATION AND EVALUATION EXPENDITURE

	2020 $	2019 $
Pyramid Hill, Victoria	4,280,409	2,981,093
Julimar, Western Australia	3,051,176	127,951
Hawkstone, Western Australia	571,362	83,316
Acquisition of exploration project – fair value adjustment[1]	1,086,308	-
Other generative projects	633,077	1,478,713
	9,622,332	4,671,073

[i] On 18 July 2019, the Company acquired 100% of the ordinary shares of North West Nickel Pty Ltd ("North West"). North West is the holder of the Ruins Nickel Project ("Project"), which now forms a central part of the Hawkstone Project (previously named King Leopold Project). The Acquisition of exploration project fair value adjustment represents the difference between the consideration paid and the net assets of North West at the date of acquisition.

As consideration, the Company issued 7.5 million fully paid ordinary shares to the shareholders of North West ("Vendors"). The acquisition also includes a contingent deferred consideration whereby, subject to the following milestones being achieved at the Ruins Nickel Project ("Project"), the Company will pay to the Vendors:

» A$1.75 million in cash or Chalice shares, at Chalice's election, within 60 days of Chalice releasing to the ASX a Mining Scoping Study or Feasibility Study in relation to the Project;

» A$4.5 million in cash or Chalice shares, at Chalice's election, within 60 days of commencement of commercial production and cumulative gross sales exceeding A$300 million from the Project.

The transaction has been accounted for as an asset acquisition as North West does not meet the definition of a business combination under AASB 3 Business Combinations.

Accounting policy

Costs incurred in the exploration and evaluation stages of specific areas of interest are expensed against the profit or loss as incurred. All exploration expenditure, including acquisition costs, general permit activity, geological and geophysical costs, project generation and drilling costs, is expensed as incurred. Once the technical feasibility and commercial viability of extracting a mineral resource are demonstrable in respect of an area of interest, development expenditure is capitalised to the Statement of Financial Position.

8. INCOME TAX

The major components of income tax expense are as follows:

	2020 $	2019 $
Current income tax:		
Over provision for income tax	108,969	249,909
Foreign exploration incentive tax credits	-	935,172
	108,969	1,185,081
Deferred tax:		
Temporary differences relating to financial assets	1,005,031	(323,674)
Total income tax benefit reported in the statement of comprehensive income	1,114,000	861,407

The prima facie income tax expense on pre-tax accounting result on operations reconciles to the income tax expense in the financial statements as follows:

	2020 $	2019 $
Accounting loss from continuing operations	(12,514,277)	(6,719,606)
Accounting profit from discontinued operations	8,740,950	(4,308,185)
	(3,773,327)	(11,027,791)
Income tax calculated at the Australian corporate rate of 30% (2019: 27.5%)	(1,131,998)	(3,032,643)
Non-deductible expenses	863,747	37,456
Share based payments	153,724	215,898
Gain/(loss) on sale of equity investments	1,967,792	(100,997)
Non-assessable income	(2,893,583)	(40,928)
Deferred tax assets and liabilities not recognised	2,063,242	2,877,211
Foreign exploration incentive tax credits	-	(935,172)
Income tax benefit on financial assets	(1,005,031)	323,674
Effect of change in tax rate	(682,025)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(340,899)	52,517
Under provision for income tax	(108,969)	(258,423)
Income tax benefit reported in the statement of comprehensive income	1,114,000	861,407

The tax rate used in the above reconciliation is the corporate rate of 30% (2019:27.5%) payable by Australian corporate entities on taxable profits under Australian tax law.

Current tax assets comprise:	2020 $	2019 $
Income tax receivable attributable to:		
Parent Entity	-	-
Group's subsidiaries/discontinued operations	-	1,412,434
	-	1,412,434

The following deferred tax assets and liabilities have not been brought to account:

Unrecognised deferred tax balances	2020 $	2019 $
Deferred tax assets comprise:		
Revenue losses available for offset against future taxable income	9,177,844	8,670,145
Lease liabilities	4,010	-
Other deferred tax assets	665,598	444,326
	9,847,452	9,114,471
Deferred tax liabilities comprise:		
Right-of-use assets	4,104	-
Other deferred tax liabilities	445,213	350,326
	449,317	350,326

Income tax benefit not recognised directly in equity during the year:	2020 $	2019 $
Share issue costs	391,903	5,905

Deferred tax liabilities have not been recognised in respect of these taxable temporary differences as the entity is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Accounting Policy

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the country where the company's subsidiaries operate and generate taxable income. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Unrecognised deferred income tax assets at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income taxes relating to items recognised directly in equity are recognised in equity and not profit or loss. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax Consolidation

Chalice and its 100% owned Australian resident subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Chalice recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

9. DISCONTINUED OPERATIONS

On 26 July 2019, the Group disposed of its wholly owned subsidiary Chalice Gold Mines (Quebec) Inc. ("CGMQ") to O3 Mining Inc. ("O3 Mining") (formerly Chantrell Ventures Corp.) CGMQ was the registered holder of the Group's East Cadillac and Kinebik Project in Quebec, Canada. As a consequence of disposing of CGMQ during the year ended 30 June 2020, the Group discontinued all remaining exploration and business development activities in Canada.

O3 Mining acquired all outstanding shares in CGMQ in consideration for 3,092,784 common shares of O3 Mining. In addition, the Group will retain a partial 1% Net Smelter Return Royalty and received all outstanding tax credits owing to CGMQ.

The Group has classified the activities of CGMQ and the cessation of exploration and business development activities in Canada as a discontinued operation. In the previous financial year ended 30 June 2019, CGMQ was classified as an asset held for sale.

The results of the discontinued operations for the year are presented below.

(a) Financial performance and cash flow information	2020 $	2019 $
Finance income	-	370
Expenses	(385,428)	(4,308,555)
Net loss on sale of plant and equipment	(18,074)	-
Loss before tax from discontinued operations	(403,502)	(4,308,185)
Income tax benefit/(loss)	(618)	910,654
Loss for the year from discontinued operations	(404,120)	(3,397,531)
Gain on sale of subsidiary after income tax (see (c) below)	9,144,452	-
Profit/(loss) from discontinued operations	8,740,332	(3,397,531)
Exchange differences	941,366	-
Other comprehensive income/(loss) from discontinued operations	9,681,698	(3,397,531)

The major classes of assets and liabilities of Chalice Gold Mines (Quebec) Inc. at the time of sale:

	2020 $	2019 $
Assets		
Trade and other receivables	623,838	171,915
Income tax receivable	967,611	1,412,434
Total assets	1,591,449	1,584,349
Liabilities		
Trade and other payables	-	(12,831)
Total liabilities	-	(12,831)
Net assets	1,591,449	1,571,518

The net cash flows from discontinued operations are as follows:

	2020 $	2019 $
Operating cash flows	(411,188)	34,442
Investing cash flows	1,442,282	-
Financing cash flows	-	-
Net cash inflows	1,031,094	34,442

(b) Details of the sale of the subsidiary	2020 $	2019 $
Consideration received:		
Cash	1,580,892	-
Fair value of O3 Mining Inc. shares received	10,138,059	-
Total disposal consideration	11,718,951	-
Carrying amount of net assets sold	(1,591,449)	-
Transactions costs associated with the disposal	(41,684)	-
Gain on sale before income tax and reclassification of foreign currency translation reserve	10,085,818	-
Reclassification of foreign currency translation reserve	(941,366)	-
Gain on sale after income tax	9,144,452	-

Earnings per share	2020 $	2019 $
Basic earnings, profit/(loss) for the year from discontinued operations	0.03	(0.01)
Diluted earnings profit/(loss) for the year from discontinued operations	0.03	(0.01)

Accounting policy

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

10. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic loss per share for the year ended 30 June 2020 was based on the loss attributable to ordinary equity holders of the parent of $2,659,327 (2019: loss of $10,166,384) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2020 of 277,061,780 (2019: 265,944,054).

	2020 $	2019 $
Loss attributable to ordinary shareholders		
Loss attributable to ordinary equity holders of the parent from continuing operations	(11,399,659)	(6,768,853)
Profit/(loss) attributable to ordinary equity holders of the parent from discontinued operations	8,740,332	(3,397,531)
Loss attributable to ordinary equity holders of the parent for basic earnings	(2,659,327)	(10,166,384)
Loss attributable to ordinary equity holders of the parent adjusted for the effect of dilution	(2,659,327)	(10,166,384)

Diluted loss per share has not been disclosed as the impact from options and performance rights is anti-dilutive.

Accounting policy

Basic loss per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the financial year.

Diluted loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

ASSETS

This section provides additional information about those individual line items in the Statement of Financial Position that the Directors consider most relevant in the context of the operations of the entity.

11. CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Bank balances and cash on hand	30,600,727	9,293,083
Term deposits	15,093,000	9,327,774
	45,693,727	18,620,857

Reconciliation of cash flows from operating activities	2020 $	2019 $
Loss for the year attributed to owners of the parent	(2,659,327)	(10,166,384)
Adjustments for:		
Depreciation and amortisation	264,098	107,652
Fixed assets written off	-	5,987
Loss/(gain) on sale of fixed assets	17,252	(15,524)
Income tax benefit	(1,004,010)	(861,407)
Net gain on sale of exploration and evaluation assets	(178,147)	-
Foreign exchange gain	(219,069)	(1,087,262)
Fair value adjustment on acquisition of exploration projects	1,086,308	-
Derecognition of investment in associate	-	(148,828)
Deconsolidation of subsidiaries	(9,063,511)	-
Acquisition of 30% JV interest	-	415,114
Equity-settled share-based payment expenses	512,411	785,083
Operating loss before changes in working capital and provisions	(11,243,995)	(10,965,569)
(Increase)/decrease in trade and other receivables	(161,876)	2,237,803
Increase in financial assets	(1,536)	(3,771)
Increase in trade creditors and other liabilities	1,192,783	88,835
Decrease in provisions	(5,935)	(1,052)
Net cash used in operating activities	(10,220,559)	(8,643,754)

Non-cash financing and investing activities

In July 2019, in consideration for the sale of CGMQ, the Group received 3,092,784 common shares in O3 Mining and retained a partial 1% NSR royalty (refer note 9 for further information).

On 18 July 2019, the Company issued 7,500,000 fully paid ordinary shares to acquire 100% of the ordinary shares of North West Nickel Pty Ltd ("North West") (refer note 7 for further information).

On 31 October 2019, the Company sold its interest in Jericho and Bunjarra Well Gold Projects to OreCorp Limited ("OreCorp"). The Company received 468,809 fully paid ordinary shares in OreCorp and retains a 1% NSR royalty capped at $2.5 million as consideration.

During March 2020, the Company accepted the takeover offer by Ramelius Resources Ltd ("Ramelius")to acquire the Company's shareholding in Spectrum Metals Ltd ("Spectrum") in exchange for 1 Ramelius share for every 10 Spectrum shares plus cash consideration of $0.017 per Spectrum share. On 26 March 2020, the Company received the equity consideration component consisting of 9,714,802 Ramelius shares.

Accounting policy

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of six months or less. The carrying value of cash and cash equivalents is considered to approximate fair value.

12. RECEIVABLES

	2020 $	2019 $
Current		
Trade receivables	61,706	112,747
GST receivable	383,337	186,435
Lease receivable	33,601	-
Prepayments	132,757	173,754
	611,401	472,936
Non-Current		
Lease receivable	14,601	-
	14,601	-

Accounting Policy

Trade and Other Receivables

Trade and other receivables are recognised at fair value which is usually the value of the invoice sent to the counterparty and subsequently at the amounts considered recoverable. Trade receivables are generally due for settlement within periods ranging from 30 to 60 days.

Lease receivables represents the present value of lease payments receivable under the sub-lease of the property leased in Winnipeg, Canada using a discount rate of 8.85%.

Goods and Services Taxes (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated at the amount of GST included. The net amount of GST recoverable from, or payable, to the Australian Taxation Office ('ATO') is included as a current asset or current liability in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to the ATO are classified as operating cash flows.

13. FINANCIAL ASSETS

	2020 $	2019 $
Current		
Equity instruments designated at fair value through other comprehensive income:		
Listed equity investments(1)	8,579,785	885,789
Unlisted equity investments(2)	-	584,167
	8,579,785	1,469,956

(1) Listed equity investments represents investments in various companies listed on the ASX and TSX including 3,092,784 ordinary shares in O3 Mining Inc. (Refer to note 9)

During the year ended 30 June 2020, the Company acquired 97,148,016 ordinary shares in Spectrum Metals Ltd (ASX: SPX) ("Spectrum") for $5.8 million. In March 2020, Ramelius Resources Ltd (ASX: RMS) ("Ramelius") acquired Spectrum Metals and the Company received 1 Ramelius share for every 10 Spectrum shares held plus cash consideration of $0.017 per Spectrum share.

Following acceptance of the takeover by Ramelius, the Company received cash consideration of $1.65 million and 9,714,802 shares in Ramelius, which were subsequently sold in April 2020 for net proceeds of $10.6 million. The disposal resulted in a net gain of $6.5 million from the investment in Spectrum.

(2) Unlisted equity investment represents the Company's investment in GeoCrystal Limited, the fair value of the Company's investment GeoCrystal Limited was reduced to nil for during the year ended 30 June 2020.

Refer to note 21(b) for details of movements in equity instruments (including disposals) and note 22 for further information in relation to the fair value determination of financial assets.

	2020 $	2019 $
Non-current		
Bank guarantee and security deposits	278,536	315,273
Options and warrants in listed entities	-	33,999
	278,536	349,272

Accounting Policy

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the business model that such assets are held.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition. Under FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Any gains or losses recognised in other comprehensive income are not recycled upon derecognition of the asset.

14. PROPERTY, PLANT AND EQUIPMENT

	2020 $	2019 $
Cost	772,628	874,397
Accumulated depreciation and impairment	(476,682)	(545,867)
Net carrying amount	295,946	328,530
Movements in property, plant and equipment:		
At 1 July net of accumulated depreciation	328,530	378,372
Additions	126,945	58,414
Disposals	(72,760)	(3,828)
Exchange differences	1,762	3,465
Depreciation charge for the year	(88,531)	(107,893)
At 30 June net of accumulated depreciation and impairment	295,946	328,530

Accounting Policy

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses, if any.

Depreciation is calculated on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The depreciation rates used in the current and comparative periods are as follows:

- plant and equipment 6%-40%
- fixtures and fittings 5%-20%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The carrying values of plant and equipment are reviewed for impairment at each balance date in line with the Group's impairment policy.

15. LEASES

	2020 $	2019 $
Amounts recognised in statement of financial position		
Right-of-use assets		
Right-of-use assets	177,857	-
Depreciation	(164,176)	-
Net carrying amount	13,681	-
Lease liabilities		
Current	47,218	-
Non-current	11,633	-
Total liabilities	58,851	-
Amounts recognised in statement of comprehensive income		**-**
Deprecation charge of right-of-use assets	175,567	-
Net finance expenses	10,422	-

This Note provides information for leases where the Group is lessee. Refer to Note 29 for adjustments recognised on adoption of AASB 16 Leases on 1 July 2019.

Accounting Policy

Right-of-use leased assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the remuneration of employees and consultants of the Group, but that is not necessarily immediately related to individual line items in the Financial Statements.

16. EMPLOYEE BENEFITS

	2020 $	2019 $
Annual leave accrued	196,767	166,549
Provision for long service leave	11,100	50,917
	207,867	217,466

Accounting Policy

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the reporting date are recognised in employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

The provision for long service leave represents the vested long service leave entitlements accrued.

17. SHARE-BASED PAYMENTS

(a) Share based payment transactions

The expense recognised during the year is shown in the following table:

	2020 $	2019 $
Share options granted – equity settled	128,486	103,877
Performance rights granted – equity settled	681,091	681,206
Reversal of expense previously recognised on performance rights that lapsed during the period	(297,163)	-
Total expenses recognised as share based payments	512,414	785,083

(b) Share Options

The number and weighted average exercise prices of share options on issue is as follows:

	Weighted average exercise price $ 2020	Number of options 2020	Weighted average exercise price $ 2019	Number of options 2019
Outstanding at the beginning of the year	0.19	6,200,000	0.22	5,500,000
Exercised during the year	0.20	(850,000)	-	-
Lapsed during the year	0.21	(1,000,000)	0.21	(500,000)
Granted during the year	0.21	2,000,000	0.22	1,200,000
Outstanding at the end of the year	0.19	6,350,000	0.19	6,200,000
Exercisable at the end of the year	0.19	6,350,000	0.19	4,866,666

The options outstanding at 30 June 2020 have a weighted average exercise price of $0.19 (2019: $0.19) and a weighted average contractual life remaining of 1.3 years (2019: 3 years).

The fair value of the options is estimated at the date of grant using a Black-Scholes option-pricing model. The following table gives the assumptions made in determining the fair value of the options granted during the year.

	2020	2019
Weighted average share price at grant date	$0.165	$0.12
Weighted exercise price	0.21	0.22
Expected volatility (expressed as weighted average volatility)	65%	64.88%
Option life (expressed as weighted average life)	2.5	3
Expected dividends	-	-
Risk-free interest rate (expressed as weighted average)	0.65%	1.56%
Weighted average valuation per option	$0.053	$0.024

Share options are granted under service conditions. Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

On 27 November 2019, the Employee Securities Incentive Plan ("ESIP") was introduced following approval by shareholders. The ESIP was developed to combine and replace the previous Employee Share Option Plan ("ESOP") and Long Term Incentive Plan ("LTIP"). The options granted during the year are the final award under the ESOP, all future awards will be under the ESIP. Under the terms of the ESIP and ESOP, the Board may offer options for no consideration to full-time or part-time employees (including persons engaged under a consultancy agreement), executive and non-executive directors. In the case of the directors, the issue of options requires shareholder approval.

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options is determined by the Board. An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise satisfied. The Board may determine the vesting period, if any. Where options are granted with vesting conditions, unless the Board determines otherwise, unvested options are forfeited when the holder ceases to be employed by the Group.

(c) Performance Rights

A summary of performance rights on issue is as follows:

30 June 2020:

Grant date	Opening balance	Granted	Vested	Lapsed/Forfeited	Closing balance	Share price at date of issue ($)
15 July 2016	2,271,452	-	-	(2,271,452)	-	0.19
22 November 2016	1,200,738	-	-	(1,200,738)	-	0.16
27 July 2017	2,825,590	-	-	-	2,825,590	0.16
9 November 2017	507,316	-	-	(168,240)	339,076	0.205
29 November 2017	1,217,989	-	-	-	1,217,989	0.18
31 July 2018	5,430,053	-	-	(371,017)	5,059,036	0.155
28 November 2018	871,751	-	-	-	871,751	0.155
28 November 2019	-	5,292,347	-	-	5,292,347	0.165
	14,324,889	5,292,347	-	(4,011,447)	15,605,789	

30 June 2019:

Grant date	Opening balance	Granted	Vested	Lapsed/Forfeited	Closing balance	Share price at date of issue ($)
25 June 2015	2,404,847	-	(1,210,396)	(1,194,451)	-	0.11
25 November 2015	1,664,707	-	(1,147,444)	(517,263)	-	0.11
15 July 2016	2,271,452	-	-	-	2,271,452	0.19
22 November 2016	1,200,738	-	-	-	1,200,738	0.16
27 July 2017	2,825,590	-	-	-	2,825,590	0.16
9 November 2017	507,316	-	-	-	507,316	0.205
29 November 2017	1,217,989	-	-	-	1,217,989	0.18
31 July 2018	-	5,430,053	-	-	5,430,053	0.155
28 November 2018	-	871,751	-	-	871,751	0.155
	12,092,639	6,301,804	(2,357,840)	(1,711,714)	14,324,889	

The value of performance rights granted in the year is the fair value of performance rights calculated at grant date using the Monte Carlo simulation model (market based conditions) and the Black Scholes option valuation methodology (non-market based conditions).

The following table provides the assumptions made in determining the fair value of the performance rights granted.

	2020	2019
Share price at grant date	$0.165	$0.155
Exercise price	Nil	Nil
Expected volatility	65%	50%
Performance period (years)	2.59	2.75
Vesting period (years)	2.59	2.75
Expected dividends	-	-
Risk-free interest rate	0.65%	2.10%
Weighted average fair value per right	$0.143	$0.131

On 27 November 2019, the Employee Securities Incentive Plan ("ESIP") was introduced following approval by shareholders. The ESIP was developed to combine and replace the previous Employee Share Option Plan ("ESOP") and Long Term Incentive Plan ("LTIP"). Under the ESIP, (previously LTIP) the Board may issue performance rights to eligible employees and directors. Each performance right represents a right to be issued an ordinary share at a future point in time, subject to the satisfaction of any vesting conditions. Performance rights are subject to lapsing if the vesting conditions are not met by the relevant measurement date or expiry date (if no other measurement date is specified) or if employment is terminated.

No exercise price is payable and eligibility to receive Performance Rights under the Plan is at the Board's discretion. The Performance Rights cannot be transferred and are not quoted on the Australian Securities Exchange (ASX). There are no voting rights attached to the Performance Rights. For details regarding the vesting conditions of the Performance Rights refer to section 7.4 of the Remuneration Report.

The fair value of performance rights has been calculated at the grant date and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of fair value of the rights allocated to this reporting period.

The weighted average fair value of the performance rights outstanding at 30 June 2020 was 13.9 cents per performance right (2019: 13.1 cents).

Accounting Policy

The fair value of performance rights and options granted by the Company is recognised as an employee benefits expense with a corresponding increase in equity. The cost of performance rights and options is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Monte-Carlo simulation model and/or Black Scholes model.

The total amount to be expensed is determined by reference to the fair value of the performance rights and options granted including any market conditions (eg the company's share price) and excluding the impact of any service and non-market performance vesting conditions (eg strategic objectives and service conditions).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of performance rights or options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Significant accounting judgements, estimates and assumptions

The Group measures the cost of equity-settled share-based payments of options at fair value at the grant date using a Black-Scholes Option model and performance rights are measured using a Monte Carlo simulation model for market based conditions and the Black Scholes option valuation methodology for non-market based conditions, taking into account the terms and conditions upon which the instruments were granted.

The expected life of the share-based payments is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

At each reporting period non-market vesting conditions in relation to performance rights are assessed in order to determine the probability of the likelihood that the non-market vesting conditions are met.

LIABILITIES AND EQUITY

This section provides additional information about those individual line items in the Statement of Financial Position that the Directors consider most relevant in the context of the operations of the entity.

18. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables	31,931	139,616
Other payables	104,205	83,164
Accrued expenses	1,608,430	508,060
	1,744,566	730,840

Accounting Policy

Trade and other payables are stated at amortised cost. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

19. ISSUED CAPITAL

There were 303,537,180 shares on issue at 30 June 2020 (2019: 266,568,134).

	2020		2019	
(a) Movements in ordinary shares on issue	**No.**	**$**	**No.**	**$**
Balance at beginning of financial year	266,568,134	29,807,308	261,210,294	39,836,041
Shares issued on vesting of performance rights	-	-	2,357,840	240,348
Shares issued to acquire a JV interest	-	-	3,000,000	415,114
Capital return	-	-	-	(10,662,725)
Shares issued to acquire subsidiary[(1)]	7,500,000	1,087,500	-	-
Options exercised[(2)]	850,000	171,485	-	-
Share placement[(3)]	28,619,046	30,049,998	-	-
Share issue costs	-	(1,615,408)	-	(21,470)
Balance at end of financial year	303,537,180	59,500,883	266,568,134	29,807,308

(1) On 18 July 2019, the Company issued 7,500,000 fully paid ordinary shares (subject to a 12 month voluntary escrow) to acquire 100% of the ordinary shares of North West Nickel Pty Ltd ("North West"). North West is the holder of the Ruins Nickel Project, which now forms a central part of the Hawkestone Project (formerly named King Leopold Project). Refer note 7.

(2) During the financial year ended 30 June 2020, 150,000 unlisted options were exercised with an exercise price of 21 cents and a further 700,000 unlisted options were exercised with an exercise price of 20 cents.

(3) On 20 May 2020, the Company completed a Share Placement to institutional and sophisticated investors raising $30 million (before costs).

Issuance of Ordinary Shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, the ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds on liquidation.

	2020	2019
(b) Share options	**No.**	**No.**
On issue at 1 July	6,200,000	5,500,000
Options exercised during the year	(850,000)	-
Options lapsed during the year	(1,000,000)	(500,000)
Options issued during the year	2,000,000	1,200,000
On issue at 30 June	6,350,000	6,200,000

At 30 June 2020 the Company had 6,350,000 unlisted options on issue under the following terms and conditions:

Number	Expiry Date	Exercise Price $
2,000,000	31 March 2021	0.16
2,000,000	31 March 2021	0.18
500,000	10 June 2022	0.25
1,850,000	30 November 2022	0.21

(c) Performance rights	2020 No.	2019 No.
On issue at 1 July	14,324,889	12,092,639
Performance rights issued	5,292,347	6,301,804
Performance rights vested	-	(2,357,840)
Performance rights lapsed	(4,011,447)	(1,711,714)
On issue at 30 June	15,605,789	14,324,889

At 30 June 2020 the Company had 15,605,789 performance rights on issue under the following terms and conditions:

Number	Terms	Expiry Date	Exercise Price $
4,382,655	The number of performance rights that will vest will be solely dependent on the Company meeting the outlined strategy objectives and by comparing the Company's Total Shareholder Return with that of a comparator group, as at the measurement date of 30 June 2020, as outlined in the Remuneration Report.	30 June 2021	Nil
5,930,787	The number of performance rights that will vest will be solely dependent on the Company meeting the outlined strategy objectives, absolute Total Shareholder Return ("TSR") objectives and by comparing the Company's TSR with that of a comparator group, as at the measurement date of 30 June 2021, as outlined in the Remuneration Report.	30 June 2022	Nil
5,292,347	The number of performance rights that will vest will be solely dependent on the Company meeting the outlined strategy objectives, absolute Total Shareholder Return ("TSR") objectives and by comparing the Company's TSR with that of a comparator group, as at the measurement date of 30 June 2022, as outlined in the Remuneration Report.	30 June 2023	Nil

20. ACCUMULATED LOSSES

Movements in retained earnings/(accumulated losses) attributable to owners of the parent:	2020 $	2019 $
Balance at beginning of financial year	(9,132,908)	956,081
Loss for the year attributable to owners of the parent	(2,659,327)	(10,166,384)
Modified retrospective adjustment for change in accounting policy	-	552,368
Net gain/(loss) on disposal of financial assets transferred between equity items (see note 21(b))	4,697,009	(535,262)
Transfers between equity items (see note 21(a))	343,259	60,289
Balance at end of financial year	(6,751,967)	(9,132,908)

21. RESERVES

(a) Share based payment reserve	2020 $	2019 $
Balance at beginning of financial year	1,461,524	977,078
Share based payments	512,414	785,083
Vesting of performance rights	-	(240,348)
Transfers to accumulated losses (see note 20)	(343,259)	(60,289)
Balance at end of financial year	1,630,679	1,461,524

The share-based payments reserve is used to recognise the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration. Refer to note 17 for further details of these plans.

(b) Investment revaluation reserve	2020 $	2019 $
Balance at beginning of financial year	(74,490)	243,572
Realised gains/(losses) on sale of financial assets[1]	6,243,539	(367,262)
Fair value movement on revaluation of financial assets	(1,906,857)	(257,369)
Tax effect on investment revaluations and disposals	(1,033,433)	323,675
	3,303,249	(300,956)
Net gain/(loss) on disposal of financial assets transferred between equity items (see note 20)	(4,697,009)	535,262
Modified retrospective application	-	(552,368)
Balance at end of financial year	(1,468,250)	(74,490)

(1) Realised gains on sale of financial assets for the year ended 30 June 2020, primarily includes the net gain on sale (before tax) of Spectrum and Ramelius shares of approximately $6.5 million. Refer note 13.

The investment revaluation reserve comprises the cumulative net change in the fair value of equity investments.

(c) Foreign currency translation reserve

The foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of exchange variances resulting from net investments in foreign operations.

All movements in the above reserves are as stated in the consolidated statement of changes in equity.

FINANCIAL INSTRUMENTS

This section of the Notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

22. FINANCIAL INSTRUMENTS

(a) Capital risk management

The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital, reserves and accumulated losses as disclosed in notes 19-21.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

(b) Market risk exposures

Market risk is the risk that changes in market prices such as foreign exchange rates, equity prices and interest rates will have on the Group's income or value of its holdings of financial instruments.

(i) Foreign exchange rate risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group does not hedge this exposure. The cash at bank held by the Company currently comprises Australian dollar ("AUD") and Canadian dollar ("CAD") funds. The Group manages its foreign exchange risk by constantly reviewing its exposure and ensuring that there are appropriate cash balances in order to meet its likely future commitments in each currency. At 30 June 2020, Chalice had approximately CAD$0.4million (A$0.4 million) cash on hand in CAD denominated bank accounts. Previously the Group held funds in US dollars ("USD"), however these funds were converted into AUD funds during the current financial year.

The following tables summarises the impact of increases/decreases in the relevant foreign exchange rates on the Group's post-tax result for the year and on the components of equity. The sensitivity analysis uses a variance of 10% movement in the CAD against AUD.

		2020 $	2019 $
Impact on gain/(loss)	AUD/CAD +10%	(37,111)	(212,347)
	AUD/CAD -10%	59,976	233,582
Impact on equity	AUD/CAD +10%	(37,111)	(212,347)
	AUD/CAD -10%	59,976	233,582

In addition to the above foreign exchange exposure on the Group's cash balance, the Group is also exposed to movements in CAD against AUD due to its shareholding in O3 Mining.

The following table summarises the impact of increases/decreases in the relevant foreign exchange rates on the Group's post-tax result for the year and on the components of equity. The sensitivity analysis uses a variance of 10% movement in the CAD against AUD.

		2020 $	2019 $
Impact on gain/(loss)	AUD/CAD +10%	(762,933)	-
	AUD/CAD -10%	839,226	-
Impact on equity	AUD/CAD +10%	(762,933)	-
	AUD/CAD -10%	839,226	-

(ii) Equity prices

The Group has exposure to equity prices through its holdings in various listed entities. The following table outlines the impact of increases/decreases in the value of the Company's investment holding on the components of equity. The sensitivity analysis uses a variance of 10% movement upwards and down on the year end closing share prices.

		2020 $	2019 $
Impact on equity	Share price +10%	857,978	88,579
	Share price -10%	(779,980)	(80,526)

(iii) Interest rate risk

At reporting date, the Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term cash deposits. The Group is not exposed to cash flow volatility from interest rate changes on borrowings, as it does not have any short or long term borrowings.

Chalice constantly analyses its exposures to interest rates, with consideration given to potential renewal of existing positions and the period to which deposits may be fixed. The Group considers preservation of capital as the primary objective as opposed to maximising interest rate yields by investing in higher risk investments.

At reporting date, the following financial assets were exposed to fluctuations in interest rates:

	2020 $	2019 $
Cash and cash equivalents	45,693,727	18,620,857

The following sensitivity analysis is based on the interest rate risk exposures in existence at reporting date. The sensitivity is based on a change of 50 basis points in interest rates at reporting date.

In the year ended 30 June 2020 if interest rates had moved by 50 basis points, with all other variables held constant, the post-tax result for the Group would have been affected as follows:

		2020 $	2019 $
Impact on gain/(loss)	50 bp increase	219,386	91,883
	50 bp decrease	(219,386)	(59,320)
Impact on equity	50 bp increase	219,386	91,883
	50 bp decrease	(219,386)	(59,320)

(c) Credit risk exposure

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any allowance for doubtful debts, as disclosed in the notes to the financial statements.

It is not the Company's policy to securitise its trade and other receivables, however, receivable balances are monitored on an ongoing basis. In addition, the Company currently diversifies its cash holdings across three of the main Australian financial institutions.

(d) Liquidity risk exposure

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board of Directors actively monitors the Group's ability to pay its debts as and when they fall due by regularly reviewing the current and forecast cash position based on the expected future activities.

The Group has non-derivative financial liabilities and lease liabilities which include trade and other payables of $1,744,566 (2019: $730,840) all of which are due within 60 days.

In light of the Group's current financial assets and minimal committed expenditure, the Group could continue to operate as a going concern for a considerable period of time, subject to any changes to the Group structure or undertaking a material transaction.

(e) Fair value of financial instruments

The Directors consider the carrying value of the financial assets and financial liabilities are recognised in the consolidated financial statements approximate their fair values. In particular, equity investments designated at fair value through other comprehensive income are measured at fair value using quoted market prices at the reporting date (Level 1 fair value measurement).

Non-listed equity investments are measured at fair value using unobservable inputs (Level 3 fair value measurement).

The directors have assessed that the fair value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Accounting Policy

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximise the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

GROUP COMPOSITION

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the structure of the Group, but that is not immediately related to individual line items in the Financial Statements.

23. PARENT ENTITY

	2020 $	2019 $
Financial position		
Assets		
Current assets	46,135,622	19,689,200
Non-current assets	6,960,523	8,798,044
Total assets	53,096,145	28,487,244
Liabilities		
Current liabilities	581,657	605,530
Non-current liabilities	49,351	45,685
Total liabilities	631,008	651,215
Net assets	52,465,137	27,836,029
Equity		
Issued capital	59,500,883	29,807,308
Accumulated losses	(31,964,630)	(26,943,668)
Reserves	24,928,884	24,972,389
Total equity	52,465,137	27,836,029

	2020 $	2019 $
Financial performance		
Loss for the year	(10,551,066)	(9,853,835)
Total comprehensive loss	(10,551,066)	(9,853,835)

Commitments and contingencies

(i) Contingencies

Other than as disclosed in note 27 the parent entity has no contingent assets or liabilities.

(ii) Capital commitments

Other than disclosed in note 27, the parent entity has no capital commitments.

Accounting Policy

The financial information for the parent entity, Chalice Gold Mines Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

24. LIST OF SUBSIDIARIES

Significant investments in subsidiaries

The consolidated financial statements include the financial statements of Chalice Gold Mines Limited and its subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest	
		2020	2019
Parent entity			
Chalice Gold Mines Limited	Australia		
Subsidiaries			
Chalice Operations Pty Ltd	Australia	100	100
Western Rift Pty Ltd *(i)*	Australia	100	100
CGM Minerals Pty Ltd	Australia	100	100
CGM (Lithium) Pty Ltd	Australia	100	100
CGM (WA) Pty Ltd	Australia	100	100
North West Nickel Pty Ltd*(ii)*	Australia	100	-
(ii) Subsidiaries of Western Rift Pty Ltd			
Chalice Gold Mines (Ontario) Inc.*(iii)*	Canada	100	100
Coventry Rainy Inc.[1]	Canada	-	100
Coventry Ontario Inc. [1]	Canada	-	100
(ii) Subsidiaries of North West Nickel Pty Ltd			
Nebula Resources Pty Ltd	Australia	100	-
(iii) Subsidiaries of Chalice Gold Mines (Ontario) Inc.			
Chalice Gold Mines (Quebec) Inc.[2]	Canada	-	100
Chalice Gold Mines (Exploration) Inc.	Canada	100	100

(1) Coventry Rainy Inc. and Coventry Ontario Inc. were voluntarily deregistered 20 September 2019.

(2) In July 2019, the Company sold its wholly owned subsidiary, Chalice Gold Mines (Quebec) Inc. to O3 Mining. Refer to note 9 for further details.

Accounting Policy

The consolidated financial statements comprise the financial statements of Chalice Gold Mines Limited ("Company" or "Parent") and its subsidiaries as at 30 June each year (the "Group"). Interests in associates are equity accounted and are not part of the consolidated Group.
Subsidiaries are all those entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Special purpose entities are those entities over which the Group has no ownership interest but in effect the substance of the relationship is such that the Group controls the entity so as to obtain the majority of benefits from its operation.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries and special purpose entities are fully consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Chalice Gold Mines Limited are accounted for at cost in the financial statements of the parent entity less any impairment charges.

OTHER INFORMATION

This section of the Notes includes other information that must be disclosed to comply with accounting standards and other pronouncements, but that is not immediately related to individual line items in the Financial Statements.

25. AUDITOR'S REMUNERATION

	2020 $	2019 $
Audit services		
HLB Mann Judd:		
Audit and review of financial reports	51,538	48,892
Other services	4,700	4,000
	56,238	52,892

26. RELATED PARTIES

Key management personnel

Executive Directors

T R B Goyder (Executive Chairman) (transitioned to Non-executive Chairman 1 September 2020)
A C Dorsch (Managing Director)

Non-executive Directors

S P Quin
M S Ball

Executives

R K Hacker (Chief Financial Officer)
K M Frost (General Manager – Exploration)
B M Kendall (General Manager – Development) (appointed 1 October 2019)
P Lengyel (Exploration Manager – Canada) (resigned 31 December 2019)

The KMP compensation is as follows:

	2020 $	2019 $
Short-term benefits	1,518,615	1,634,573
Post-employment benefits	102,099	98,325
Termination benefits	61,819	-
Share-based payments	410,756	585,518
	2,093,289	2,318,416

Individual director's and executive's compensation disclosures

The Group has transferred the detailed remuneration disclosures to the Directors' Report in accordance with *Corporations Amendment Regulations 2006 (No. 4)*. These remuneration disclosures are provided in the Remuneration Report section of the Directors' Report under Key Management Personnel remuneration and are designated as audited.

Loans to key management personnel and their related parties

No loans were made to KMP or their related parties.

Other key management personnel transactions with the Group

A number of KMP, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with management persons or their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate income recognised during the year relating to KMP or their related parties was as follows:

KMP	Note	2020 $	2019 $
Liontown Resources Limited	(i)	241,844	249,107
DevEX Resources Limited	(i)	147,233	114,000
PhosEnergy Limited	(i)	21,600	21,600

(i) The Group supplied office facilities and corporate services such as accounting and administration to Liontown Resources Limited ("LTR"), DevEx Resources Limited ("DEV") and PhosEnergy Limited ("PEL"). Mr Goyder is a director of LTR, DEV and PEL. Mr Hacker is a director of DEV, alternate director of PEL and was formerly the Chief Financial Officer of LTR. Amounts were billed on a proportionate share of the cost to the Group of providing the services and are due and payable under normal payment terms.

Amounts outstanding from the above related parties at reporting date arising from these transactions were as follows:

Assets and liabilities arising from the above transactions	2020 $	2019 $
Current payables	-	-
Trade debtors	30,244	109,998
	30,244	109,998

27. COMMITMENTS AND CONTINGENCIES

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements as specified by various governments in order to maintain exploration tenements in good standing. Therefore, amounts stated are based on the minimum commitments known within the next year. The Group may in certain situations apply for exemptions under relevant mining legislation or enter into joint venture arrangements which significantly reduce working capital commitments. These obligations are not provided for in the financial report and are payable:

	2020 $	2019 $
Within 1 year	3,086,358	366,891
Within 2-5 years	-	-
Later than 5 years	-	-
	3,086,358	366,891

Contingent asset and Contingent Liabilities

There are no contingent assets or contingent liabilities at 30 June 2020 (30 June 2019: nil).

28. EVENTS SUBSEQUENT TO REPORTING DATE

On 14 July 2020, 4,382,655 2017/2018 Performance Rights that were issued to KMP and employees in 2017 vested in full due to the achievement of the performance conditions measured over the three years ended 30 June 2020. Upon vesting, 3,967,290 Performance Rights were exercised into an equivalent number of fully paid ordinary shares. The Board resolved to pay cash in lieu of the exercise for415,365 Performance Rights, held by a non-Australian resident. The total payment of cash in lieu of shares was $450,957.

On 21 August 2021, subject to shareholder approval at the Company's 2020 Annual General Meeting, the Board resolved that each Non-Executive Director will be issued 150,000 unlisted share options with an exercise price of $2.20 and an expiry date of 30 June 2023. The Non-Executive Chairman will be issued 250,000 unlisted options on the same terms as other Non-executive Directors.

On 2 September 2020, the Company issued 820,482 - 2020/2021 Performance Rights to senior executives and employees of the Company under the terms of the Employee Securities Incentive Plan. In addition to the above issue, on 21 August 2020, it was resolved that Alex Dorsch, Managing Director, has been awarded 280,081 Performance Rights on the same terms and conditions. The issue of the Performance Rights to Mr Dorsch is conditional on the receipt of shareholder approval to be sought at the Company's 2020 Annual General Meeting.

Other than disclosed above or elsewhere in this report, there have been no other material post balance date events which have impacted the Company.

29. CHANGES IN ACCOUNTING POLICIES

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Group and effective for the current annual reporting period. As a result of this review, the Group has initially adopted AASB 16 from 1 July 2019. AASB 16 replaces AASB 117 Leases.

Other than the above, the Directors have determined that there is no material impact of the other new and revised Standards and Interpretations on the Group and therefore no material change is necessary to Group accounting policies.

(i) AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. AASB 16 replaces AASB 117 Leases.

The adoption of AASB 16 has resulted in changes in classification, measurement and recognition leases. The changes result in almost all leases where the Company is the lessee being recognised in the Condensed Statement of Financial Position and removes the former distinction between 'operating and 'finance leases'. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term, and low value leases.

Impact on operating leases

The Group has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. There is no initial Impact on retained earnings under this approach. The Group has not restated comparatives for the 2019 reporting period.

The Group leases various offices. As at 30 June 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, where the Company is a lessee, the Group recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent rate of interest on the remaining balance of the liability for each period.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 1 July 2019 was 8.85%.

The transitional impact at 1 July 2019 is set out below:

Reconciliation	$
Operating lease commitments disclosed as at 30 June 2019	314,829
Discounted using the lessee's incremental borrowing rate at the date of initial application	(16,616)
Less: Operating costs recognised as lease commitments excluded from capitalisation	(50,566)
Right-of-use-assets as at 1 July 2019	**249,647**
Current lease liabilities	(193,586)
Non-current lease liabilities	(56,062)
Total lease liabilities on the date of transition	**(249,647)**

There was no impact on opening accumulated losses at 1 July 2019 on adoption.

Following adoption, in the condensed statement of cash flows, the Group has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

No extension options are included in the property leases across the Group. There were no onerous lease contracts that required an adjustment to the right-of-use assets of initial application.

Refer to Note 15 for further information on the accounting policies for Leases Liabilities and Right of Use Assets.

30. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been early adopted by the Group for the year ended 30 June 2020.

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 30 June 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue and not yet adopted by the Company.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2020

1. In the opinion of the directors of Chalice Gold Mines Limited (the 'Company'):
   a. the financial statements, notes and the additional disclosures in the directors' report designated as audited, of the Group are in accordance with the *Corporations Act 2001* including:
      i. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
   b. there are reasonable grounds to be that the Company will be able to pay its debts as and when they become due and payable.
   c. The statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

This declaration is signed in accordance with a resolution of the Board of Directors.

Dated at Perth the 29th day of September 2020.

Signed in accordance with a resolution of the Directors:

Alex Dorsch
Managing Director

INDEPENDENT AUDITOR'S REPORT
To the members of Chalice Gold Mines Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Chalice Gold Mines Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Accounting for discontinued operation Refer to Note 9	
On 26 July 2019, the Group disposed of its wholly owned subsidiary Chalice Gold Mines (Quebec) Inc. to an external party. At 30 June 2020 the subsidiary has been classified as a discontinued operation.	Our procedures included but were not limited to the following: - Reviewing the material terms and conditions of the transaction by

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ADVISORY AND ACCOUNTING

We consider the transaction to be a key audit matter as it was material to the users' understanding of the financial statements as a whole and it required significant auditor attention and communication with those charged with governance.	reference to the underlying sales agreement; - Reviewing the calculation of the gain on disposal prepared by management in addition to recalculating the expected gain; - Reviewing the net assets disposed of as part of the transaction; - Considering the allocation of consideration across taxable jurisdictions and the availability of tax losses in those jurisdictions under applicable tax legislation; - Considering whether the disposal constitutes a discontinued operation; and - Assessing the appropriateness of the disclosures included within the financial report.
Accounting for acquisition of subsidiary Refer to Note 7	
On 18 July 2019, the Company acquired 100% of the ordinary shares of North West Nickel Pty Ltd. This acquisition was accounted for as an asset acquisition as the activities of the entity did not constitute a business. We considered this to be a key audit matter due to the materiality of the impact on the financial statements and its importance to users of the financial statements.	Our procedures included but were not limited to the following: - Reviewing the sale and purchase agreement to understand key terms and conditions; - Agreeing the fair value of the consideration paid to supporting information; - Obtaining audit evidence that the acquisition date assets and liabilities of acquiree were fairly stated; - Reviewing the treatment of contingent consideration arising under the acquisition agreement; - Considered the allocation of the excess of the value of the consideration over the net assets acquired to exploration and evaluation expenditure; and - Assessed the adequacy of the Group's disclosures in the financial report with respect to this asset acquisition.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Financial Report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Chalice Gold Mines Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2020

M R Ohm
Partner

Additional information required by the Australian Securities Exchange Limited ("ASX") Listing Rules and not disclosed elsewhere in this report is set out below. The information below was applicable as at 28 September 2020.

Substantial shareholders

The names of the substantial shareholders and the number of shares in which they have a relevant interest are:

Shareholder	Number of ordinary shares held	Percentage of capital held %
Timothy Rupert Barr Goyder	37,193,198	12.10
Franklin Resources Inc	30,102,367	9.79
Regal Funds Management Pty Ltd	15,593,969	5.07

Class of shares and voting rights

There are 4,741 holders of the fully paid ordinary shares of the Company, 4 holders of unlisted share options and 22 holders of performance rights.

Distribution of equity security holders:

Category	Fully Paid Ordinary Shares		Unlisted Share Options		Performance Rights	
	No.	%	No.	%	No.	%
1 – 1,000	956	0.17	-	-	-	-
1,001 – 5,000	1,303	1.30	-	-	-	-
5,001 – 10,000	857	2.25	-	-	-	-
10,001 – 100,000	1,375	14.64	-	-	6	2.11
100,001 and over	250	81.64	4	100	16	98.89
Total	**4,741**	**100**	**4**	**100**	**22**	**100**

The number of shareholders holding less than a marketable parcel is 183 (based on a share price of $2.50).

Voting Rights

All fully paid ordinary shares carry one vote per share. There are no voting rights attached to options or performance rights Company until exercised.

Unlisted Employee Performance Rights

There is a total of 12,043,616 unlisted Performance Rights on issue held by 22 different persons. These Performance Rights have no exercise price and vest between 1 July 2020 and 30 June 2023, subject to the fulfilment of the relevant vesting conditions.

Unlisted Director Options

There is a total of 5,850,000 unlisted Options on issue held by 3 directors of the Company. These Options have an exercise price between $0.16 and $0.21 and expiry dates between 31 March 2021 and 30 November 2022.

Holders of 20% or More of Unquoted Securities

The names of holders and number of unquoted equity securities held for each class (but excluding securities held under an employee incentive scheme) where the holding was 20% or more of each class of security are set out below:

Name	No. Options	Exercise Price	Expiry Date	% of Class
Red Cloud Klondike Strike Inc.	500,000	$0.25	10 June 2022	100%

Restricted securities

There are no restricted ordinary shares on issue.

On-market Buyback

There is no on-market buy-back currently being undertaken.

Mineral Resource Statement

At 30 June 2020 and at the date of this report, the Company has no Mineral Resources reported in accordance with the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)* and *Canadian National Instrument 43-101*. On 25 July 2019 the Company sold the East Cadillac Gold Project (which included the Nordeau West mineral resource estimate) to O3 Mining Inc.

Twenty Largest Ordinary Fully Paid Shareholders

Name	Number of ordinary shares held	Percentage of capital held %
HSBC Custody Nominees (Australia) Limited	41,531,948	13.51
Mr Timothy R B Goyder	37,193,198	12.10
Citicorp Nominees Pty Limited	24,439,300	7.95
J P Morgan Nominees Australia Pty Limited	22,401,195	7.28
CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C>	16,520,534	5.37
UBS Nominees Pty Ltd	8,800,083	2.86
BNP Paribas Nominees Pty Ltd <IB AU Noms Retail client DRP>	5,901,227	1.92
AEGP Super Pty Ltd <AEGP Superannuation Fund A/C>	5,000,000	1.63
National Nominees Limited	4,132,939	1.34
BNP Paribas Noms Pty Ltd <DRP>	3,264,501	1.06
Ilwella Pty Ltd <Ilwella Trading A/C>	2,365,000	0.77
Mr Robert Martin Friedland	2,248,613	0.73
Mr Michael Leslie Cohen	1,609,610	0.52
BT Portfolio Services Limited <Warrell Holdings S/F A/C>	1,550,000	0.50
Howard-Smith Investments Pty Ltd	1,450,000	0.47
Methuen Holdings Pty Ltd <PB Family A/C>	1,413,616	0.46
Dragon Tree Capital Pty Ltd	1,400,000	0.46
Marford Group Pty Ltd	1,350,000	0.44
Mr Philip Scott Button + Ms Philippa Anne Nicol <Christopher Jordan A/C>	1,348,261	0.44
Mr Lei Su	1,234,567	0.40
Top Twenty Shareholders	**185,154,592**	**60.21**
Total Remaining Shareholders	**122,349,878**	**39.79**
Total	**307,504,470**	

chalice

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