chalice

Pd Pt Ni Cu Co Au

Annual Report 2021

Chalice Mining Limited

Chalice Mining Limited

Directors

Tim Goyder
Chairman

Alex Dorsch
Managing Director and
Chief Executive Officer

Morgan Ball
Lead Independent Director

Stephen Quin
Non-Executive Director

Garret Dixon
Non-Executive Director

Linda Kenyon
Non-Executive Director

Stephen McIntosh
Non-Executive Director

Company Secretary

Jamie Armes

Principal Place of Business & Registered Office

Level 3,
46 Colin Street,
WEST PERTH
Western Australia 6005

Tel: (+61) (8) 9322 3960
Email: info@chalicemining.com

Web: www.chalicemining.com

ABN: 47 1 16 648 956

Auditors

HLB Mann Judd
Level 4,
130 Stirling Street,
PERTH
Western Australia 6000

Home Exchange

Australian Securities Exchange Ltd

Level 40,
Central Park,
152-158 St Georges Terrace
PERTH
Western Australia 6000

OTCQB Exchange

12th Floor,
300 Vesey Street,
NEW YORK, NY,
UNITED STATES 10282

Share Registry

Computershare Investor Services Pty Ltd

Level 11,
172 St Georges Terrace,
PERTH
Western Australia 6000

Tel: 1300 850 505

ASX Listing

ASX Code: CHN

OTCQB Listing

OTCQB Code: CGMLF

We acknowledge the Traditional Owners of the land on which our operations exist and on which we work. We recognise their continuing connection to land, waters and culture. We pay our respects to their Elders past, present and emerging.

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FY2021 Highlights

Shareholder Value

~650% Total Shareholder Return – one of the top performing companies on the ASX

$115 million raised from largely institutional investors – strong balance sheet and capital discipline maintained

Chalice was included in the **S&P/ASX 200 index in June 2021**

Awarded **'Explorer of the Year'** by MiningNews and **'Best Emerging Company'** by the Diggers and Dealers Mining Forum

Operations

Significant growth in of our world-class Julimar Ni-Cu-PGE Project in WA. Seven new high-grade zones were discovered at the Gonneville Deposit over an area of >1.8km x 0.9km, **confirming the tier-1 scale of the discovery**

~120,000m of resource drilling was completed at Julimar in FY2021, with the Company on track to deliver a maiden **Mineral Resource Estimate in Q4 CY2021**

Several multi-kilometre EM-soil targets defined through first-pass reconnaissance exploration activities along the **~26km Julimar Complex**. ~24km of the mafic-ultramafic intrusive complex remains untested with drilling

Gonneville emerging as a **world-class, strategic deposit** of critical 'green metals' – metals needed to to decarbonise the global economy and address climate change

Expanded our holdings in the new West Yilgarn Ni-Cu-PGE Province to >8,000km^2, leveraging our competitive **'first mover' advantage** in the largely unexplored province

Several new high-grade gold intersections and two new regional targets defined at the Pyramid Hill Gold Project in Victoria

Environment

Zero reportable environmental incidents

100% compliance of all environmental licence conditions

Approval of first **Conservation Management Plan** (CMP) and submission of second CMP to enable further exploration activities within the Julimar State Forest

Social

Zero fatalities

~$0.5M local procurement spend by Chalice plus ~$1.5M spend by direct Chalice contractors in the local shires surrounding the Julimar Project

Zero lost time injuries

Julimar Project **Stakeholder Engagement Plan implemented** – proactive information sharing campaigns and key stakeholder briefings completed

Governance

All corporate governance policies updated to meet ASX Corporate Governance Principles 4th edition

Risk and Sustainability, Technical and Nomination Board Committees established

New highly regarded independent Non-Executive Directors appointed, Garret Dixon and Stephen McIntosh and, subsequent to year-end, Linda Kenyon

Chairman's Letter

Dear Fellow Shareholder,

It is a great pleasure to report on what has been one of the best years in Chalice's history.

When Chalice was formed in 2006, a small but highly motivated founding team set out to build an ambitious, technically-driven and disciplined exploration company. Since then, we have been dedicated to making a world-class mineral discovery and, over the past 18 months, the Company has well and truly delivered on that goal!

In June 2021, Chalice joined the ASX-200, Australia's leading share market index – becoming one of the first mineral exploration companies ever to reach this milestone. This remarkable achievement was driven by the spectacular and rapidly evolving PGE-Ni-Cu-Co-Au discovery at our Julimar Project in Western Australia.

Since the discovery of Julimar in March 2020, shareholders have enjoyed exceptional returns – making Chalice one of the best-perfoming stocks on the ASX despite the volatility and challenges which have been experienced from time to time during the COVID-19 pandemic.

The discovery has been a game-changer for the industry and has re-written the geological understanding of the State of Western Australia. The first major discovery of palladium – arguably the PGE discovery Australia has never had – it is hard to recall a discovery which has had such profound implications for the junior exploration sector.

Chalice's ability to prosper and deliver for our shareholders is a credit to our team's commitment – and has also highlighted to the wider industry the immense wealth creation that can be achieved as a result of genuine discovery success. The accolades that have been awarded to Chalice and its superb geological team are well-deserved.

A core component of Chalice's business strategy from well before the Julimar discovery has been to maintain rigorous capital discipline and a strong balance sheet, allowing us to execute ambitious exploration programs. Following the tremendous success at Julimar this year, we raised $115 million, largely from institutional investors, underpinning continued exploration activities at the Project.

And, notwithstanding our greatly expanded exploration budget, we have maintained the same high degree of discipline in our expenditure as we always have, with a continued focus on long-term value creation and ensuring that a large proportion of the funds we raise go directly into the ground.

In July, Chalice announced its intention to pursue a demerger of its Australian gold assets, subject to shareholder and regulatory approvals. This demerger will allow Chalice to focus on the Julimar discovery and the greater West Yilgarn Ni-Cu-PGE Province in Western Australia, while creating a new company focused on progressing a compelling portfolio of gold opportunities.

I believe this to be sound strategy, providing an appropriate structure to unlock the full potential of our portfolio and maximise returns to our shareholders. If approved, we will deliver a standalone, ASX-listed gold company targeting Tier-1 discoveries in Victoria and Western Australia. The new company will hold the district-scale Pyramid Hill Gold Project in Victoria, where I see another exciting and unique opportunity to make a world-class discovery in a safe jurisdiction.

We continued to add depth, experience and capability to the Chalice Board during the year, with the addition of highly-regarded Non-Executive Directors Garret Dixon and Stephen McIntosh. It has been incredibly rewarding to be able to attract this level of talent to the business and to see their growing contribution over the course of the year.

We were also delighted recently to welcome highly-experienced former senior Wesfarmers executive Linda Kenyon to the Chalice Board as Non-Executive Director. Linda's appointment marked another broader and very pleasing milestone, marking the first time ever that all ASX-200 companies have had female representation at the Board level.

We will shortly say farewell to Stephen Quin, who has signalled his intention to step down from the Board in November 2021. On behalf of everyone at Chalice, I would like to sincerely thank Stephen for his significant contribution, guidance and service to the Company over the past 11 years.

Our success and rapid growth in FY2021 has emphasised the magnitude of our corporate responsibilities in a rapidly changing company landscape. The choice to 'do the right thing' and 'act like an owner' has always been integral to how Chalice has conducted business but, as we grow from junior explorer to mid-tier developer, so too does the breadth of our environmental and social responsibilities.

The fundamental importance of these responsibilities, and our continued focus on fulfilling them, are summarised throughout this Report and I am pleased to see these efforts continuing to increase over the year.

As a born-and-bred West Australian, I am immensely proud that the globally-significant Julimar discovery sits right on Perth's doorstep. Our team has worked tirelessly to engage and establish relationships with key local stakeholders, and we are passionate about continuing to build trust and make genuine contributions to the region. I believe that Chalice has the opportunity to be a leader in demonstrating how mining can co-exist with local communities and other land uses.

I remain very positive about the outlook for metals – particularly the 'green metals' that are required to power a decarbonised global economy. This steep demand growth trajectory is overlaid on a looming supply shortage and, more importantly, a shortage of Tier-1 discoveries that has plagued the industry in recent decades. The next few years are likely to provide an exciting backdrop for the Company.

In closing, I would like to extend my appreciation to all the hard-working people at Chalice. I know we have an enviable and rare mix of tenacity, experience and dynamism across our team; as a result, Chalice is well positioned to progress its journey to the project definition phase. Lastly, I would like to thank all our shareholders for their continued support. I am confident that your Company is in great shape and that our leadership group led by our Managing Director and CEO has the determination, capability and financial resources to deliver further growth.

I look forward to 2022.

Yours faithfully,

Tim Goyder
Chairman

Managing Director and CEO's Letter

Dear Fellow Shareholder,

I am pleased to report on what has been another tremendous year of growth and achievement for Chalice. Like Tim, I am incredibly proud of what our team has been able to deliver and I am humbled by the level of recognition we have received – with the Company being awarded multiple accolades over the course of the year.

Thanks to our success over the past 18 months, Chalice is in superb shape – with a clear vision and strategic direction, a world-class asset and an exceptional growth pipeline in the heart of a new globally significant mineral province in Western Australia.

Our vision to become a globally-recognised explorer and developer has been refined over the course of the year to focus specifically on 'green metals' – the critical suite of metals which are required to decarbonise the global economy and address climate change.

It is becoming clear that green metals like nickel, copper, cobalt, palladium and platinum have an incredibly important role to play in an electrified world powered by renewables and green hydrogen, but new major discoveries of these metals are becoming increasingly rare. We have set our strategic ambitions accordingly.

The planned demerger of our gold portfolio in late 2021 will facilitate a logical split of commodity focus, allowing Chalice to focus on its green metals portfolio – with a clearly defined purpose to discover, define and deliver world-class sustainable green metal projects in Australia.

The globally significant Julimar discovery and the newly-defined West Yilgarn Province underpins what we see as an incredibly exciting future growth pathway for Chalice.

We will continue to explore and define the Julimar Project to maximise shareholder value and optionality. We are also committed to scaling-up our greenfield exploration activities across the largely unexplored West Yilgarn Ni-Cu-PGE Province, with the aim of making another major discovery in FY2022. Concurrently, we will also continue to evaluate and invest in assets that complement our portfolio.

In executing our strategic growth plan, we increased our focus during the year on enhancing our sustainability initiatives, caring for and supporting our people and nurturing our company culture.

We are a values-driven business and our five core values of Integrity, Ownership, Urgency, Alignment and Advancement continue to guide our actions. The 'Chalice Way' remains as strong as ever, and we continue to preserve and nurture our generative exploration and entrepreneurial skill-set as well as complement those skills with high-calibre project development expertise.

During the past year, we commenced building a world-class project definition team capable of taking Julimar from a discovery through to 'development-ready' status.

We have welcomed a number of exceptional people to our senior leadership group and have appointed a number of highly-qualified and experienced metallurgy, health and safety, environment, stakeholder management, business development and legal professionals – positioning the Company to execute our near-term goal of scoping the initial stages of development for the Julimar Project and completing feasibility studies.

Our sustainability strategy is being carefully formulated to ensure it is both impactful and genuine – with the dual objective of adopting world best practices while also ensuring we have the ability to execute. Our commitment to the environment and community is already clearly demonstrated in our operations and in the surrounding regions and it has been fantastic to hear feedback from key stakeholders affirming this view.

We are committed to best-practice environmental standards, building trust-based and open relationships with key stakeholders and delivering long-term benefits to the communities in which we operate. Our achievements in this area and our ambitions for the future are reflected in the pages of our first-ever Sustainability Report.

We achieved a number of important operational milestones during the course of the year across our portfolio. At Julimar, we rapidly scaled up the resource definition drill program and extended the mineralisation at Gonneville over an area of >1.8km x 0.9km and to a depth of 0.8km. The exceptional growth in the scale of the deposit meant that we continually increased the size of our drill program and rig count. Notwithstanding the vast amount of drilling that has been required, we remain on track to report a maiden Mineral Resource Estimate in Q4 CY2021.

In addition, following the approval of our first Conservation Management Plan, we secured access and completed first-pass reconnaissance exploration and targeting over the entirety of the >26km long Julimar Complex. The mineralisation already identified at Gonneville and the compelling targets defined along strike have positioned the Julimar Project as one of the most significant new Ni-Cu-PGE exploration projects globally.

We also remained committed and active on the other exploration projects in the Chalice portfolio, refining large-scale gold prospects under cover in Victoria at the Pyramid Hill Project – leading us to the decision to demerge our gold assets. We have also commenced early-stage exploration within the completely untested West Yilgarn Province at the Barrabarra and South West Projects, with some tantalising early results.

I continue to be inspired by our incredibly talented and hard-working geological team as they systematically and efficiently vector towards our next major discovery.

There have been very few investment opportunities like Chalice in the mining sector in recent years, where a Company has unlocked a new mineral province and positioned itself as the strategic first mover. As a Board, we remain committed to overseeing an aggressive but disciplined approach to unlocking the full potential of our green metals portfolio.

2022 is shaping up to be another exciting year for Chalice, with initial drill testing of the large-scale Hartog and Baudin Targets at Julimar, the Ephesus Target at Hawkstone and the Recherche Target at Barrabarra all planned in the coming months. On top of that, we look forward to reporting our maiden Mineral Resource Estimate and Scoping Study for the Gonneville deposit at Julimar and executing the planned demerger and IPO of our gold portfolio.

In closing, I would like to extend my gratitude to my fellow directors and the entire team at Chalice. Our success is a product of our exceptional people and their collective efforts.

I would also like to thank our shareholders for their continued support and I look forward to bringing you further updates as we embark on another exciting year.

Yours faithfully,

Alex Dorsch
Managing Director and Chief Executive Officer

The Chalice Way

Our Vision

To become a globally recognised specialist 'green metal' explorer and developer

Values

Integrity
Do the right thing

Ownership
Think like an owner

Urgency
Act today, not tomorrow

Alignment
If Chalice succeeds, we all succeed

Advancement
Improve every day

Strategic Pillars

Sustainability

Deliver a sustainability strategy by end FY2022 + achieve inclusion in relevant benchmark ESG index by end FY2024

Generative Exploration

Make a major (>US$1Bn NPV) discovery

People & Culture

Our people and organisational culture are key to delivering on our vision and purpose. We aim to hire and retain the best people, preserve our high performance culture and promote work-life balance

Project Definition

Mature our discoveries to PFS completion in <3 years, maximising shareholder value and optionality

Business Development

Add synergistic assets to complement the current portfolio

Purpose

To discover, define and deliver world-class sustainable 'green metal' projects in Australia. These metals are needed to:

Produce and store **renewable energy**, such as wind, solar, geothermal and grid-scale storage;

Produce and store **green hydrogen** for use in fuel cells, green steel, fertilisers and other industrial processes; and,

Manufacture **green mobility technologies** such as battery, hydrogen fuel cell and hybrid electric vehicles and automotive pollution control devices

FY2022 Strategy

Sustainability

Deliver a sustainability strategy based on responsible practices and shared value. Maintain our social licence to operate

Define comprehensive baseline **environmental standards** for the Julimar Project

Build **trust-based and inclusive relationships** with our external stakeholders. Increase engagement and investment with the communities in which we operate to achieve long term positive impacts

Generative Exploration

Make another major 'green metal' discovery within the portfolio

Unlock new targets and insights within the new West Yilgarn Ni-Cu-PGE Province

Project Definition

Define a maiden **JORC Mineral Resource Estimate** for the Gonneville PGE-Ni-Cu-Co-Au Deposit

Assess and define the processing flowsheet alternatives for the various mineralisation styles at Gonneville

Secure access to the Julimar State Forest for initial low-impact drilling

Deliver a **Scoping Study** for the initial stage of development at Gonneville, advancing the project to maximise shareholder value and optionality

Business Development

Complete proposed gold demerger to deliver a **standalone, ASX-listed gold company targeting tier-1 discoveries** in Victoria and Western Australia

Evaluate and acquire **synergistic assets** to complement our portfolio

People and Culture

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

Preserve our generative exploration capability whilst continuing to build a core project study team

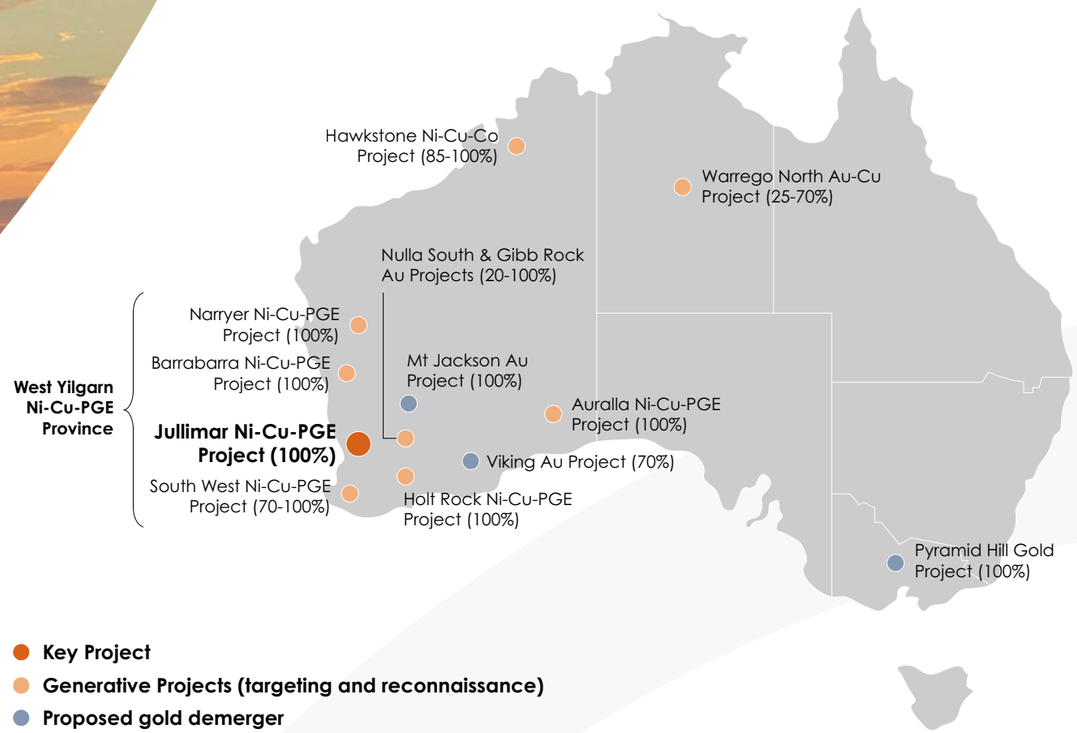
Operating and Financial Review

Chalice's flagship asset is the Julimar Ni-Cu-PGE Project in Western Australia - host to our transformational discovery in early 2020, which has also defined the new West Yilgarn Ni-Cu-PGE Province.

Chalice is rapidly advancing the Julimar Project towards a maiden resource and to scoping study stage, whilst also exploring several projects for new major 'green metal' discoveries within the new West Yilgarn Ni-Cu-PGE Province (South West, Barrabarra and Narryer) and elsewhere in WA (Hawkstone, Auralia and Holt Rock).

Chalice intends to pursue a demerger of its Australian gold assets, subject to shareholder and regulatory approvals. The decision follows a strategic review of Chalice's portfolio which concluded that a demerger of the Company's gold projects (including the district-scale, 100%-owned Pyramid Hill Gold Project in Victoria) is the optimal structure to maximise value for our shareholders.

A demerger would allow Chalice to focus on its Julimar Ni-Cu-PGE Project and the new West Yilgarn Province in Western Australia. The Chalice portfolio also includes a strategic investment in Caspin Resources Limited (ASX; CPN) as well as several early-stage royalties and non-operated joint ventures.



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 – 0.1% - 1% NSR partial
- Cameron, Ontario – 1.0% NSR partial
- Jericho, WA – 1.0% NSR capped
- Bunjarra Well, WA – 1.0% NSR capped

Key Investments

- ~7M shares (~9.3%) in Caspin Resources (ASX: CPN)

Julimar Nickel-Copper-PGE Project

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

Overview

Chalice made a major greenfield Platinum Group Element (PGE)-Nickel-Copper-Cobalt-Gold discovery at the Julimar Project, ~70km north-east of Perth in March 2020. The maiden discovery at the Project was named Gonneville and defined the new West Yilgarn Ni-Cu-PGE Province in WA, interpreted to extend over a 1,200km x 100km area along the western margin of the Yilgarn Craton.

As part of Chalice's global search for high-potential nickel sulphide exploration opportunities, Chalice interpreted the possible presence of a layered mafic-ultramafic intrusive complex (the 'Julimar Complex') based on high-resolution airborne magnetics in 2018. The Gonneville discovery was made at the very southern end of the Julimar Complex, which is interpreted to extend over ~26km of strike length and is still largely untested by drilling.

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 1).

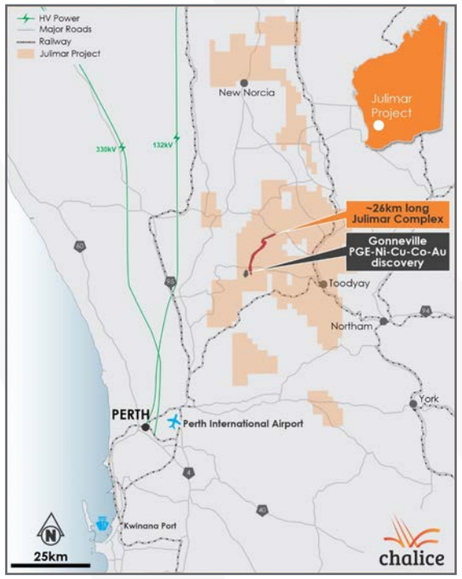


Figure 1. Julimar Complex, Gonneville discovery, Project tenure and nearby infrastructure.

Exploration and Evaluation

A 160,000m resource definition drill program continued at Gonneville on private farmland during 2021, to test the extent of the mineralised system and to define a maiden Mineral Resource Estimate (MRE) which is anticipated to be released in Q4 CY2021 (Figure 2).

Drilling is being completed on a nominal 40m x 40m spaced grid, in order to maximise classification of resources in the Indicated category to a depth of ~220m below surface, and to define a combination of Indicated and Inferred category resources below this depth.

Drilling to date at Gonneville has established that the >1.8km x 0.9km intrusive 'sill' hosts at least 12 shallow zones of high-grade (>1g/t Pd cut-off grade) PGE-Ni-Cu-Co+/-Au sulphide mineralisation in fresh rock (G1-G12), a substantial PGE-rich oxide zone, as well as widespread zones of PGE-dominant mineralisation associated with disseminated sulphides (Figure 3). The Gonneville Intrusion remains open to the north and has been confirmed to extend beyond a depth of ~800m (open at depth).

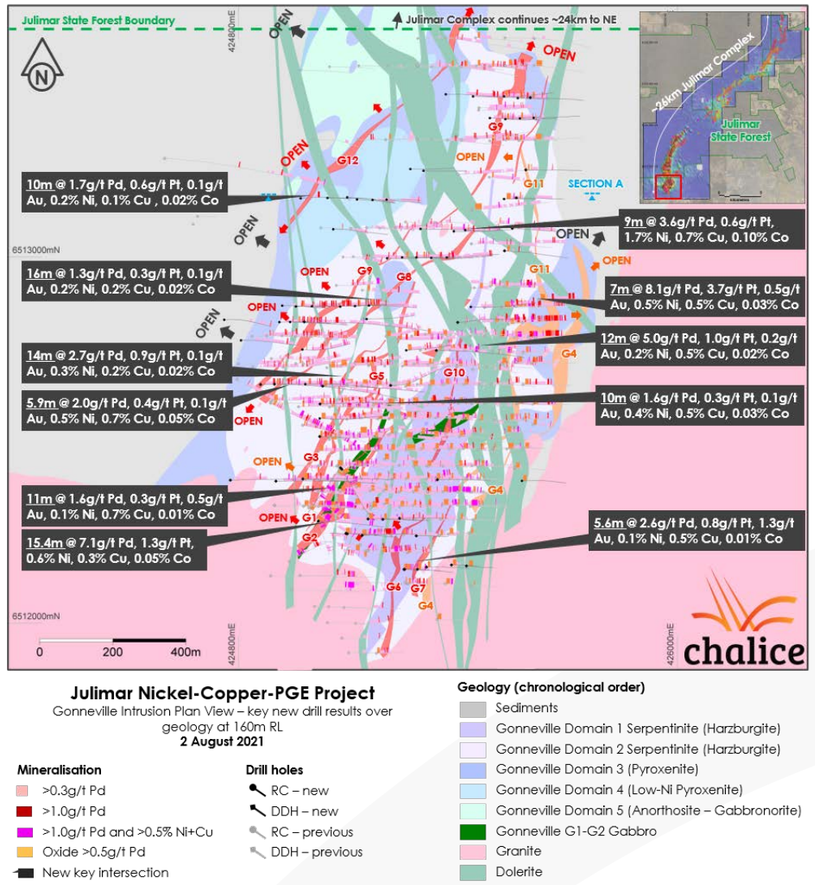


Figure 2. Gonneville Intrusion Plan View – key recent drill results and high-grade G1-G12 zone outlines over interpreted geology at 160m RL (~80m below surface).

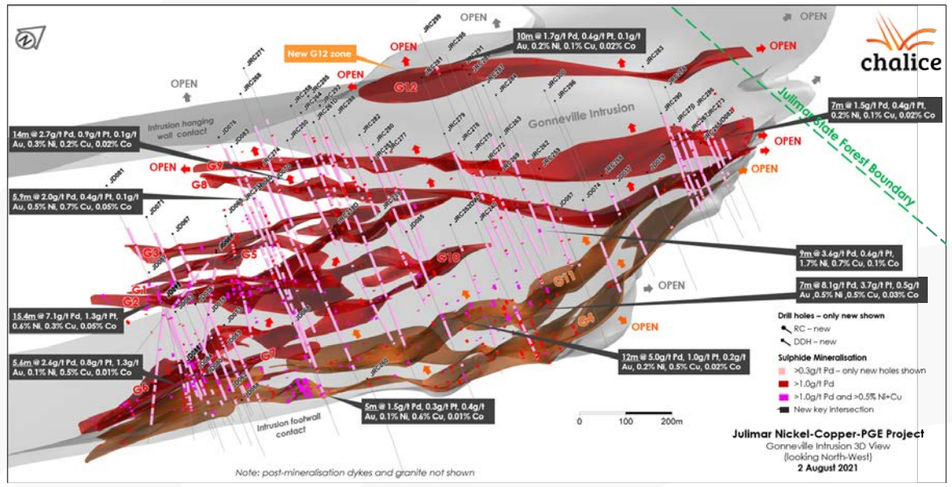


Figure 3. Gonneville Intrusion 3D View (looking North-West) – key recent drill results and high-grade zones.

Mining, processing, geotechnical, infrastructure, marketing and environmental studies have commenced and the Company anticipates that a scoping study for the initial stages of project development at Gonneville will be completed in H1 CY2022.

Resource definition drilling (Gonneville)

319 RC holes for 76,000m were completed during the year. Step-out drilling continued on an initial 80m x 40m spaced grid and infill drilling continued on a nominal 40m x 40m spacing over the high-grade G1-G12 zones.

138 diamond holes (including diamond tails on RC pre-collars) for 39,000m were also completed. Step-out drilling continued testing the extent of the high-grade zones along strike and down-dip and infill drilling commenced on selected locations on a nominal 40m x 40m spacing.

Six drill rigs are currently on site completing the 160,000m resource definition drill program.

Mineralogy and lithogeochemical analysis (Gonneville)

Detailed analysis continued during the year, which has indicated the presence of several distinct geological domains within the Gonneville Intrusion.

The recognition of these domains has significantly improved the understanding of the controls on mineralisation, supported the geological interpretation of north-east striking and west-north-west dipping high-grade zones and provided insights into the overall genesis of the Gonneville Intrusion.

Table 1: Interpreted maximum dimensions and status of high-grade zones at Gonneville.

Zone	Current strike extent	Current dip-extent	Status
G1	450m	280m	Merges with G2 at depth
G2	800m	500m	Open down-plunge to the north
G3	465m	280m	Open to the north
G4	1,250m	650m	Open to the north and down-dip
G5	650m	200m	Merges with G2 at the northern end
G6	875m	400m	Open down plunge to the north
G7	275m	350m	Closed off
G8	1,000m	250m	Open to the north and down-dip
G9	1,000m	200m	Open along strike and down-dip
G10	350m	300m	Closed off
G11	900m	250m	Open to the north and down-dip
G12	650m	450m	Open along strike and down-dip

Table 2: Highlight drill intersections during the year included:

Drill intersection (hole no.)	Zone
50m @ 1.8g/t Pd, 0.5g/t Pt, 0.9g/t Au, 0.2% Ni, 1.1% Cu, 0.02% Co from 112m (JRC089)	G4
34.5m @ 2.8g/t Pd, 0.7g/t Pt, 0.4g/t Au, 0.2% Ni, 1.9% Cu, 0.02% Co from 139.8m (JD019)	G4
39m @ 3.8g/t Pd, 0.6g/t Pt, <0.01g/t Au, 0.3% Ni, 0.2% Cu, 0.02% Co from 290m (JD023)	G2
25.7m @ 4.1g/t Pd, 2.5g/t Pt, 0.7g/t Au, 0.2% Ni, 0.8% Cu, 0.02% Co from 418.1m (JD006)	G4
14.4m @ 7.7g/t Pd, 1.7g/t Pt, 0.1g/t Au, 1.2% Ni, 0.6% Cu, 0.07% Co from 36.7m (JD016)	G1
13.4m @ 6.3g/t Pd, 1.1g/t Pt, <0.01g/t Au, 1.3% Ni, 0.7% Cu, 0.07% Co from 405.7m (JD032)	G2
26.3m @ 3.8g/t Pd, 0.9g/t Pt, <0.01g/t Au, 0.5% Ni, 0.2% Cu, 0.04% Co from 80.7m (JD010)	G2
33m @ 2g/t Pd, 0.4g/t Pt, 0.5g/t Au, 0.3% Ni, 0.8% Cu, 0.02% Co from 236m (JRC060)	G6
22.7m @ 4.4g/t Pd, 0.7g/t Pt, <0.01g/t Au, 0.5% Ni, 0.3% Cu, 0.04% Co from 83m (JD014)	G2
11m @ 13g/t Pd, 1.3g/t Pt, 0.3g/t Au, 0.1% Ni, 0.1% Cu, 0.01% Co from 78m (JRC121)	G11

Metallurgical testwork (Gonneville)

Several phases of testwork and analysis were completed during the year, which included locked cycle sequential flotation testwork on composite metallurgical samples from various mineralised zones within the Gonneville Intrusion (G1-G6 zones).

Results have provided initial encouragement that the sulphide-hosted mineralisation at Gonneville will be amendable to conventional flotation under standard conditions.

Leaching testwork also continued on oxide mineralisation samples, with initial results indicating 76% Pd and 95% Au extraction into solution. Further work is underway to determine effect on PGE recovery over a range of grind sizes and temperatures, as well as the optimal techniques to recover metals from solution.

Metallurgical testwork to determine comminution material properties is ongoing.

Table 3: Locked cycle testwork results on a G1-G2 zone composite (head grade 3.7g/t Pd, 0.7g/t Pt, 0.15g/t Au, 0.63% Ni, 0.36% Cu, 0.04% Co), cycle no. 5.

Copper-PGE-Au Concentrate							
Cu grade (%)	Cu Recovery (%)	Pd grade (g/t)	Pd recovery (%)	Pt grade (g/t)	Pt grade (g/t)	Au grade (g/t)	Au recovery (%)
24.7	80.9	173	60.2	22.1	37.6	1.98	90.8

Nickel-PGE concentrate							
Ni (%)	Ni (%)	Pd grade (g/t)	Pd recovery (%)	Pt grade (g/t)	Pt recovery (%)	Co grade (%)	Co recovery (%)
12.2	70.7	24.1	26.1	6.9	36.3	1.0	73.0

TOTAL PGE Recovery	**Pd: 86.3%**	**Pt: 73.9%**

Property acquisitions

Eight private farming properties were acquired at Gonneville, covering a total area of ~21km². Properties have been acquired to secure freehold title over all known current mineralisation at Gonneville, as well as to secure surrounding land in the vicinity of the deposit for potential siting of mining infrastructure in future years.

Regional exploration and access

Reconnaissance soil sampling, ground EM surveys and ground gravity surveys were completed along the ~26km long Julimar Complex, which defined numerous targets for drill testing (Figure 4, Figure 5).

The Hartog Target is a ~6.5km long airborne EM anomaly immediately north of Gonneville, with ~30 low to moderate conductance ground EM targets and several co-incident nickel-copper soil anomalies – making it a very exciting and compelling drill target. The results at Hartog are considered comparable to those at Gonneville pre-discovery, highlighting the prospectivity of the target.

These activities were governed by the first Conservation Management Plan (CMP) for the Julimar State Forest, which was approved in late 2020.

Flora and fauna baseline surveys were completed over a ~2,000ha area in the southern part of the Julimar Complex, including over the Hartog and Baudin Targets. Survey results were consistent with the previous understanding of flora and fauna in the area, with no new species of significance or habitats identified.

A second (CMP) was submitted to the Department of Biodiversity, Conservation and Attractions in Q2 2021, which covers initial low-impact drilling activities at the Hartog and Baudin Targets within the Julimar State Forest. Access approval for drilling activities remains pending.

Figure 6. Track mounted rig in operation at Gonneville in February 2021.

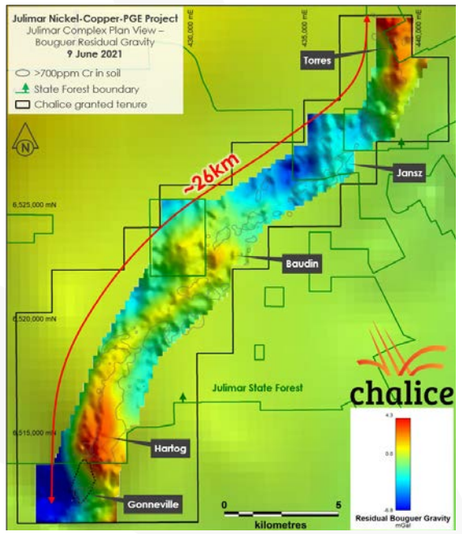


Figure 4. Julimar Complex Plan View – Bouguer residual gravity image and >700ppm Cr soil contour over regional bouguer gravity.

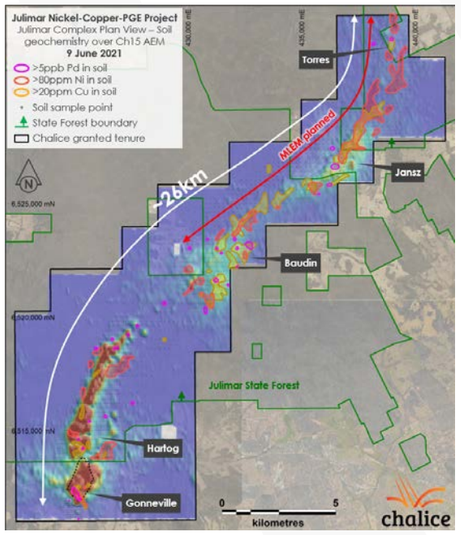


Figure 5. Julimar Complex Plan View – palladium, nickel and copper soil geochemistry results over Airborne EM (flown in September 2020).

Forward Plan

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

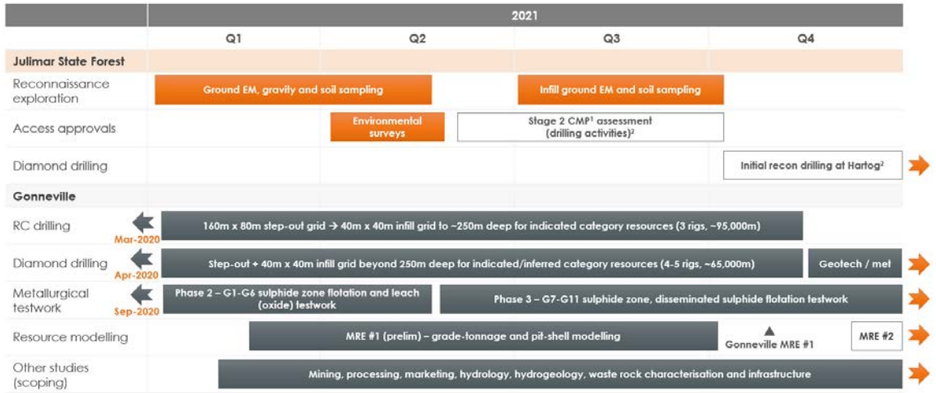


Figure 7. Julimar Project timeline CY2021.

Resource definition drilling (Gonneville)

RC/diamond drilling is expected to continue until ~Q1 2022, subject to results. The Company anticipates that its maiden Mineral Resource Estimate will be released in Q4 CY2021.

Several deep geological holes are planned in Q3 CY2021 to test the down-plunge extension of the high-grade zones towards the north-west.

Geotechnical, metallurgical, hydro-geological and infrastructure drilling (Gonneville)

AC/RC/diamond drilling to support studies for Gonneville will commence progressively following the resource definition drill program in ~Q1 2022.

Metallurgical testwork (Gonneville)

Results from phase 2 sequential flotation tests on high-grade sulphide composites are expected to be completed in Q4 CY2021, and further metallurgical testwork will continue in 2022. Bulk flotation tests on disseminated sulphide composites and testwork to determine comminution properties of several composites is ongoing. Initial waste rock characterisation testwork is also underway.

Studies (Gonneville)

Several external and internal studies are underway which will assess development scenarios for the Gonneville deposit.

Regional exploration and access

Infill soil sampling and follow-up Moving Loop EM (MLEM) surveys are underway at the Baudin-Jansz-Drummond Targets within the Julimar State Forest and on private farmland.

Dieback, cultural heritage and confirmatory spring flora surveys are planned across the Hartog-Baudin Targets in the Julimar State Forest in September 2021.

Baseline flora and fauna surveys across the Baudin-Jansz-Drummond Targets in Julimar State Forest are planned to commence in Q4 2021.

First-pass low-impact drilling utilising small track-mounted diamond rigs is planned to commence as soon as access and permitting approvals have been received. A total of 72 drill sites are planned across the ~10km strike length, with the ability to drill multiple angled holes at each site.

No mechanised vegetation clearance is required to complete this first pass of drilling and this technique is already being utilised successfully in vegetated areas of private farmland at Gonneville.

[1] Conservation Management Plan – a plan outlining Chalice's proposed exploration approach within the Julimar State Forest.
[2] Access to the Julimar State Forest for drilling activities has not yet been granted. The Company continues to engage with relevant government entities to progress its CMP approval and the above timeline is an estimate only.

Pyramid Hill Gold Project

Location	Bendigo Region, Victoria, Australia
Development Stage	Exploration
Acquired	Staked in 2017
Ownership	100% - proposed demerger asset
Project Area	~5,700km²

Overview

The 100%-owned Pyramid Hill Gold Project was staked in late 2017 and covers a district-scale area in the North-Central region of Victoria. The project covers three key districts: Muckelford, Mt William and Percydale which collectively cover parts of the Stawell, Bendigo and Melbourne geological zones. (Figure 8).

Due to the presence of transported Murray Basin cover, the project is sparsely explored and yet is considered highly prospective for high-grade orogenic gold deposits. Chalice's central Muckleford area extends to the north-west of the high-grade historical >22Moz Bendigo Goldfield. The Mt William area extends to the north-east of one of the world's highest-grade producing gold mines, the >9Moz Fosterville Gold Mine owned by Kirkland Lake Gold (NYSE / TSX: KL | ASX: KLA).

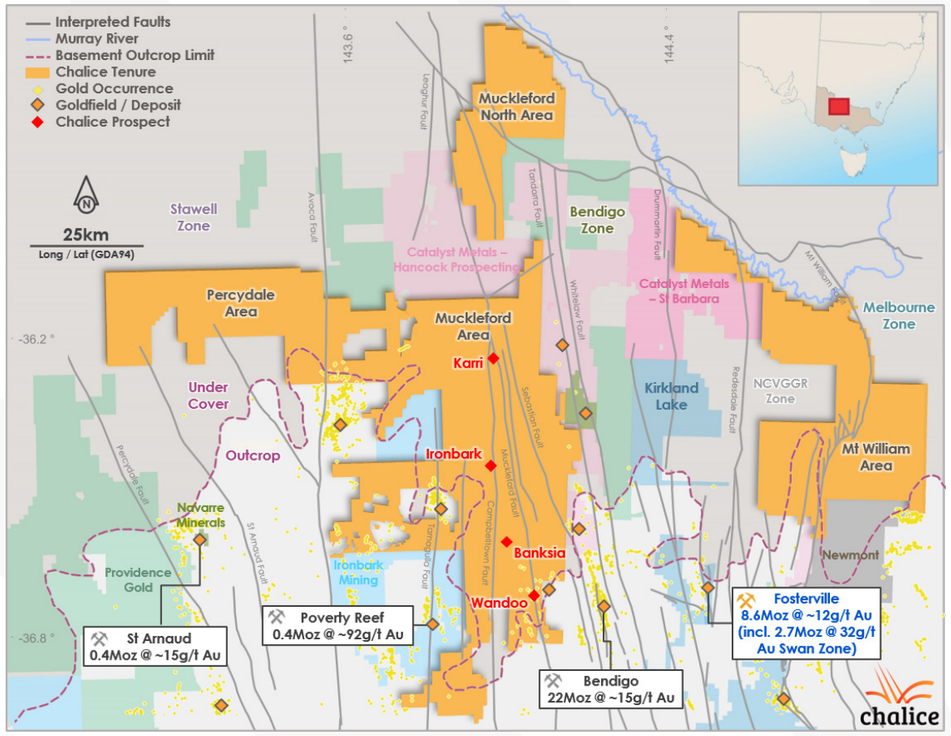


Figure 8. Pyramid Hill Gold Project tenure, regional structures, gold deposits, occurrences and Chalice prospects.

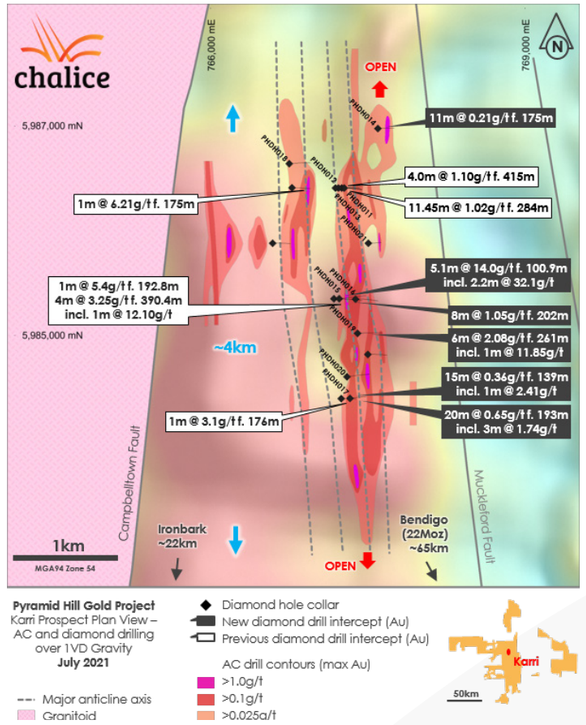


Figure 9: Karri Prospect Plan View – key diamond and AC drilling results over 1VD gravity.

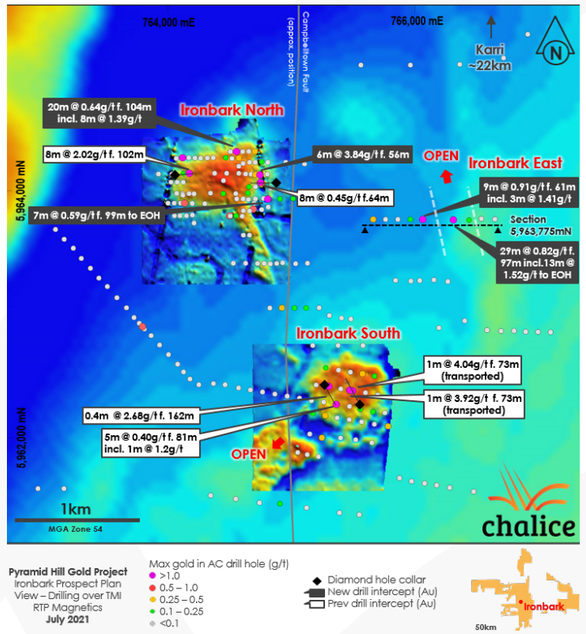


Figure 10: Ironbark Prospect Plan View – key drilling results over magnetics.

Exploration

Chalice has continued systematic exploration drilling activities at the Pyramid Hill Gold Project throughout the 2020-2021 field season. The latest round of drilling has delivered exciting results, confirming the belt-scale potential of the project within the prolific Bendigo Zone.

A total of 21 diamond holes for 7,300m and 1,120 AC holes for 117,000m have been completed at the project since its initial staking in late 2017.

A second phase of diamond drilling was completed during the year at the Karri Prospect (11 holes for 3,840m), which intersected several high-grade gold zones in highly prospective, tightly folded, Castlemaine Group stratigraphy, under 50-70m of Murray Basin cover (Figure 9).

A second phase of AC drilling (329 holes for 34,705m) was also completed at the Ironbark Prospect during the year and an initial phase of reconnaissance AC drilling was completed on new target areas at the southern end of the Muckleford area (NW of Bendigo/Fosterville) and at the western end of the Mt William area (NE of Fosterville) (Figure 10).

Several encouraging shallow primary gold zones were intersected at Ironbark and several new prospects have been defined in the Muckleford area.

Forward Plan

Planning is underway in preparation for the next round of exploration drilling at Pyramid Hill, which is expected to commence in Q4 CY2021. Future diamond and/or AC drilling programs are planned at the Karri, Ironbark, Banksia and Wandoo prospects. Initial reconnaissance AC drilling is also planned over new targets on recently granted tenure.

Chalice intends to pursue a demerger and IPO of Pyramid Hill and its other gold projects in Q4 2021, subject to finalising the transaction structure and obtaining all necessary shareholder and regulatory approvals.

Chalice holds an unrivalled >8,000km² land position in the newly defined West Yilgarn Ni-Cu-PGE Province, Australia's most exciting new mineral region.

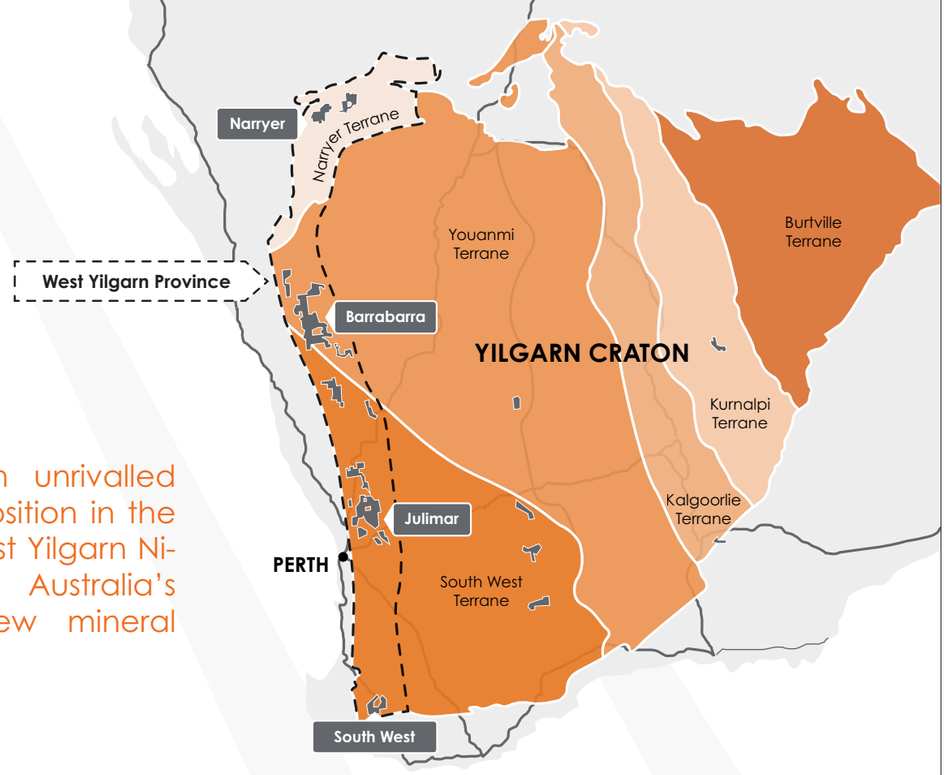


Figure 11. Chalice's tenure in the West Yilgarn Province, Western Australia.

Generative Exploration and Strategic Investments

Chalice holds several generative exploration projects which are typically conceptual in nature where low-cost prospect generation can contribute to a diversified pipeline of future projects in the Chalice portfolio (Figure 11).

This generative exploration model is a core competency of the Company and a key part of its organic growth strategy. In addition to its operated generative exploration projects, the Company holds several non-operated joint venture, strategic equity investment and early-stage royalty interests.

Activities across key generative exploration projects during the year are summarised below.

South West Nickel-Copper-PGE Project, WA (70-100%)

During the year, Chalice executed an earn-in agreement with Venture Minerals ("Venture", ASX: VMS), whereby Chalice may earn up to a 70% interest in the South-West Nickel-Copper Project by spending $3.7 million on exploration over 4 years (with a minimum commitment of $300,000).

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).

A MLEM survey commenced over selected airborne EM targets associated with strong and discrete magnetic anomalies interpreted as potential ultramafic-mafic intrusions. Work to date has identified up to six low to moderate conductance anomalies (100-1500S).

Currently defined EM anomalies are planned to be followed up with infill MLEM and soil geochemistry in Q3 CY2021 to define potential drill-ready targets.

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

The Barrabarrra Nickel-Copper-PGE Project includes a ~15km long interpreted layered mafic-ultramafic complex, with a similar geophysical signature to the Julimar Complex and anomalous Ni-Cu in soils.

A MLEM program was undertaken over the Recherche target during the year, which defined three low conductance (100-150S) anomalies, two of which are broadly coincident with a significant ~4km x ~0.6km Cu-Cr +/- Ni-Pd soil anomaly.

Planning is underway for first-pass AC drill testing of the soil geochemical anomaly and EM conductors, which is expected to commence in Q4 CY2021 due to access constraints.

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

The Hawkstone Nickel-Copper-Cobalt Project covers an area of ~1,600km² in the west Kimberley region of Western Australia. The Project covers several known areas of Ruins and Hart Dolerite, both of which are considered highly prospective for magmatic nickel sulphides as well as other related metals.

A maiden RC drill program of 11 holes for 2,043m was completed during the year to test priority ground MLEM targets in the Waterford and King Sound areas.

Weakly disseminated sulphides were intersected in Ruins Dolerite containing anomalous nickel and copper, which is viewed as encouraging for the broader Ni-Cu sulphide prospectivity of these intrusions.

Due to surface access constraints, the two highest priority conductors at the Ephesus Target were not able to be drilled. Diamond drilling at this target commenced in September 2021.

Figure 12: RC Drilling at the Hawkstone Project, WA.

Viking Gold Project, WA (70-100%)

The Viking Gold Project, located east-south-east of Norseman, includes several historical high-grade gold intersections in oxide, that have never been tested at depth in fresh rock.

A Conservation Management Plan (CMP) for drilling activities has been approved and a ~3,000m RC drill program is anticipated to commence in Q4 CY2021 subject to permit approvals. The Viking Project is planned to form part of the proposed gold demerger in Q4 CY2021.

Strategic Investments

Caspin Resources Limited (ASX: CPN)

Chalice acquired a strategic interest in Caspin Resources in December 2020. Caspin holds a 400km² exploration licence area located ~50km north of Julimar, where several early-stage drilling results have indicated PGE-Ni-Cu-Co sulphide mineralisation within ultramafic to mafic intrusions, which appear to have similar parentage to the Gonneville discovery.

At the date of this report, the Company holds a 9.3% interest in Caspin which is valued at approximately $10M at 30 June 2021.

Financial Review

Financial Performance

The Group reported a net loss after income tax of $ 43.2 million predominately due to the conservative approach of exploration and evaluation expenditures being expensed against profit and loss as incurred.

The loss for the year ended 30 June 2021 was greater than the net loss of $2.7 million for the year ended 30 June 2020 largely due to an expansion in exploration and evaluation activities at the Julimar Project resulting in expenditure increasing to $37.3 million from $9.6 million in 2020 (Table 4).

	2021 $'000	2020 $'000
Julimar, Western Australia	31,443	3,051
Pyramid Hill, Victoria	3,445	4,280
Hawkstone, Western Australia	843	571
Acquisition of exploration project – fair value adjustment	-	1,086
Other generative projects	1,593	634
	37,324	**9,622**

Table 4: Exploration and Evaluation Expenditure by Project

Corporate and administration costs increased from $3.2 million to $6.8 million primarily due to an additional $2.0 million in payroll taxes incurred from the vesting in full of 5,930,787 performance rights in August 2021. Other increases in corporate and administration costs relate to the rapid growth in scale of the Company's activities over the period.

Share based payments increased from $0.5 million to $3 million primarily due the issue of 700,000 share options to directors during the year. The fair value of the unlisted options on grant date was approximately $1.9 million (or $2.723 per option) using a Black-Scholes option valuation methodology. The fair value of the options on grant date was significantly higher than the fair value of $0.748 per option determined at the date of directors' resolution as the Company's share price increased significantly between those two dates resulting in a higher expense.

The Group incurred nil profit from discontinued operations for the year ended 30 June 2021, compared to a $8.7 million gain as a result of the completion of the disposal of the subsidiary, Chalice Gold Mines (Quebec) Inc ("CGMQ") in the prior financial year.

Financial Position

At 30 June 2021, the Company remains well funded to execute its corporate strategy outlined on page 12. The Group had net assets of $162.7 million (2020: $55.5 million) and an excess of current assets over current liabilities of $105.4 million (2020: $52.9 million).

Current assets increased by 116% to $118.6 million (2020: $54.9 million) primarily due to an increase in cash on hand following a placement and share purchase plan to raise $115 million during the year (before costs). Refer to the statement of cash flows discussed below for further details regarding the movements of cash equivalents at 30 June 2021.

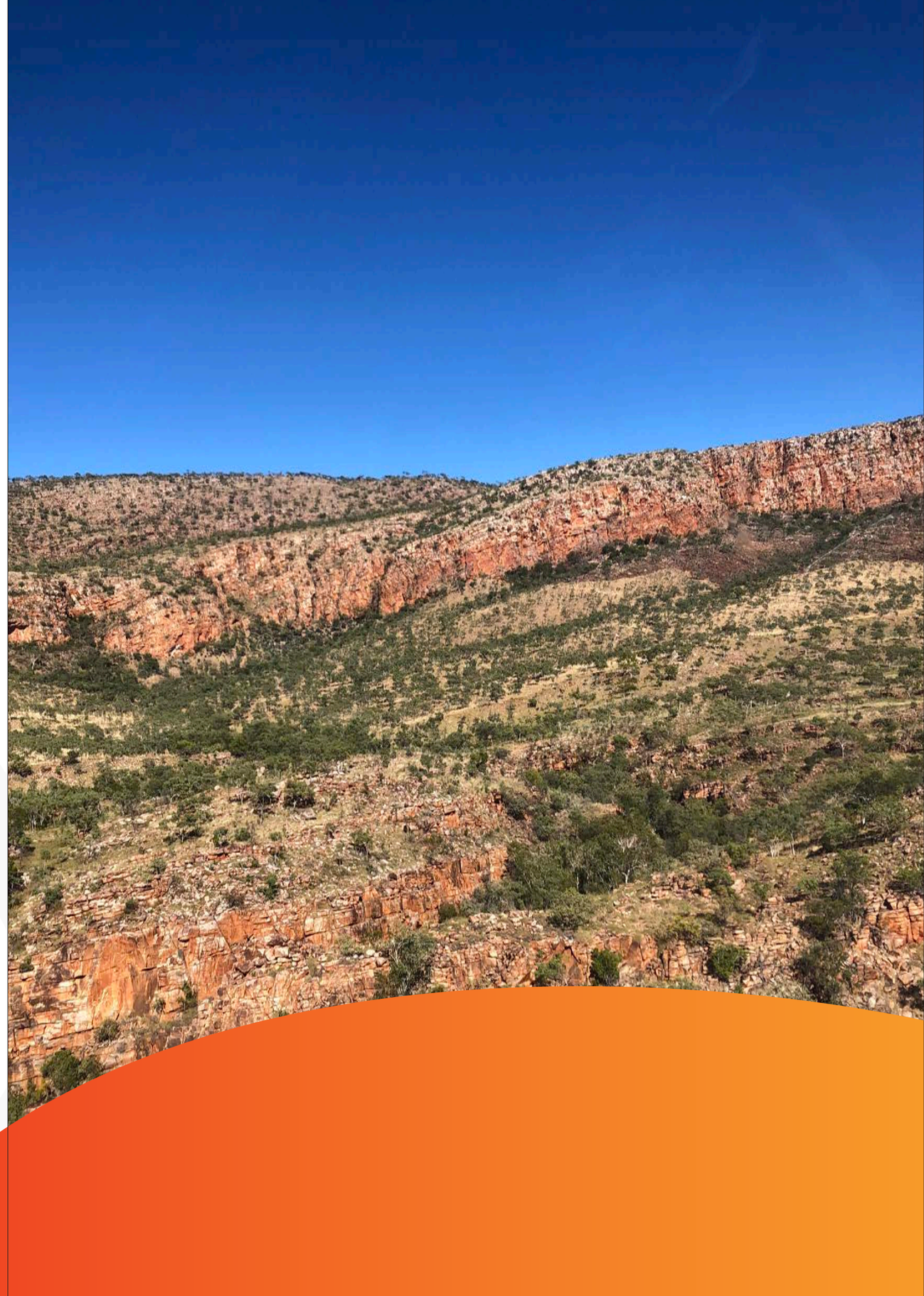
Non-current assets increased from $0.6 million to $44.1 million due to the acquisition of eight private properties at the Julimar Project.

Current liabilities at 30 June 2021 increased by 560% from $2 million in 2020 to $13.2 million at 30 June 2021. The increase in liabilities is primarily due to the consideration payable for one private property at the Julimar Project, which had not settled at 30 June 2021 for $4.7 million, and the provision for payroll tax payable of $2 million.

Statement of Cash Flows

Cash and cash equivalents at 30 June 2021 were $99.9 million (2020: $45.7 million). The increase in cash of $54.2 million is predominately due to a share placement, which was undertaken in December 2021 to institutional and sophisticated investors raising $100 million (before costs) and a Share Purchase Plan in January 2021 raising $15 million (before costs).

This was offset by the exploration and evaluation expenditures at the Julimar Project and the acquisition of the private properties for cash consideration of $20.7 million, with remaining non-cash consideration settled through the issue of fully paid ordinary shares to the value of $17.3 million.



Competent Person and Qualifying Person Statement

The information in this Annual Report that relates to Exploration Results for the Pyramid Hill Project and the Hawkstone Project 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, holds securities in 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 the Annual Report, 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 in relation to the Julimar Nickel-Copper-PGE Project is based on and fairly represents information and supporting documentation compiled by Mr. Bruce Kendall BSc (Hons), a Competent Person, who is a Member of the Australian Institute of Geoscientists. Mr. Kendall is a full-time employee of the Company, holds securities in 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 the Annual Report, including sampling, analytical and test data underlying the information contained in this release. Mr Kendall 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 Metallurgical Test Work Results for the Julimar Nickel-Copper-PGE Project is extracted from the following ASX announcements:

- 'More positive results from ongoing metallurgical test work at Julimar", 16 February 2021

The above announcements are available to view on the Company's website at www.chalicemining.com. The Company confirms that it is not aware of any new information or data that materially affects the 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, including forward looking information within the meaning of Canadian securities legislation and forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, forward-looking statements). These forward-looking statements are made as of the date of this report and Chalice Mining Limited (the Company) does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, the Company's strategy, the completion of the intended demerger, the estimated timing of drilling in the Julimar State Forest, the fair value of investments ultimately realised, the estimation of mineral reserves and mineral resources, the realisation of mineral resource estimates, estimation of metallurgical recoveries, the forecast timing of the estimation of mineral resources, the likelihood of exploration success at the Company's projects, the prospectivity of the Company's exploration projects, the existence of additional EM anomalies within the Julimar Project, the forecast timing of the completion of the Gonneville Scoping Study, the timing of future exploration activities on the Company's exploration projects, planned expenditures and budgets and the execution thereof, the timing and availability of drill results, potential sites for additional drilling, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

In certain cases, forward-looking statements can be identified by the use of words such as, "aim", "anticipates", "complete", "considered", "define", "deliver", "emerging", "expected", "intends", "highly", "interpreted", "may", "objectives", "plan" or "planned", "potential", "proposed", "will" or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Such factors may include, among others, risks related to actual results of current or planned exploration activities; assay results of soil samples; whether geophysical and geochemical anomalies are related to economic mineralisation or some other feature; obtaining appropriate access to undertake additional ground disturbing exploration work on EM anomalies located in the Julimar State Forrest; the results from testing EM anomalies; results of planned metallurgical test work Including results from other zones not tested yet, scaling up to commercial operations; changes in project parameters as plans continue to be refined; changes in exploration programs and budgets based upon the results of exploration, future prices of mineral resources; grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; movements in the share price of investments and the timing and proceeds realised on future disposals of investments, the impact of the COVID 19 epidemic, the receipt of appropriate regulatory approvals associated with the proposed demerger, finalisation of legal, financial and taxation advice associated with the demerger 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 was previously listed on the TSX 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.

Sustainability Report

A Message from the Chair of Risk and Sustainability Committee

I am pleased to present Chalice's first Sustainability Report, a milestone which reflects not only the significant growth of Chalice as a Company but also the progress of our sustainability journey.

Our vision is to deliver sustained shared value for both stakeholders and shareholders through responsible sustainability practices. While this vision is simplistic in its nature, it is underpinned by a strong understanding that sustainability must be integrated into everything we do.

The Report outlines how we aim to achieve this goal, and reflects our belief that a strong focus on Environmental, Social and Governance (ESG) matters are integral to how we operate and our overall business strategy.

The strategic importance of sustainability has been recognised through a number of new initiatives established over the course of the year - perhaps the most poignant being the establishment of the Risk and Sustainability Committee. Central to this Committee's role is the provision of oversight and guidance across the Company on sound environmental, social and governance principles and practices and risk management. This includes establishment of enhanced standards, goals, and targets as well as setting the benchmarks Chalice uses to measure performance on issues of sustainability and recording achievements against those benchmarks.

Since its formation, the Committee has been focused on developing Chalice's ESG strategy and roadmap, which identified that four pillars underpin delivery of our strategy and are essential to achieving our vision. In essence, we seek to minimise our environmental footprint through strong environmental stewardship, provide a safe and healthy workplace for our employees and contractors, create value for our stakeholders, play our part in managing climate change risk, and preserve cultural heritage.

This maiden report is recognition of the initial steps and achievements we have made, whilst also setting the tone for our future. By further embedding sustainability into our decision making we will continue to strengthen our performance and truly deliver value to all our stakeholders.

Yours faithfully,

Garret Dixon
Chair of Risk and Sustainability Committee

Our Vision and Sustainability Pillars

Deliver sustained shared value, for both stakeholders and shareholders, through responsible sustainability practices

- Healthy and Safe Workforce
- Strong Environmental Stewardship
- Manage Climate Change Risk
- Create Value for Stakeholders
- Preserving Cultural Heritage

Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) promote action in areas that are critical to ending poverty, protecting the environment and improving the prosperity of all people through economic, social and technological progress. The goals are relevant for all countries and all sectors of society, including business.

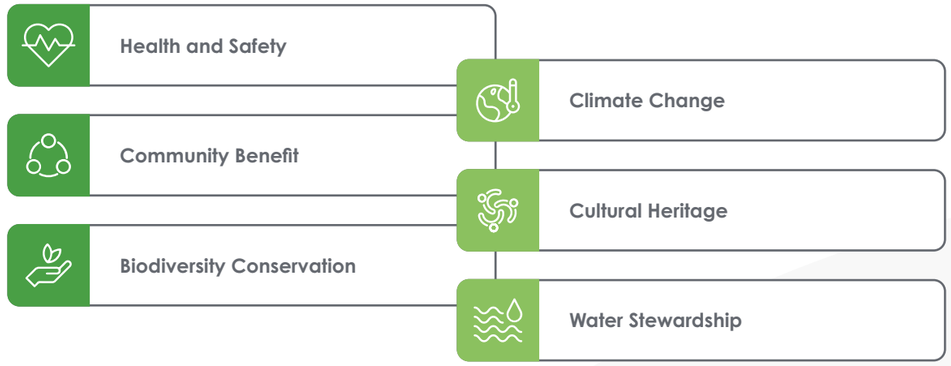
Chalice recognises the importance of playing our part in helping achieve the SDGs by their target date of 2030. Of the 17 SDGs, we have identified nine immediate areas of focus (pictured above) and have formulated a strategy aimed at achieving best practice in these areas.

In targeting our impact on these SDGs, Chalice aims to deliver sustained, shared valued for both our shareholders and stakeholders through responsible sustainability practices. To achieve this, we have put in place a number of governance measures and systems across our organisation.

As we grow as a Company, we will expand our commitment in these areas with appropriate performance metrics which will be measured to ensure they form an integral part of our approach and overall business strategy.

Stakeholders and Materiality

Chalice's Sustainability Report focuses on the following environmental, social and governance topics that were identified as being critical for the current stage of the Company's projects. These are the issues that we believe substantially impact our business performance and the decisions we make.



Materiality is reviewed on an annual basis by the Board Risk and Sustainability Committee. In FY2021, Chalice applied a materiality process underpinned by the GRI Standards to inform the scope and level of disclosures identified in this Report.

Material topics were selected by considering feedback from stakeholders and subject matter experts as well as through examining industry benchmarks. Topics were then evaluated by the full Chalice Board to ensure they were aligned to business and stakeholder priorities.

Corporate Governance

The Chalice Board is committed to best practice corporate governance systems and policies. Chalice has developed a Corporate Governance Manual which forms the basis of a comprehensive system of control and accountability.

To the extent they are considered to be appropriate to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition ("Principles and Recommendations"). The 2021 Corporate Governance Statement and Appendix 4G is available on our website along with information on our full suite of corporate governance practices - chalicemining.com/corporate-governance.

The Chalice Code of Conduct commits employees, officers and directors to conducting themselves with integrity, honesty and fairness in all business practices and to observing the rule and spirit of the legal and regulatory environment in which the Company operates. Key Chalice advisers, consultants and contractors are made aware of the expectations set out in the Code.

Through the Risk and Sustainability Committee, the Board oversees the sustainability strategy, measures performance and considers sustainability risks and opportunities. Oversight and implementation of the sustainability strategy is the responsibility of the Managing Director and CEO, who in turn delegates specific implementation responsibilities to the General Manager – Environment and Community, as well as other Key Management Personnel.

Risk Management

Risk management at Chalice is overseen by the Board of Directors. The Board, Key Management Personnel, and the Risk and Sustainability Committee review the risk profile of the business and implement and monitor controls to effectively manage risks.

Chalice has a strong focus on the identification of material risks and the implementation and monitoring of the controls to mitigate those risks. Material risks (Critical Risks) are considered those with major or extreme consequence (irrespective of probability) as well as those with major or extreme residual risk rating. Risk ratings are determined in accordance with ISO 31000:2018 recommended risk management practices.

Further information can be found in the Risk and Sustainability Committee Charter and Risk Management Policy available at chalicemining.com/corporate-governance.

Whilst Chalice is in the exploration and evaluation phase, the risk management process focuses on Critical Risks which have the potential to materially impact on the ability to execute Chalice's long-term strategy. These Critical Risks are comprised of categories such as Economic, Strategic, Operational, Environmental, Legal and Governance.

As part of the Chalice continuous improvement cycle for Risk Management, all material risks are reviewed by Chalice KMP and the Risk and Sustainability Committee.

The current critical risks are summarised below:

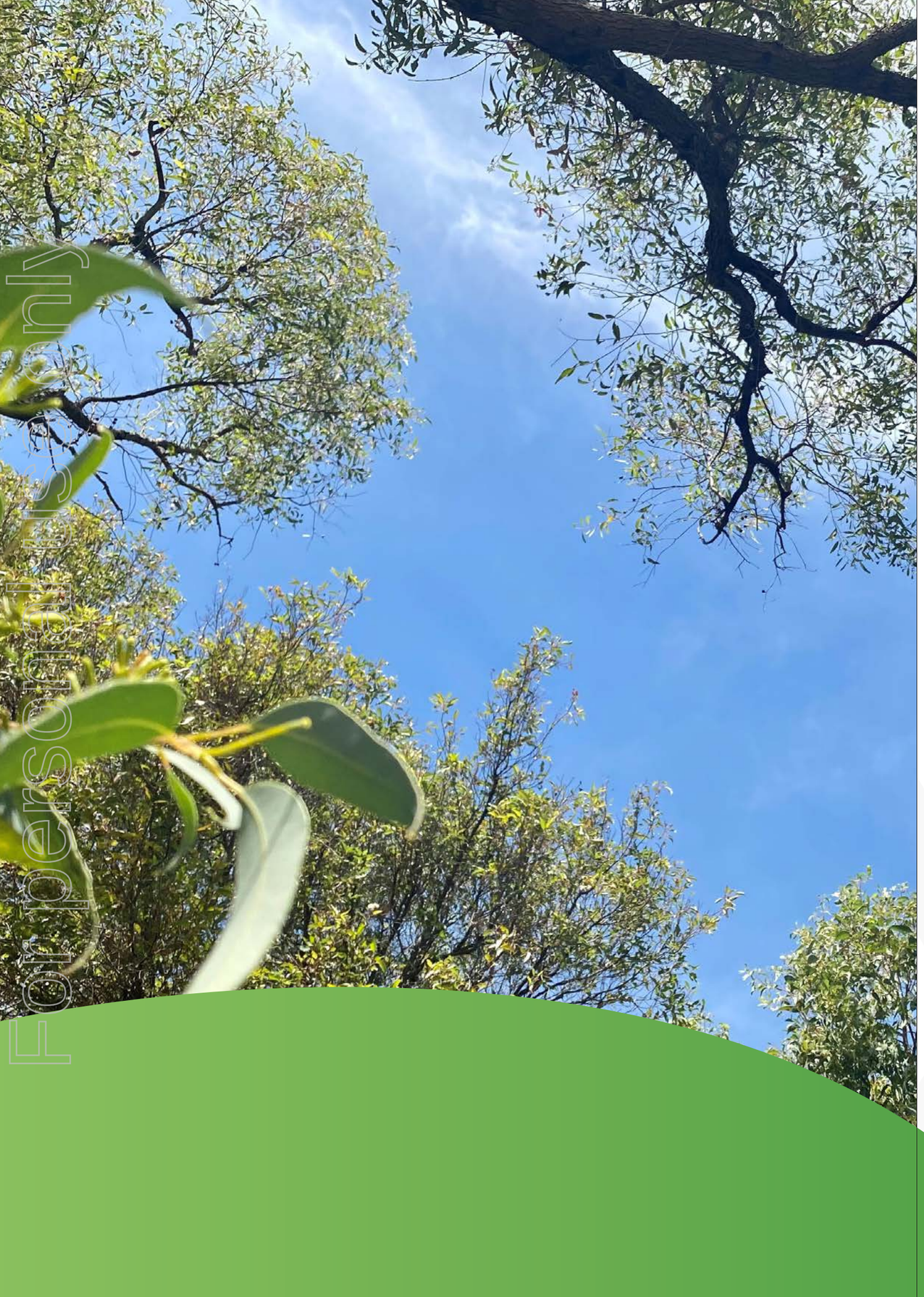
- Inability to operate on our key projects
- A major health and safety incident
- Adverse project outcomes due to unfavourable technical results or misallocation of capital expenditure
- Major data loss or IT security breach

Chalice undertakes reviews of mitigations and controls to ensure their effectiveness.

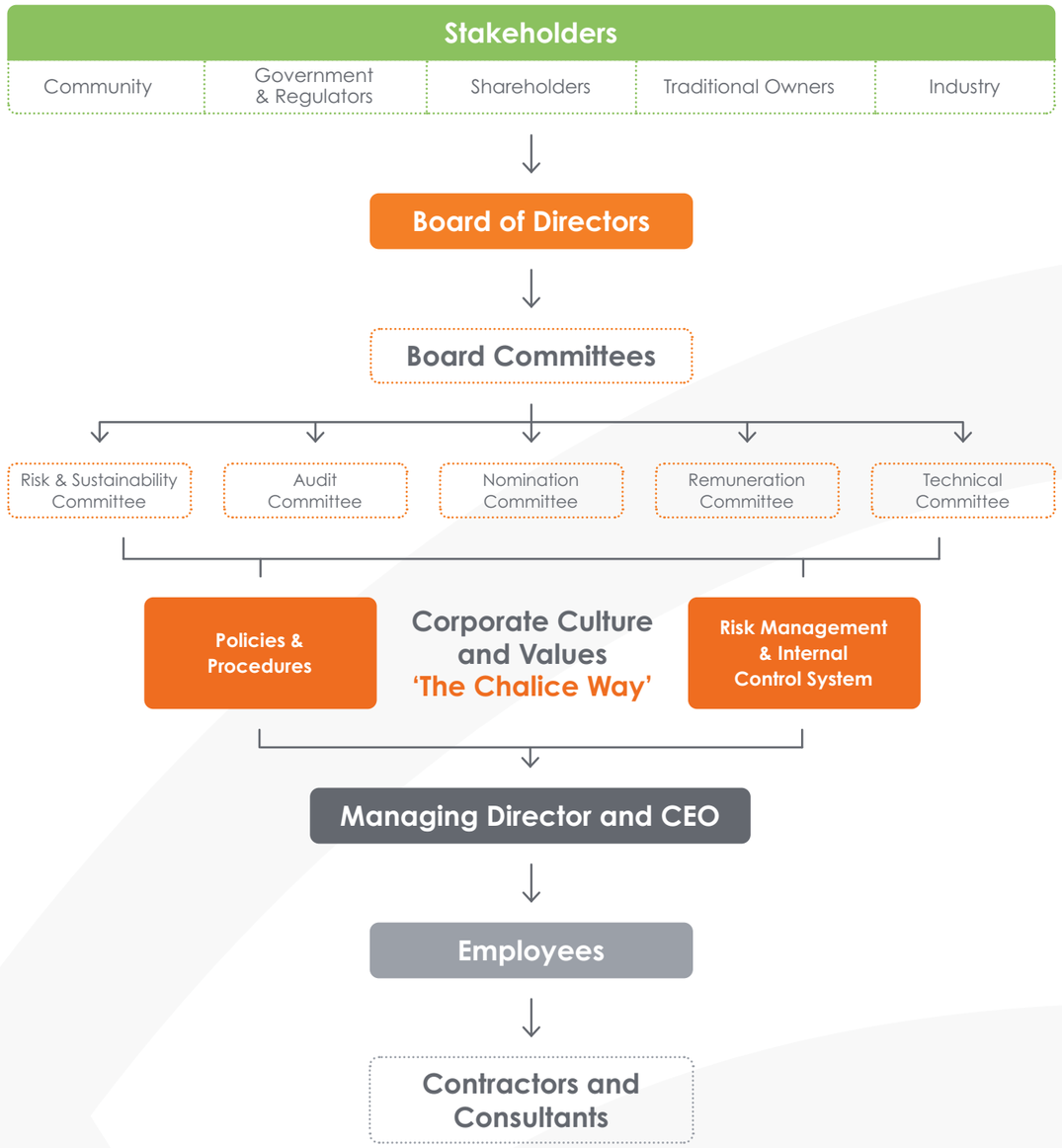
In addition to the Critical Risks detailed above, the Company has a range of controls in place to mitigate risks related to equity, commodity or market fluctuations, climate change, breaches of the Code of Conduct, the COVID-19 pandemic, health and wellbeing of personnel, environmental regulation, heritage regulation, supply chain disruption and internal financial controls. Key financial risks and controls are detailed in the Notes to the Financial Statements section of this report.

In accordance with ISO 31000:2018 for Risk Management, the focus for Chalice in FY2022 is to further develop processes to manage Critical Risks as part of our overarching HSEC Management System.

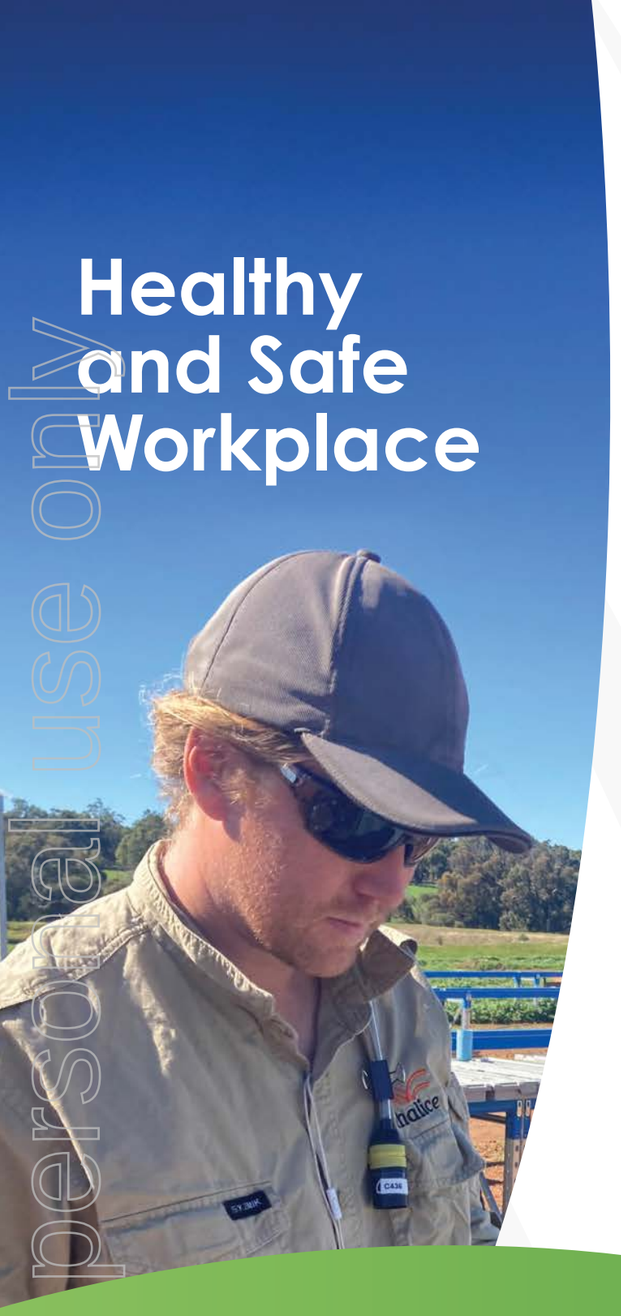
This will assist Chalice in ensuring accountability and suitable control effectiveness activities are in line with our risk appetite. The intent of this is to mature our risk management approach as the Company develops.



Chalice Corporate Governance System



Healthy and Safe Workplace



Chalice recognises that employee and contractor health and safety lies at the core of our business. Maintaining high health and safety performance requires the right mindsets and behaviours, which together with our systems contribute to our strong safety culture. Our primary objectives are to maintain a culture of integrity and ownership, to provide a safe working environment at all Chalice locations and to maintain the health and wellbeing of our employees and contractors.

Chalice is committed to ensuring occupational health and safety standards are implemented and owned by the workforce. Our Health, Safety, Environment and Community (HSEC) Management System governs our day-to-day activities, ensuring appropriate standards are adopted, hazards are identified, controlled, managed and monitored appropriately.

The Chalice HSEC Management System and processes are continually reviewed to ensure we have the ability to adapt to a growing exploration and project development portfolio.

COVID-19 Pandemic

We are pleased to report that the COVID-19 pandemic has had minimal impact on Chalice's workforce and operations to date. There were zero cases of infection in Chalice's employees and contractors through the year. Travel and social restrictions imposed to limit the spread of the virus also had minimal impact on Chalice's operational schedule.

"Management of health and safety is fundamental, it is simply not acceptable for employees to be working in unsafe or unhealthy environments."
Garret Dixon, Chair Risk and Sustainabilty Committee

Our Approach

The Company remains vigilant and appropriate protocols have been put in place to minimise the risk to our employees and contractors across our various operational locations in Australia.

Chalice actively monitors and acts on the advice issued by state health authorities, including implementing travel restrictions, occupational hygiene and social distancing measures as required.

Chalice encourages its employees and contractors to get vaccinated as soon as possible, to protect themselves and the wider community and prevent transmission of the virus.

Safety Performance

In 2021, there were no work-related fatalities or lost-time injuries at any of Chalice's operations. This is a testament to the safety culture and systems in place.

Whilst there were no significant safety incidents during the year, there were two high potential near misses (incidents which could feasibly have resulted in major or extreme consequence outcomes). The two incidents were investigated by both contractor and Chalice personnel and all recommendations and corrective controls identified have been implemented to avoid recurrence.

The investigation of near misses and implementation of corrective actions reflects Chalice's proactive, continuous improvement approach to safety.

FY2021

Fatalities	0
Lost-time injuries	**0**
Lost Time Injury Frequency Rate (LTIFR)	0.0
High-potential near misses	2

Occupational Health and Hygiene

Chalice has implemented a number of occupational health and hygiene management programs during the year as the scale of our activities has grown.

This has included appropriate protocols for managing the health risks associated with the COVID-19 pandemic, ergonomic assessments and training in safe manual work and management systems for fibrous material.

Case Study 1: Fire Management

Chalice is aware of the significant fire risk in the areas surrounding our operations during the summer months, particularly at Julimar and Pyramid Hill. Chalice is committed to ensuring that Total Fire Bans and Vehicle Movement Bans are strictly adhered to at all times for the safety of our workforce and local communities. We monitor and comply with all notices issued by Fire Rescue Victoria and Western Australia's Department of Fire and Emergency Services (DFES). As part of our commitment to ongoing team training and community support, all field staff and contractors underwent fire training in 2020.

The Wooroloo bushfires in the Perth hills area in early 2021, which impacted our local community at Julimar who lost property and livestock, are a timely reminder of the devastation caused by bushfires. Whilst our Julimar Project site was outside of the warning areas, the Chalice operations team was well prepared. The team monitored and compiled with all DFES updates.

Chalice has robust fire prevention and response procedures in place related to fire ban and movement ban restrictions ahead of the 2021/22 fire season. Chalice also maintains its properties to a very high standard, managing fuel load and fire breaks to ensure bushfire risks are mitigated as much as reasonably practicable. Similar initiatives have been undertaken at our Victoria-based operations.

Case Study 2: Implementation of Workwell Program

Recognising the benefits of an ergonomic program, in FY2021 Chalice enlisted the help of PerformEx in running Ergonomic Back Care Training with our team members at the Julimar Project. This training provides awareness of the risks and hazards associated with manual work and teaches our workforce how to correctly lift and handle loads as well as safe body positioning to reduce stress on the joints and muscles.

In follow-up to this initial training Chalice has now implemented a Workwell Program. The program will deliver regular site-based exercise physiologist support for preventative programs including ergonomic assessments, health and musculoskeletal assessments and injury management support for any work related and non-work related injuries. It is envisaged this will significantly reduce musculoskeletal injury risk within our workforce.

Sustainability Pillar	FY2021 Achievement	FY2022 Performance Target
Healthy and Safe Workforce	» Zero fatalities » Zero lost time injuries » Implementation of Fibrous Materials Monitoring and Sampling Program at Julimar Project	» Zero fatalities or permanent disabilities » LTIFR of <3.0* » Below Occupational Exposure Limit (OEL) for fibrous material
Goal		
Zero lost-time injuries or fatalities		

*Industry benchmark

Create Value for Stakeholders

Photo: Chalice was a proud supporter of the 2020 Christmas Street Festival.

"Local communities in proximity to our projects are important stakeholders for Chalice, as the long-term success of our projects rely on local ownership and support for mine development."
Alex Dorsch, MD & CEO

Community Engagement

Chalice recognises the importance of engaging early, actively and transparently in order to build respectful and collaborative relationships with the communities where we operate. This ensures we deliver a meaningful and ongoing social and economic benefit to the people and enterprises around our operations.

We strive for best practice consultation and engagement with stakeholders and communities, which has been demonstrated at our Julimar Project in Western Australia and at our Pyramid Hill Project in Victoria since we began exploration activities in those areas. This consultation and engagement aims to understand community issues and desired outcomes as well as proactively address potential issues in a timely manner.

Since mid-2019, when Chalice began exploring at the Julimar Project, we have kept the community informed of our progress through a number of initiatives, including in person information sessions and through a regular community newsletter. Chalice's Community Liaison Manager and several of our field staff are based locally, which helps us to understand community issues and engage genuinely with local businesses, clubs and community groups.

Chalice's stakeholder engagement at the Julimar Project has also included local government and State Government briefings throughout 2021. These briefing sessions are aimed at providing a sound understanding of the status of the project, the upcoming activities and future direction of the Company.

We have also committed to several local community initiatives and are continuing to prioritise local procurement options. We currently have ~50 local contractors and suppliers working with us at Julimar, providing services and products such as food, fuel, consumables and earthworks. Our site office at Gonneville and our field base at Avalon in West Toodyay are also supplied and serviced by local businesses.

Key Stakeholder	Interest	Engagement Activities
Shareholders	Returns to shareholders, capital gain, sustainability and corporate governance performance, corporate strategy, risk management	» ASX announcements » financial reporting » annual / general meetings » investor calls / webinars » roadshows » website » media » social platforms
Employees	Company performance, job security, remuneration, professional development, safety, culture, job satisfaction and general wellbeing	» meetings » face to face performance discussions » social events » communication alerts and posters » safety training
Local Communities: » **Groups and individuals in close proximity or impacted by our operations**	Employment, business opportunities, environmental, cultural heritage and land access management, economic and social contribution, social licence to operate	» face to face meetings » group presentations » community site tours » community investment » newsletters and factsheets » website » local media
Government and Regulatory Agencies: » **State, Federal and Local**	Regulatory compliance, regulatory approvals, social and economic impacts, employment, environmental and land management	» meetings » formal and informal correspondence » site visits and inspections » compliance reporting » ASX announcements, » website
Traditional Owners: » **South West Aboriginal Land and Sea Council** » **Whadjuk People** » **Yued People**	Cultural heritage and land access management and employment opportunities	» meetings » formal and informal correspondence » compliance reporting » heritage agreements » heritage surveys

Case Study 3: Chamber of Commerce Meeting

In September 2020, Chalice was given an opportunity to introduce the Julimar Project at the Toodyay Chamber of Commerce and Industry (TCCI) Sundowner. We were welcomed by a strong crowd from Toodyay's business community who had plenty of questions for our MD and CEO, Alex Dorsch. Much of the feedback centred around the significant potential for the Julimar Project to deliver jobs, skills and economic diversification to the region. We look forward to meeting again with the TCCI and building trust based relationships with the community.

In addition, Chalice continued to engage with key stakeholders throughout the year, including regular meetings and site visits with local Shires and briefings with community and environmental groups.

Case Study 4: Toodyay Christmas Street Party 2020

Chalice was pleased to sponsor Toodyay's Christmas Street Party in December 2020 which was organised by Toodyay's Community Resource Centre. The main street was a buzz of activity with local market stalls, great food, rides and attractions, late night shopping, face painting and live music. Chalice team members and their families joined in the festivities and enjoyed getting to know the local community.

Sustainability Pillar	FY2021 Achievement	FY2022 Target
Create value for stakeholders	» ~$0.5M in local procurement in the Toodyay Shire, including community sponsorships and donations » Plus ~$1.5M additional local spend by direct Chalice contractors » Implementation of stakeholder engagement plan	» Ongoing direct and in-kind contributions to support local organisations » Complete an economic impact assessment for the Julimar Project » Prioritise local procurement for the Julimar Project within the Toodyay and Chittering Shires » Formulate a framework for a local community partnership for the Julimar Project » Establish opportunities to engage with Aboriginal businesses and suppliers
Goal		
Create enduring socio-economic benefit where we operate		

Community Investment

As well as supporting local procurement and employment, Chalice partners with local organisations for a number of community initiatives that are aligned to our core values. To date, these have been supported through sponsorship, donations and in-kind support.

While our operations are in the exploration and development phase, Chalice has prioritised three areas for community investment:

- **Education** to advance and improve regional educational opportunities.
- **Environment** to protect and rehabilitate the environment.
- **Community** connection to support local opportunities, events and groups to strengthen our community connection within the region.

Chalice has established Community Investment Guidelines in order to assess and prioritise funding. Forming the basis of this framework is our aim to focus on local community partnering initiatives which are consistent with our core values of Integrity, Alignment and Advancement.

In 2021, Chalice partnered with:

- Toodyay District High School, WA
- Toodyay Agricultural Show, WA
- Toodyay Christmas Street Party 2020, WA
- Toodyay Football Club, WA
- Marsupial Mammas and Pappas – Wildlife Rehabilitation, WA
- Bolgart Golf Club, WA
- Bears Lagoon/Serpentine Football Club, VIC
- Calivil Bowls Club, VIC




Chalice proudly supported a number of community initiatives including, L-R; Toodyay Cricket Club; Marsupial Mammas & Pappas Wildlife Rehabilitation; Toodyay Football Club; 2021 Toodyay International Food Festival.

Julimar Project Heritage Agreements

Cultural Heritage

Sustainability Pillar	FY2021 Achievement	FY2022 Target
Preserving Cultural Heritage **Goal** Ensure heritage values and significant sites are identified and protected during exploration activities.	» Full compliance with all heritage requirements on all sites.	» Complete all planned cultural heritage surveys for the Julimar Project under Standard Heritage Agreement(s). » Build relationships through engagement with Traditional Owner Groups.

The Julimar Project is located within the South West Native Title area, which was recently the subject of the South West Native Title Settlement between the Western Australian Government and the Noongar peoples. The Whadjuk and the Yued people are the original custodians of the lands in the Julimar State Forest, which is subject to the Yued Indigenous Land Use Agreement and the Whadjuk People Indigenous Land Use Agreement.

Chalice entered into heritage agreements with the Yued Agreement Group and Whadjuk People Agreement Group in the form of two separate Noongar Standard Heritage Agreements in 2018. These agreements require Chalice to engage with the South West Aboriginal Land and Sea Council (SWALSC) before undertaking physical works or operations on the tenements, which may trigger the requirement for a cultural heritage survey to be conducted.

As we extend our exploration activities into the Julimar State Forest, cultural heritage surveys are underway within proposed exploration drilling areas with both Yued and Whadjuk Traditional Owner representatives.

Strong Environmental Stewardship

"Thorough environmental baselines are vital to holistically assessing the potential impact of our activities and balancing them through avoidance, minimisation and offset measures."
Soo Carney, GM – Environment and Community

Chalice has commited to rigorous standards and governing frameworks to ensure responsible environmental practices are followed in all our operations. We take our environmental responsibilities seriously and are committed to achieving excellence in environmental management through understanding the sensitivities of the areas where we operate and reducing the impacts of our operations.

Sustainability Pillar	FY2021 Achievement	FY2022 Target
Strong environmental stewardship	» Zero significant or reportable environmental incidents » 100% compliance with tenement conditions and Conservation Management Plan (CMP) requirements » Approval of first CMP for Julimar Project » Baseline environmental surveys conducted at Gonneville and across proposed exploration areas within State Forest » Baseline noise monitoring conducted at Julimar Project	» Zero reportable environmental incidents » Design and implement baseline surface and groundwater studies for Julimar Project » Continue baseline environmental studies for Julimar Project » Develop Biodiversity Strategy for Julimar Project
Goal		
» Maintain existing biodiversity values in exploration areas » Assess biodiversity values potentially affected by future mine operations » Understand and responsibly manage water as a shared resource		

Environmental management measures are applied proactively across all our exploration programs through procedures and standards established within our ISO14001 aligned HSEC Management System.

Our core environmental management procedures include:

- Ground disturbance
- Weed and pest control
- Dieback management
- Drill site rehabilitation
- Spill mitigation and response
- Threatened species management and monitoring

In addition to Chalice's environmental governance, all of Chalice's exploration activities are governed by regulatory permits that contain stringent conditions to protect the environment. Additionally, Conservation Management Plans are required by the Western Australian Department of Biodiversity Conservation and Attractions to support exploration activities in State Forest areas. Chalice currently operates under Conservation Management Plans for exploration programs at the Viking, Julimar and South West projects.

The Company has also submitted a second Conservation Management Plan governing our proposed low-impact drilling activities at the Hartog and Baudin Targets in the Julimar State Forest. These activities form a key part of our wider Julimar exploration plan. The objective of the Conservation Management Plan is to assess the risks of our proposed activities and detail controls to minimise potential environmental impacts as well as ensure protection of Julimar State Forest conservation values.

In assessing risk levels and appropriate controls, priority has been given to higher order controls and management measures within the hierarchy of controls (i.e. avoidance and substitution). The higher up the hierarchy of control the greater protection management measures or controls provide and therefore the more effective they are in reducing residual risk.

During FY2021, the Company complied with all relevant environmental laws and the obligations under applicable legislation and permits.

Case Study 5: Julimar State Forest Exploration

Non Ground Disturbing Exploration Activities

In January 2021, Chalice began surface soil sampling and geophysical surveys within the Julimar State Forest. These low impact and non-ground disturbing exploration activities were governed by a Conservation Management Plan that was endorsed by the Minister for Environment in December 2020. Importantly, the activities required no clearing or ground disturbance and hence have had negligible impact on vegetation and fauna.

Undertaking exploration within the Julimar State Forest in a staged manner has enabled Chalice to progressively assess potential mineralisation while also minimising disturbance in the Julimar State Forest by targeting smaller specific areas for drilling.

Case Study 6: Baseline Environmental Surveys

Chalice takes a proactive approach to environmental management with regular environmental surveys undertaken to assess flora and vegetation, fauna, and to map areas of potential dieback (Phytophthora).

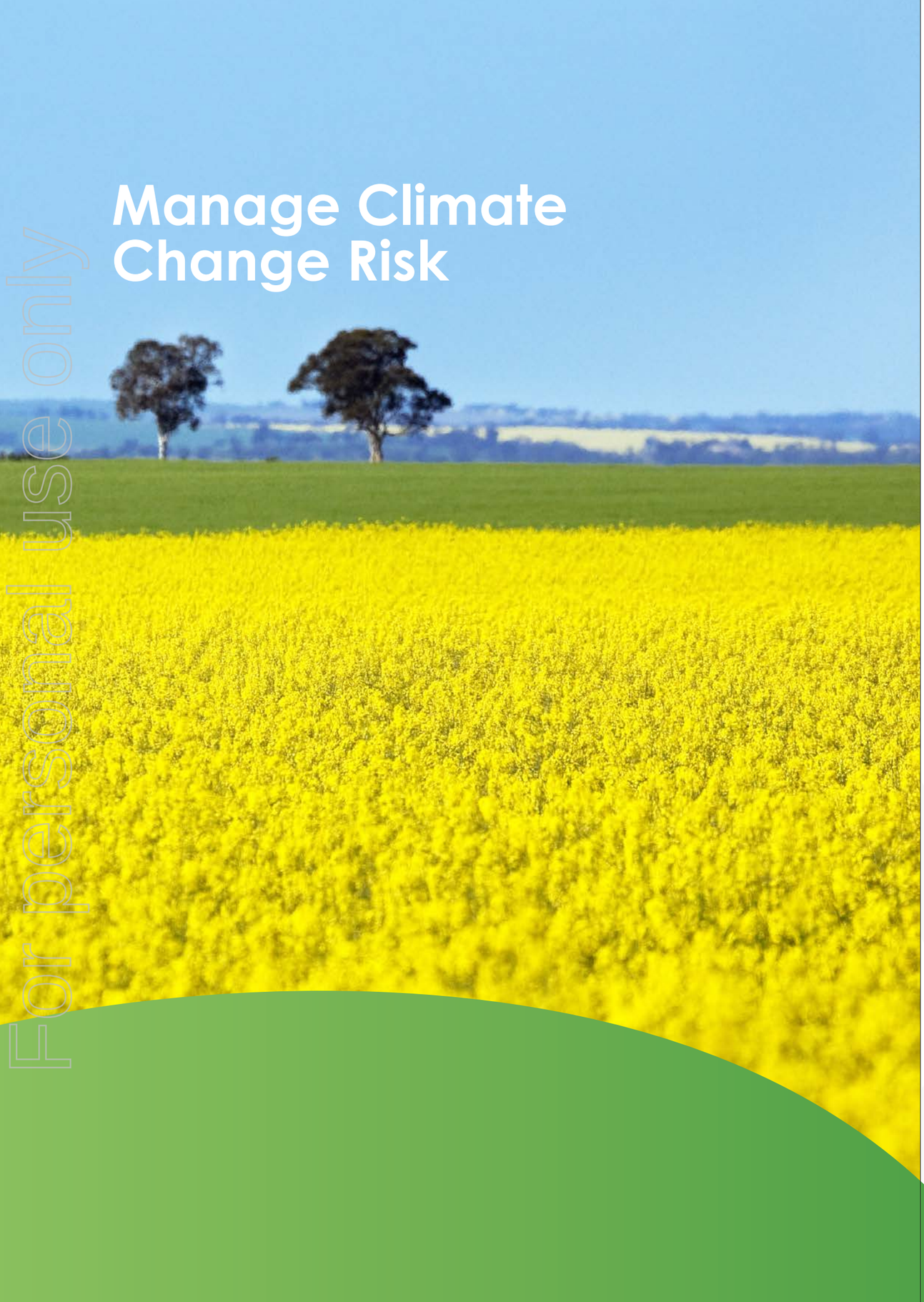
In April and May 2021, baseline flora and fauna surveys were conducted by teams of botanists and zoologists across the Hartog and Baudin Targets covering an area of over 2,000 hectares. The purpose of these surveys was to gather information specific to the Hartog and Baudin targets to support planning of the exploration program, to avoid and mitigate impacts to conservation values of the Julimar State Forest, and enable the development of the Conservation Management Plan. Survey methodology was consistent with relevant Environmental Protection Authority technical guidance and Index of Biodiversity Surveys for Assessments data standards.

Further dieback and confirmatory spring flora surveys are underway across the Hartog-Baudin Targets in the Julimar State Forest.

The survey results identified that our proposed drilling program presents a low-risk to conservation:

- No Threatened Ecological Communities (TEC) or Priority Ecological Communities (PEC) occur across Hartog and Baudin targets.
- Proposed drilling footprint does not disturb any vegetation community by more than 1.4% of its extent within the survey area.

Manage Climate Change Risk



Certain critical metals and minerals are essential inputs in the technologies and infrastructure required to make the transition to a low carbon future. The scarcity of these metals means that there is currently a concerted global effort to secure new sources of supply and ensure those new sources of supply are mined sustainably.

"To hit net-zero (carbon emissions) globally by 2050, would require six times more mineral inputs in 2040 than today"[1]

The quantities of these critical minerals required in order to transition to a low carbon future are significant and in the case of metals like nickel, require mining output to be increased by c. 20 times above current levels to achieve net-zero emissions by 2050.[2]

"The shift to a clean energy system is set to drive a huge increase in the requirements for these minerals, meaning that the energy sector is emerging as a major force in mineral markets." [3]

Our Julimar discovery includes several metals that are considered critically important to decarbonisation technologies:

- Nickel, cobalt and copper which are used in the manufacturing of lithium-ion batteries, commonly used in electric vehicles and other personal electronic devices; and
- Palladium and platinium which are extensively used to reduce polluants (including greenhouse gases) from exhaust streams, but are also used in the manufacturing of hydrogen electrolysers (in the production of green hydrogen) and hydrogen fuel cells.

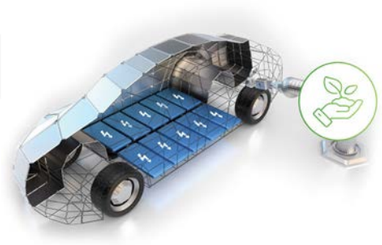
This suite of critical metals hosted in a very large deposit at Julimar makes the project globally significant as a potential contributor to a low-carbon future.

As the Julimar Project progresses to the study and development phase, the carbon emissions from a mining development as well as the potential risks from a changing climate (which may affect water availability and temperatures) will be assessed in detail. Low-carbon technologies such as renewable energy sources, low-emissions vehicle fleets and carbon sequestering will be evaluated as part of the future mining studies.

In addition to the climate change mitigation potential of the Julimar Project, the project also has strong strategic drivers which are directly aligned with both the Australian Government's Critical Minerals Strategy and the Western Australian Government's Future Battery Industry Strategy.

Sustainability Pillar	FY2021 Achievement	FY2022 Target
Manage Climate Change Risks	» Organisational carbon assessment completed	» Define benchmark carbon targets in engineering design for Julimar Pre-Feasibility Study
Goal		
Assess and benchmark carbon intensity of our projects		

[1, 3] *International Energy Agency - The Role of Critical Minerals in Clean Energy Transitions Report, 2021*
[2] *International Energy Agency - Net Zero by 2050 Report, 2021*



Palladium

Highly versatile but rare metal used to remove nitrogen oxides (NOx) from exhausts / hydrogen / ammonia streams. NOx are **300x more potent than CO_2 as a greenhouse gas**

~11Moz p.a. palladium market in deficit for nine consecutive years; supply dominated by Russia

Nickel

The key battery cathode material in electric vehicles, **high nickel NMC 811 batteries are the favoured chemistry**

EV-driven nickel demand is forecast to increase 19x by 2040; lack of new sulphide discoveries worldwide in recent years has created a significant forecast supply shortage

Copper

Used extensively in the green energy industry including in **renewables, electricity distribution, energy storage and electric vehicles**

Copper demand is forecast to outstrip supply by mid-2021; lack of new large-scale discoveries worldwide

Platinum

Highly effective catalyst (similar to Pd) in **hydrogen applications, including green hydrogen production and fuel cells**

Ongoing deficit and supply challenges; supply dominated by South Africa

Source: Johnson Matthey PGM Market Report 2021, BNEF Electric Vehicle Outlook 2020, Nickel Institute, S&P Global CM Copper Feb 2021.

Julimar is emerging as a very large, strategic deposit of critical '**green metals**' in a world-class jurisdiction. These metals are needed to **decarbonise the global economy**

Our Carbon Footprint

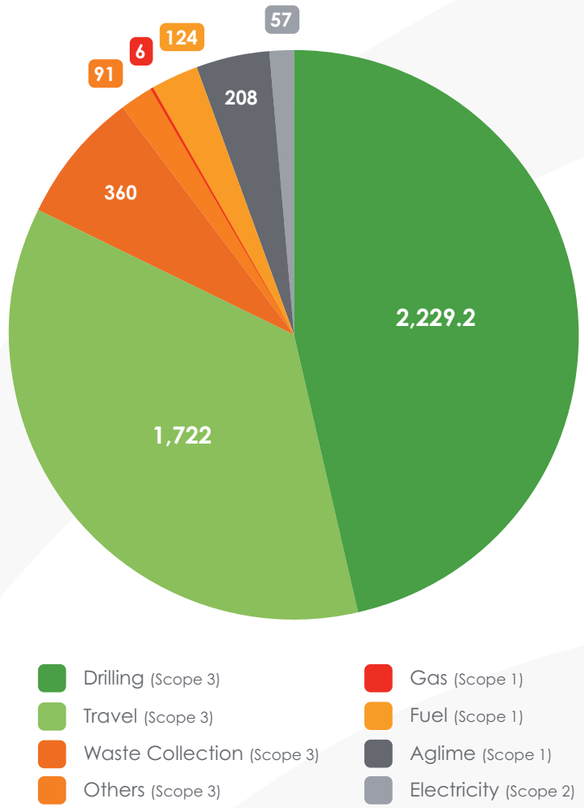
Chalice engaged the expertise of certified Life Cycle Assessment practitioners from Perspektiv to conduct an organisational carbon assessment of the Company's activities. The assessment complies with National Greenhouse and Energy Reporting (NGER) guidelines and the Australian Standard for Organisation Level Quantification and Reporting of Greenhouse Gas Emissions (AS ISO 14064.1).

Chalice's total identified greenhouse gas emissions for 2021 amount to 4,797 tCO2-e.

To put this into context, this equates to the emissions from about 1,000 cars with average usage over a year. Scope 3 indirect emissions form the majority of these emissions at 92%, primarily associated with contractor drilling activities. Scope 1 emissions and indirect Scope 2 emissions are mainly from consumption of fuel for transport and grid electricity.

This assessment marks a first baseline for Chalice's organisational carbon footprint which will be used to identify carbon-reducing initiatives.

GHG emissions per activity [tCO_2-e]



Tenement Schedule

As at 20 September 2021

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%
		E70/5194	CGM (WA) Pty Ltd	100%
	Nulla South	E77/2353 to E77/2354	CGM (WA) Pty Ltd	20% interest
	Julimar	E70/5118 to E70/5119	CGM (WA) Pty Ltd	100%
	Julimar (regional)	E70/5350	CGM (WA) Pty Ltd	100%
		E70/5358 to E70/5361	CGM (WA) Pty Ltd	100%
		E70/5367	CGM (WA) Pty Ltd	100%
		E70/5369	CGM (WA) Pty Ltd	100%
		E70/5373	CGM (WA) Pty Ltd	100%
	Auralia	E69/3636 to E69/3637	CGM (WA) Pty Ltd	100%
		E69/3700	CGM (WA) Pty Ltd	100%
	Barrabarra	E70/5263 to E70/5264	CGM (WA) Pty Ltd	100%
		E70/5355 to E70/5356	CGM (WA) Pty Ltd	100%
		E70/5535	CGM (WA) Pty Ltd	100%
		E70/5550 to E70/5551	CGM (WA) Pty Ltd	100%
		E70/5624	CGM (WA) Pty Ltd	100%
		E70/5666 to E70/5667	CGM (WA) Pty Ltd	100%
		E70/5695	CGM (WA) Pty Ltd	100%
		E59/2451	CGM (WA) Pty Ltd	100%
	Viking	E63/1963	Metal Hawk Ltd	0% - Earn-in agreement, right to earn up to 70% interest
	Mt Jackson	E77/2577	CGM (WA) Pty Ltd	100%
	South West	E70/5086	Nebula Pty Ltd	100%
		E70/5532	Nebula Pty Ltd	100%
		E70/5685	CGM (WA) Pty Ltd	100%
		E70/4837	Venture Lithium Pty Ltd	0% - Earn-in agreement, right to earn up to 70% interest
		E70/5067	Venture Lithium Pty Ltd	0% - Earn-in agreement, right to earn up to 70% interest
		E70/5421	Venture Lithium Pty Ltd	0% - Earn-in agreement, right to earn up to 70% interest
	Holt Rock	E70/5536	CGM (WA) Pty Ltd	100%
	Wubin	E70/5357	CGM (WA) Pty Ltd	100%
	Narryer	E09/2436	CGM (WA) Pty Ltd	100%
		E09/2446 to E09/2447	CGM (WA) Pty Ltd	100%

Location	Project	Tenement No.	Registered Holder	Nature of Interest
Victoria	Pyramid Hill	EL006661	CGM (WA) Pty Ltd	100%
		EL006669	CGM (WA) Pty Ltd	100%
		EL006737 to EL006738	CGM (WA) Pty Ltd	100%
		EL006864	CGM (WA) Pty Ltd	100%
		EL006898	CGM (WA) Pty Ltd	100%
		EL006901	CGM (WA) Pty Ltd	100%
		EL006960	CGM (WA) Pty Ltd	100%
		EL007040	CGM (WA) Pty Ltd	100%
		EL007120 to EL007121	CGM (WA) Pty Ltd	100%
		EL007322	CGM (WA) Pty Ltd	100%
Northern Territory	Warrego North	EL23764	CGM (WA) Pty Ltd (51%) & Meteoric Resources NL (49%)	Earn-in agreement, right to earn up to 70% interest
		EL31608	CGM (WA) Pty Ltd	100% - Farm-out agreement, TC Resources NT Pty Ltd has the right to earn up to 75% interest
		EL31610	CGM (WA) Pty Ltd	100% - Farm-out agreement, TC Resources NT Pty Ltd has the right to earn up to 75% interest
Queensland	Flinders River	EPM26861	CGM Lithium Pty Ltd	100%
		EPM26866	CGM Lithium Pty Ltd	100%

Directors' Report

Directors' Report

The Directors present their report together with the consolidated financial statements of Chalice Mining Limited (formerly Chalice Gold Mines Limited) ("Chalice" or "the Company") and its subsidiaries (together "the Group") for the financial year ended 30 June 2021 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 to 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 successful publicly listed and private companies.
Tim has been a director of Chalice since 2005 (16 years) and transitioned to Non-executive Chairman from 1 September 2020. Tim previously held the position of Executive Chairman.

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 and Chief Executive Officer

Alex joined Chalice in 2017 and was appointed Managing Director in November 2018. Alex has lead Chalice through an exceptional recent growth period and was recognised as 'New/Emerging Leader of the Year' by MiningNews and 'CEO of the Year' by Kitco in 2020. Alex has diverse experience in a variety of leadership roles across the resources sector, as a management consultant, engineer, project manager and corporate advisor. Prior to joining Chalice, he was working as a Specialist consultant with the global management consultancy McKinsey & Company. He commenced his engineering career with resources giant BHP in Adelaide, and then spent over six years as an engineer in oil and gas exploration.

Alex holds a Bachelor of Mechanical Engineering (first class Honours) and a Bachelor of Finance from the University of Adelaide.

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 Northern Star Resources Limited and was previously the Chief Financial Officer of Saracen Mineral Holdings Limited prior to its merger with Northern Star Resources Limited. Prior to this, Morgan was Managing Director of ASX listed BCI Minerals Ltd (ASX:BCI) from 2013 to 2016.

Morgan is Chairman of the Audit and Nomination Committees, and a member of the Remuneration Committee. Morgan was appointed to the Board as an Independent Non-executive Director on 24 June 2016 (5 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 40 years' experience in the mining and exploration industry. Stephen is based in Vancouver, Canada, and until December 2020, spent 10 years as the President & CEO of Midas Gold Corp. and is 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 Technical Committees. Stephen has been an Independent Non-executive Director since 2010 (11 years).

Stephen has advised his intention to step-down as a director at the 2021 Annual General Meeting.

Other current directorships of listed companies:
Kutcho Copper Corp (since 2017)

Former directorships of listed companies in the last three years:
Midas Gold Corp. (2011 to 2020)

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 the Chairman of the Risk and Sustainability Committee and a member of the Audit, Technical and Nomination Committees. Garret has been an Independent Non-executive Director since 21 August 2020.

Other current directorships of listed companies:
BCI Minerals Ltd (since 2020, Dynamic Drill & Blast Holdings Ltd (since 2020) and MLG OZ Limited (since 2021)

Former directorships of listed companies in the last three years:
Watpac Ltd (2014 to 2019)
Fenix Resources Ltd (2020 to 2021)

Stephen M McIntosh
Bsc, Msc (Hons)
Independent Non-executive Director
(Appointed 20 February 2021)

Stephen is an internationally recognised figure in the mining industry, with a global career spanning over 33 years. Most recently he was a member of the Executive Committee for Rio Tinto and held the position of Group Executive, Growth & Innovation and Health, Safety, Environment & Security. Prior to this, Stephen was Rio's global Head of Exploration and has been involved in the discovery, evaluation and development of multiple major projects across a diverse range of commodities.

Stephen is the Chairman of the Technical Committee and a member of the Remuneration and the Risk and Sustainability Committees.

Other current directorships of listed companies:
None

Former directorships of listed companies in the last three years:
None

Linda J Kenyon
LLB, BJuris FGIA FCG
Independent Non-executive Director
(Appointed 24 August 2021)

Linda is a highly experienced corporate lawyer, governance professional and former senior executive with a career spanning 32 years at Wesfarmers Limited. Linda was a member of Wesfarmers Executive Leadership Team and was Wesfarmers Company Secretary for 17 years. During this time she played a meaningful role in mergers and acquisitions, capital raisings and other significant commercial and property transactions.

Linda holds a Bachelor of Laws and Bachelor of Jurisprudence degrees from the University of Western Australia. Linda is a Fellow of the Governance Institute of Australia and a member of the Australian Institute of Company Directors.

Linda is a member of the Risk and Sustainability Committee. Linda has been an Independent Non-executive Director since 24 August 2021.

Other current directorships of listed companies:
None

Former directorships of listed companies in the last three years:
None

2. COMPANY SECRETARY

Jamie Armes
B.Bus, CA

Jamie joined Chalice as Company Secretary in August 2019. For the past 17 years he has acted as Company Secretary and held finance roles in various ASX listed companies, primarily within the mining and exploration industry providing corporate governance and financial reporting advice. Jamie is a Chartered Accountant and graduated from the University of Tasmania with a Bachelor of Business in 1993.

3. 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	38,070,475	250,000	735,294
A C Dorsch[1]	4,887,770	1,000,000	1,354,483
S P Quin	120,851	150,000	-
M B Ball	382,763	-	-
G J Dixon	-	150,000	-
S M McIntosh[2]	7,000	-	-
L J Kenyon	-	-	-

[1] In August 2021, the Board resolved, subject to shareholder approval at the Company's 2021 AGM to offer 65,531 performance rights to Mr Dorsch or his nominee.

[2] In February 2021, the Board resolved, subject to shareholder approval at the Company's 2021 AGM to issue Mr McIntosh 150,000 share options on terms as disclosed in the Remuneration Report on page 67.

4. COMMITTEE STRUCTURE AND MEMBERSHIP

In February 2021, with the appointment of Mr McIntosh to the Board, a review of the structure and membership of Board committees was undertaken. Following this review, the Board resolved to separate risk oversight from the Audit Committee and establish a separate Risk and Sustainability Committee. In addition, a Technical Committee was also established.

In May 2021, the Board resolved to establish a Nomination Committee, separating this function from the Board.

Directors were members of a committee for the entire period unless otherwise noted in Section 5, Board and Committee Meetings.

The Company has the following Board Committees:

	Audit	Risk & Sustainability	Remuneration	Technical	Nomination
Chair:	M S Ball	G J Dixon	S P Quin	S M McIntosh	M S Ball
Members:	G J Dixon	L J Kenyon[1]	M S Ball	S P Quin	T R B Goyder
	S P Quin	S M McIntosh	S M McIntosh	G J Dixon	G J Dixon

[1] Subsequent to year end, on 24 August 2021, Ms Kenyon was appointed as a member of the Risk & Sustainability Committee and Mr Ball retired from the committee.

5. BOARD AND COMMITTEE MEETINGS

The number of meetings of the Board of Directors and of the committees of Board and the individual attendance by Directors at those meetings which they were eligible to attend, during the year, is summarised below:

		Committee Meetings				
	Board Meetings	Audit	Risk & Sustainability	Remuneration	Technical	Nomination
Number of Meetings[1]	**9**	**2**	**2**	**2**	**2**	**1**
T R B Goyder [2]	9/9	-	-	-	-	1/1
A C Dorsch	9/9	-	-	-	-	-
S P Quin [3]	9/9	2/2	-	2/2	2/2	-
M S Ball [4]	8/9	2/2	2/2	2/2	-	1/1
G J Dixon[5]	8/8	2/2	2/2	1/1	2/2	1/1
S M McIntosh[6]	3/3	-	2/2	1/1	2/2	-

[1] Number of meetings attended by the Director/total of meetings eligible to attend.

[2] Mr Goyder was appointed as a member of the Nomination Committee on its establishment on 13 May 2021. Refer to Section 4, Committee Structure and Membership for details.

[3] Mr Quin was appointed as a member of the Technical Committee on 20 February 2021 following a review of the structure of committees and membership. Refer to Section 4, Committee Structure and Membership for details.

[4] Mr Ball was appointed as a member of the Risk and Sustainability Committee on 20 February 2021 following a review of the structure of committees and membership and was appointed as Chair of the Nomination Committee on its establishment on 13 May 2021. Mr Ball retired as a member of the Risk and Sustainability Committee on 24 August 2021. Refer to Section 4, Committee Structure and Membership for details.

[5] Mr Dixon was appointed to the Board as an Independent Director, a member of the Audit Committee and Remuneration Committee on 21 August 2020. Mr Dixon retired as a member of the Remuneration Committee and was appointed as Chair of the Risk and Sustainability Committee and a member of the Technical Committee on 20 February 2021, following a review of the structure of committees and membership. Mr Dixon was appointed as a member of the Nomination Committee on its establishment on 13 May 2021. Refer to Section 4, Committee Structure and Membership for details.

[6] Mr McIntosh was appointed to the Board as an Independent Director, Chair of the Technical Committee, member of the Risk and Sustainability Committee and Remuneration Committee on 20 February 2021.

6. PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were the exploration and evaluation of the Julimar Nickel-Copper-PGE Project in Western Australia, and the exploration in Victoria at the Pyramid Hill Gold Project. In the opinion of the Directors, there were no significant changes to the principal activities of the Group during the financial year under review that are not otherwise disclosed in this report.

7. OPERATING AND FINANCIAL REVIEW

Please refer to pages 14 to 55 of this Annual Report for information on the Group with respect to a review of operations during the year ended 30 June 2021 and comments on the financial position, business strategies, likely developments, and prospects for future financial years.

8. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than disclosed in the Operating and Financial Review and elsewhere in this Directors' Report, there were no other significant changes in the state of affairs of the Company that occurred during the year.

9. REMUNERATION REPORT – AUDITED

The Directors present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2021. This Remuneration Report for the Group forms part of the Directors' Report and has been prepared in accordance with section 300A of the *Corporations Act 2001*.

Executive Summary

Since the discovery of Julimar in March 2020, Chalice has undergone a period of significant growth in its operational activities, business complexity, staff numbers and market capitalisation. Prior to the Julimar discovery, the Company had a market capitalisation of $44 million. In just 12 months, Chalice was included in the S&P/ASX 300 and in June 2021 achieved inclusion in the S&P/ASX 200. At 30 June 2021 the market capitalisation of the Company was approximately $2.5 billion.

The Company's rapid expansion has occurred during a period of increased activity within the minerals exploration and mining sectors, particularly in Western Australia, creating a highly competitive labour market.

It is within the above context that the Board reviewed remuneration in August 2020, and further reviewed remuneration in August 2021 to ensure that:

- Remuneration Benchmarking, and comparator groups used to assess performance reflect comparable organisations;
- Remuneration remains competitive to attract, motivate and retain Key Management Personnel (KMP);
- The remuneration framework remains appropriate for the increasing size and complexity of the Company's operations and associated KMP responsibilities; and
- Executive KMP are incentivised to focus on long term performance and short term milestones, to achieve the Board's goal of delivering sustainable, long-term superior returns to shareholders and stakeholders.

The key changes resulting from these remuneration reviews were:

- Introduction of a cash short-term incentive (STI) for FY2021;
- Increase in Executive KMP Fixed Annual Remuneration (FAR) for FY2021 and FY2022;
- Increase in the proportion of "at risk" remuneration to enhance the alignment between shareholders and Executive KMP;
- Ensuring performance measures for STIs and LTIs remain appropriate and correlate to the Company's strategic objectives that have been developed to deliver shareholder and stakeholder value;
- For FY2022, STI performance measures relate to project and ESG objectives;
- Increase in Non-executive Director fees to reflect additional time commitments and the introduction of additional Board committees; and
- For FY2022 onwards, to cease offering Non-executive Directors options as part of their remuneration (previously offered as remuneration to preserve cash).

9.1 Key Management Personnel

The Report discloses the FY2021 remuneration arrangements and outcomes for the people listed below, who are those individuals within the Company who have been determined to be Key Management Personnel (KMP) in the financial year to 30 June 2021. KMP are those people who have the authority and responsibility for planning, directing and controlling the Group's activities, either directly or indirectly.

Name	Position	Term
Executive KMP		
Alex Dorsch	Managing Director and Chief Executive Officer	Full year
Richard Hacker	Chief Financial Officer	Full year
Kevin Frost	General Manager – Exploration	Full year
Bruce Kendall	General Manager – Development	Full year
Soolim Carney	General Manager – Environment & Community	From 15 March 2021
Non-Executive Directors		
Tim Goyder	Executive Chairman Non-executive Chairman	Until 31 August 2020 From 1 September 2020
Morgan Ball	Non-executive Director	Full year
Stephen Quin	Non-executive Director	Full year
Garret Dixon	Non-executive Director	From 21 August 2020
Stephen McIntosh	Non-executive Director	From 20 February 2021

After the reporting date, on 24 August 2021, Ms Linda Kenyon was appointed as a Non-executive director.

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

9.2 Remuneration governance

Role of the Board

The Board is responsible for setting Chalice's remuneration framework and remuneration policy to ensure that it is aligned with the Group's strategic objectives, values, and risk appetite. This includes approving the remuneration arrangements of non-executive directors, the Managing Director and Chief Executive Officer (MD&CEO) and Executive KMP. In addition, the Board is responsible for approving all performance targets set on awards of short-term and long-term incentives made to the Managing Director and other Executive KMP.

Under a formal charter, the Board has established a Remuneration Committee to review and make recommendations to the Board on remuneration arrangements.

The Board can exercise discretion to ensure the quantum of remuneration is appropriate in light of individual and Group performance, for example by amending short-term and long-term incentive vesting outcomes.

Remuneration Committee

The Remuneration Committee assists the Board with the Group's remuneration policies and is primarily responsible for the consideration and recommendation of remuneration practices. The Remuneration Committee currently comprises three independent Non-executive Directors:

Name	Position	Term
Stephen Quin	Chair	Full year
Morgan Ball	Member	Full year
Stephen McIntosh	Member	From 20 February 2021
Garret Dixon	Member	From 21 August 2020 to 20 February 2021

The responsibilities of the Remuneration Committee's role, objectives and responsibilities are outlined in its charter, which is available at www.chalicemining.com/corporate-governance

Some of the responsibilities include:

- Staying abreast of relevant market practices and as appropriate, taking independent advice to ensure that Chalice's Remuneration Framework is fit for purpose and aligned to market expectations
- Reviewing and making recommendations to the Board on the remuneration arrangements of the MD&CEO and Executive KMP;
- Reviewing and making recommendations to the Board in relation to setting the level of Non-executive Director fees;
- Reviewing and making recommendations to the Board on incentive and equity-based remuneration plans for the MD&CEO, Executive KMP and other employees, including the appropriateness of performance hurdles and the measurement of performance hurdles;
- Recommending the Remuneration Policy to the Board;
- Supporting the alignment of the Group's remuneration practices to its values and strategic objectives; and
- Interacting with the Audit and Risk and Sustainability Committees to ensure linkage with remuneration, risk management and reporting obligations.

The Remuneration Committee meets throughout the year when appropriate. The MD&CEO attends relevant Remuneration Committee meetings by invitation, where management input is required. The MD&CEO provides recommendations to the Remuneration Committee on the remuneration arrangements of his direct reports and all other employees. The Remuneration Committee has implemented processes to ensure conflicts of interest are managed appropriately.

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 can be engaged by, and report directly to, the Remuneration Committee. In selecting remuneration consultants, the Remuneration Committee will consider potential conflicts of interest and independence from the Group's KMP.

Given the recent growth of the Company, the Remuneration Committee sought advice from The Reward Practice in relation to remuneration benchmarking for Executive KMP and Non-executive Directors. This work did not involve providing the Remuneration Committee with any remuneration recommendations as defined by the *Corporations Act 2001*. As a result, the Remuneration Committee developed a recommendation for changes to the quantum and structure of KMP remuneration.

Remuneration report approval at 2020 Annual General Meeting (AGM)

The Remuneration Report for the financial year ended 30 June 2020 received positive shareholder support at the 2020 AGM with a vote of 99.7% in favour.

Securities Trading Policy

All Chalice KMP and employees are subject to the Company's Securities Trading Policy which sets out the governance approach for dealing in the Company's securities. A copy is available at www.chalicemining.com/corporate-governance

This policy prohibits:

- the dealing (or procurement of another person to deal) with Chalice's securities or the securities of another company where they are in possession of inside information;
- dealing with Chalice securities during blackout periods;
- short-term dealing or entering into forward contracts; and
- hedging Chalice securities.

9.3 Non-executive Director remuneration

Policy & Approach

The Company's Constitution and the ASX Listing Rules specify that the maximum aggregate fees paid to non-executive directors for their roles as directors is determined by shareholders. The latest determination was at the 2020 AGM, whereby Shareholders approved a maximum aggregate amount of $650,000 per annum (including superannuation).

The fee structure for Non-executive Directors is reviewed annually by the Remuneration Committee and approved by the Board. The fee structure is set at:

- attract and retain highly qualified directors with appropriate skills and experience;
- reflect the time commitment and responsibilities of the role; and
- be competitive with comparator companies.

Other than the payment of statutory superannuation benefits, Non-executive Directors are not entitled to receive retirement benefits.

To preserve independence, remuneration for Non-executive Directors is not linked to the performance of the Company. Non-executive Directors are eligible participants under the Employee Securities Incentive Plan ("ESIP") approved by shareholders at the 2019 AGM. Unlisted options issued to Non-executive Directors during the financial year were issued under the terms of the ESIP and are not subject to performance hurdles. It is the policy of the Company that Non-executive Directors are not awarded performance rights under the ESIP.

Reviews of Remuneration – FY 2021

In August 2020, and on the transition of Mr Goyder from Executive Chairman to Non-executive Chairman, the Board reviewed the fees payable to Non-executive Directors having regard to external benchmark information and the rapidly changing scale of the Company's operations. As a result of this review the Board approved:

- an increase in Non-executive Director fees and set the Non-executive Chairman fee, effective 1 August 2020, but at less than benchmark data indicated; and
- as a means of conserving cash during the exploration stage and at a time when expenditures were ramping up rapidly and cash was limited, unlisted options be awarded to Non-executive directors in recognition of the lower cash component. The issue of the options was subject to shareholder approval, which was obtained at the 2020 AGM.

Details of these fee changes are set out below.

Changes to Non-Executive Remuneration for FY 2022

In August 2021, the Board reviewed the remuneration paid to Non-executive Directors, having regard to the Company's inclusion in the S&P/ASX200, external benchmark information and the increasing time commitments being placed on Board Committee members.

As a result of this review the Board:

- approved a slight increase in Non-executive Director and Committee fees, effective 1 July 2021; and
- determined that the award of unlisted options to Non-executive Directors would cease in line with investor expectations to maintain the independence of Non-executive Directors and given the high volatility of the share price.

Details of these fee changes are set out in the following table.

Non-executive Director Fees and Other Benefits

Fees are shown in the table below (inclusive of superannuation). Fees shown for 30 June 2020 are for comparative purposes:

	30 June 2022 Effective 1 July 2021 $	30 June 2021 Effective 1 August 2020 $	30 June 2020 $
Base Fees (annual)			
Non-Executive Chairman (from 1 Sept 2020)	150,000	150,000	-
Non-executive Directors	70,000	60,000	40,000
Committee Fees (annual)			
Chairperson of Committee	15,000	6,000	6,000
Member of Committee	7,500	4,000	4,000
Share Based Remuneration			
Unlisted options	**No.**	**No.(2)**	**No.(1)**
T Goyder	-	250,000	-
S Quin	-	150,000	500,000
M Ball	-	150,000	500,000
G Dixon (appointed 21 August 2020)	-	150,000	-
S McIntosh (appointed 20 February 2021) (3)	-	150,000	-

(1) Exercise price $0.21, expiry date 30 November 2022. Shareholder approval obtained 27 November 2019.

(2) Exercise price $2.20, expiry date 30 June 2023. Shareholder approval obtained 25 November 2020.

(3) Subject to shareholder approval to be sought at 2021 AGM. Exercise price $6.72, expiry date 19 February 2024, vesting 19 February 2022.

The remuneration of Non-executive Directors for the years ended 30 June 2021 and 30 June 2020 is detailed below.

Non-executive Director Remuneration

Non-executive Directors		Short-term Benefits		Post-employment Benefits	Long-term Benefits	Share-based Payments		Total	Performance Related
		Fees $	Non-monetary Benefits(5) $	Super-annuation $	Leave (6) $	Options(1)(2) $	Performance Rights(7) $	$	%
Directors									
T R B Goyder(3)	**2021**	**161,949**	**8,919**	**15,385**	**(7,490)**	**680,750**	**84,073**	**943,586**	**9**
	2020	200,000	4,308	19,000	-	-	70,043	293,351	24
G J Dixon(4)	**2021**	**55,682**	**6,984**	**5,290**	**-**	**329,493**	**-**	**397,449**	**-**
	2020	-	-	-	-	-	-	-	-
S P Quin	**2021**	**69,833**	**11,756**	**-**	**-**	**408,450**	**-**	**490,039**	**-**
	2020	50,000	7,746	-	-	30,065	-	87,811	-
M S Ball	**2021**	**68,960**	**8,119**	**2,007**	**-**	**408,450**	**-**	**487,536**	**-**
	2020	45,662	4,308	4,338	-	30,065	-	84,373	-
S M McIntosh(2)	**2021**	**23,934**	**2,914**	**2,274**	**-**	**257,478**	**-**	**286,600**	**-**
	2020	-	-	-	-	-	-	-	-
Total	**2021**	**380,358**	**38,692**	**24,956**	**(7,490)**	**2,084,621**	**84,073**	**2,605,210**	
	2020	295,662	16,362	23,338	-	60,130	70,043	465,535	

(1) On 21 August 2020, as a prudent means to conserve cash at a time of rapidly increasing expenditures and limited cash, the Board resolved to issue 700,000 unlisted options expiring 30 June 2023 to Non-executive Directors, subject to shareholder approval that was obtained on 25 November 2020. At the time of the Board resolution, the 5 day VWAP of Chalice's shares was $1.39. Based on this 5 day VWAP an exercise price of $2.20 was set representing a 58% premium.

A valuation of the options was undertaken using a Black-Scholes option methodology at the time Board resolved to issue the options resulting in an estimated aggregate value of $523,600 (or $0.748 per option).

By the grant date of 25 November 2020, the closing price of Chalice's shares had increased significantly to $3.78. Based on the grant date assumptions the aggregate fair value of the options, as shown in the above table is significantly higher at approximately $1.9 million (or $2.723 per option). This fair value is not related to or indicative of the benefit (if any) that the individual may in fact receive. The assumptions underpinning the valuation are set out in Note 18 to the financial statements.

(2) Mr McIntosh was appointed as Non-executive Director on 20 February 2021. On his appointment as a Non-executive Director, and in order to align his remuneration with other Non-executive directors the Board resolved to issue to Mr McIntosh, 150,000 unlisted options with an exercise price of $6.72, expiring 19 February 2024, vesting 19 February 2022. The issue of the options is subject to shareholder approval to be sought at the 2021AGM.

At the time of the Board resolution, the 5 day VWAP of Chalice's shares was $4.48. Based on this 5 day VWAP an exercise price of $6.72 was set representing a 50% premium.

In accordance with Australian Accounting Standards these options have been valued using a Black-Scholes option methodology using an estimated share price of $7.42 for the future grant date (being the date shareholder approval is obtained) and recognised from commencement over the vesting period. The assumptions underpinning the valuation are set out in Note 18 to the financial statements.

(3) On 1 September 2020, Mr Goyder transitioned from Executive Chairman to Non-executive Chairman. No termination payments (other than the payment of accrued annual leave and long service leave) were paid to Mr Goyder on ceasing to be Executive KMP.

(4) Mr Dixon was appointed as Non-executive Director on 21 August 2020.

(5) Non-monetary benefits include the cost of the Company providing directors and officers insurance, car parking and movement in annual leave during the year (T Goyder only), statutory Canadian employment insurance obligations (S Quin only).

(6) Long-term benefits, relates to movements in long service leave during the year.

(7) On transition to Non-executive Chairman, the Board determined that performance rights previously issued to Mr Goyder whilst Executive Chairman would be retained on their original terms of issue in recognition of 15 years of service to the Company. The fair value of performance rights is calculated at the date of grant using the Black-Scholes and Monte Carlo Simulation model and recognised over the period in which the minimum service conditions are fulfilled (the vesting period). The fair value is not related to or indicative of the benefit (if any) that the individual may in fact receive. The assumptions underpinning this valuation are set out in Note 18 to the financial statements.

9.4 Executive KMP remuneration

9.4.1 Policy & Approach

The Company's remuneration policy is structured to attract, retain and incentivise executives whilst ensuring alignment to the Company's strategy and stakeholder interests.

Remuneration principles and components of remuneration

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

1. Setting aggregate remuneration at a level which provides the Company with the ability to attract and retain executives of a high calibre at a cost which is acceptable to shareholders; and
2. Executive KMP interests being aligned with shareholders and measured against Company performance and ESG objectives by:
   - providing fair, consistent and competitive compensation and rewards to attract and retain high calibre employees;
   - ensuring that total remuneration is competitive with its peers by market standards and companies from which talent could potentially be sourced from or lost to; and
   - incorporating in the remuneration framework variable remuneration consisting of short and long-term incentives linked to the strategic goals and performance of the Company and aligned with stakeholder interests.

The following table is an overview of the components of the remuneration framework for Executive KMP:

	Element	Executives
Fixed remuneration	Base salary	✓
	Superannuation	✓
	Other benefits	✓(1)
Variable at risk remuneration	Short term incentives (STI) - Cash	✓
	Long term incentives (LTI) - Performance Rights	✓

(1) Other benefits relate to car parking, directors and officer's insurance and income protection insurance for executives.

(a) Fixed annual remuneration

Fixed annual remuneration (FAR) comprises of salary including statutory superannuation. The level of FAR 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 set FAR 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.

FAR 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 Executive KMP is detailed further in this Remuneration Report.

(b) Variable Remuneration – Short Term Incentives (STI)

Due to the significant growth of the Company, in August 2020, the Remuneration Committee determined that it was appropriate to establish a formal performance-based Short-term Incentive Plan (STIP). This recommendation was approved by the Board, effective 1 July 2020. Previously, variable remuneration was exclusively awarded as long-term incentives (LTI).

Executive KMP are incentivised in the shorter term (12 months) through the payment of a cash bonus upon the achievement of predefined company-wide performance targets linked to annual business objectives and the delivery of the Company's strategy.

The maximum STI bonus percentage for the year ended 30 June 2021 was set at 25% of an Executive KMP's FAR. The quantum of the STI awarded to each Executive KMP is based on achieving group performance measures which are aligned to five key strategic priorities set by the Board for the period 1 July 2020 to 30 June 2021.

The performance measures are assessed after the end of the financial year. If performance against any measurement objective is assessed as not being met or below threshold, no outcome is awarded for that measure. The determination as to whether the performance measures have been met by the Company and the calculation of the amount payable under the STIP is at the absolute discretion of the Board.

(c) Variable Remuneration – Long Term Incentives (LTI)

The Company provides LTIs to Executive KMP with the objective of aligning the interests of Executive KMP with shareholders and retaining talent. LTIs are provided in the form of performance rights (which is a right to convert into ordinary shares after achievement of applicable criteria and targets) issued under the shareholder approved 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 KMP's position within the Company and their fixed annual remuneration. Subject to the performance criteria set out in the terms of the LTIs, performance rights may convert into ordinary fully paid shares in the Company. If the performance criteria are not achieved by the measurement date, the performance rights lapse with no shares being issued.

The performance objectives for LTIs are developed to achieve the Company's strategic objectives and milestones are aligned with sustainable Company performance and shareholder returns.

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). 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. It is the policy of the Company that Non-executive Directors are not awarded performance rights under the ESIP.
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 for 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 strategic milestone targets; or « Such other performance objectives as the Board may determine.
Vesting	Vesting may occur at the end of a defined performance period, usually three years, and upon the achievement of the performance conditions (vesting conditions). The Board determines whether vesting conditions are satisfied or otherwise waived. There is no retesting of 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.
Clawback/malus	Where the Board determines that a participant has acted fraudulently or dishonestly; or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.
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 performance rights 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	Where a participant who holds performance rights ceases employment with the Company, all unvested performance rights will automatically be forfeited by the participant, unless the Board otherwise determines in its discretion to permit some or all of the performance rights to vest. Examples of the circumstances when the Board may decide to exercise its discretion to permit some or all of the performance rights to vest include, without limitation, where a participant becomes a leaver due to death, redundancy, permanent disability, mental incapacity or retirement. The Board may decide (on any conditions which it thinks fit) that some or all of the participant's performance rights will not be forfeited upon ceasing employment but will be forfeited at the time and subject to the conditions it may specify by written notice to the participant.

Remuneration Mix

Given the above framework elements, set-out in the following tables below are the proportions of remuneration for Executive KMP based on when maximum incentive opportunities are achieved and the "at risk" elements as a proportion of FAR.

Changes to Executive KMP Remuneration Mix for FY2022

In August 2021, the Remuneration Committee reviewed the remuneration mix paid to Executive KMP and having regard to external benchmark information obtained on comparator companies. The Remuneration Committee determined to increase the maximum "at risk" elements of Executive KMP remuneration to support the delivery of Chalice's short-term goals and longer term and strategic objectives. The remuneration mix for Executive KMP continues to have a significant "at-risk", performance based component to ensure a focus on these principles and to drive value for shareholders and stakeholders.

STI and LTI Opportunities as a Percentage of FAR

	From 1 July 2021		30 June 2021	
	STI % of FAR	LTI % of FAR	STI % of FAR	LTI % of FAR
Managing Director	50%	100%	25%	75%
Other Executive KMP	25%	75%	25%	50%
S Carney[1]	32%	120%	-	-

Remuneration mix based on maximum incentive opportunity

	From 1 July 2021			30 June 2021		
	FAR %	STI %	LTI %	FAR %	STI %	LTI %
Managing Director	40%	20%	40%	50%	13%	38%
Other Executive KMP	50%	13%	38%	57%	14%	29%
S Carney[1]	40%	13%	47%	-	-	-

[1] S Carney was appointed on 15 March 2021. Under the Remuneration Policy, Executive KMP that commence after 1 October, have their STI and LTI incentive opportunity for the following year increased by a pro-rata amount based on the date of their commencement. In addition, the Board awarded S Carney, as a recent hire, a one-time, non-recurring additional 30% increase in maximum LTI opportunity as a recruitment and long-term retention incentive.

9.4.2 Executive KMP Remuneration Outcomes

Link between performance and Executive KMP remuneration

The remuneration of Executive KMP is designed to provide a direct link between remuneration outcomes and Company performance over the short term (12 months) and long-term (>3 years). Incentive based, "at risk" remuneration will only be awarded on the achievement of performance objectives, which are formulated as "stretch" targets. These performance objectives target the alignment of Executive KMP remuneration with Company performance. The performance objectives are designed by the Board to be consistent with the Company's strategic goals that are set with the ultimate aim of delivering returns to shareholders and stakeholders.

The following table provides a summary of the key financial results for the Company for the financial year ending 30 June 2021 and the previous five financial years. The share price has been adjusted to reflect the capital return of $0.04 per share in December 2018:

	2017	2018	2019	2020	2021
Share price at 30 June	$0.11	$0.10	$0.12	$0.995	$7.42
Change in Share price during period	(21%)	(9%)	20%	729%	646%
Market capitalisation	$31m	$26m	$32m	$302m	$2,574m
Long term - 3 Year TSR to 30 June	3%	33%	(8%)	794%	6,797%
Loss after Income Tax ($'000)	$4,681	$15,949	$10,166	$2,659	$43,193

Fixed Annual Remuneration

In August 2020, the Board reviewed the remuneration of Executive KMP, in accordance with the process outlined on page 65, and having regard to the external benchmark information obtained, the increasing scale of the Company's operations and the associated complexity of the roles of Executive KMP. As a result of this review,

the Board approved the following changes shown in the table below; FAR shown for 2020 is for comparative purposes.

Changes to Executive KMP Fixed Annual Remuneration for FY2022

In August 2021, the Board reviewed the remuneration paid to Executive KMP, in accordance with the process outlined on page 65, and having regard to the Company's inclusion in the S&P ASX200, external benchmark information obtained, the further increasing scale of the Company's operations and the associated complexity of the roles of Executive KMP. As a result of this review, the Board approved the changes shown below:

Name	Position	30 June 2022 $	30 June 2021 $	30 June 2020 $
Alex Dorsch	Managing Director & CEO	500,000	355,000	320,000
Richard Hacker	Chief Financial Officer	350,000	305,896	305,896
Kevin Frost	General Manager – Exploration	350,000	305,000	290,178
Bruce Kendall	General Manager – Development	350,000	300,000	280,003
Soolim Carney	General Manager – Environment & Community	325,000	271,694	-

Short Term Incentives (STIs)

STI Performance and Outcomes

Subsequent to the year ended 30 June 2021, an assessment was undertaken of the 2021 STI performance measures. Below is a summary of the STI outcomes that relate to the performance period from 1 July 2020 to 30 June 2021, including commentary on achievements and the award percentage.

	Objective and Target	Outcome and Commentary on Performance
1.	**Environment, Social and Governance** A proportional STI payment shall be made according to the number of conditions below being met between 1 July 2020 and 30 June 2021: « Zero fatalities « Lost Time Injury Frequency Rate (LTIFR) for Chalice staff of <1.8 « Zero reportable environmental incidents « No material breach of any Programme of Work (POW) conditions (drilling permits) « Zero community or landowner incidents « No material breach of the Company's Code of Conduct a. 100% allocation if no breach b. 50% allocation if one breach c. 0% allocation if more than one breach	**(25% weighting)** The Board assessed the ESG outcomes and determined: « No fatalities « LTIFR for Chalice staff of nil « No reportable environmental incidents « No material POW breaches « No community or landowner incidents « No material Code of Conduct breach Based on this assessment, it was assessed that the maximum award weighting of 25% was achieved.
2.	**Maiden Mineral Resource at Gonneville** Define a maiden JORC Mineral Resource Estimate (MRE) for Gonneville of a Board determined target size in the Measured and Indicated categories. In addition, management shall deliver to the Board an internal financial model which shall include updates to known inputs including commodity prices, grades, tonnages, costs, recoveries etc., which shows the potential to generate a Board approved target return and using Board approved assumptions.	**(30% weighting)** At the commencement of the performance period, the Board determined a MRE and internal rate of return target for Gonneville that it considered was of a size and confidence category to align with the Company's strategic goals and priorities. During the year, the Board resolved that, as a result of ongoing exploration success at Gonneville, to defer the timing of the delivery of the MRE release beyond the end of the STI performance measurement period to allow additional drilling to be undertaken that was not envisaged at the commencement of the performance period. The Board considers that this decision unfairly disadvantaged Executive KMP as it resulted in the MRE performance objective being unobtainable. Accordingly, the Board utilised its discretion to determine the likelihood that the MRE performance objective was achieved at 30 June 2021 based on the quantum of drilling completed at that time and, therefore, it was assessed that the maximum award weighting of 30% was achieved. The Company does not disclose the targets associated with this objective at this time due to the commercially sensitive nature of the information. To do so would also constitute the provision of forward-looking statements without having a reasonable basis. The Company considers that the commercial sensitivity of these targets will be removed upon the release of a MRE and scoping study for Gonneville and will provide applicable retrospective disclosure in future remuneration reports when legally permissible.
3.	**Significant New Discovery (outside of Gonneville)** Make a significant new discovery (outside of Gonneville), reportable according to the DMIRS 'Reporting Mineral Discoveries (Minerals of Economic Interest) – Guidance Note', which shows the potential to be economic based on consensus commodity prices and other board approved assumptions.	**(15% weighting)** The Company did not make a significant discovery outside of Gonneville during the performance measurement period resulting in 0% being achieved for this objective.
4.	**Absolute Total Shareholder Return** A proportional STI payment shall be made which is directly proportional to the TSR from 1 July 2020 to 30 June 2021. The proportion paid is calculated as: « 0% allocation if TSR <10% « Pro-rata allocation (0 to 75%) if TSR between 10-50% « Pro-rata allocation (75 to 100%) if TSR between 50-75% « 100% allocation if TSR >75%	**(Maximum 15% weighting)** The Absolute TSR objective is tested by measuring the Company's TSR performance over the performance measurement period against predetermined targets set by the Board. On 30 June 2021, the absolute TSR portion of the 2021 STI award was tested. Chalice achieved a TSR of 646%, resulting in the maximum award weighting of 15% being achieved.
5.	**Relative Total Shareholder Return** A proportional STI payment shall be made where the TSR exceeds the median TSR, between 1 July 2020 and 30 June 2021, of the peer group (Schedule 2). « 0% allocation if TSR below 50th percentile « Pro-rata allocation if TSR between 50th and 75th percentile « 100% allocation if TSR above 75th percentile	**(Maximum 15% weighting)** The Relative TSR measure compares Chalice's TSR against that of companies in a peer group selected at the commencement of the performance measurement period. On 30 June 2021, the relative TSR portion of the 2021 STI award was tested. Chalice was ranked at the 92nd percentile, resulting in the maximum award weighting of 15% being achieved. The comparators companies include the following ASX and TSX listed companies: Panoramic Resources Limited, Flinders 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, Oklo Resources Limited.

The following table sets out the actual STI outcomes for Executive KMP for the year ended 30 June 2021:

Name	Maximum STI Opportunity (% of FAR)	Actual STI Outcome (% of maximum)	Actual STI Outcome (% of FAR)	Cash STI Outcome $
Alex Dorsch[1]	25%	85%	21.25%	75,438
Richard Hacker	25%	85%	21.25%	65,003
Kevin Frost	25%	85%	21.25%	64,813
Bruce Kendall	25%	85%	21.25%	63,750
Soolim Carney[2]	-	-	-	-

[1] In August 2021, the Board approved the payment of a "one off" discretionary $50,000 cash bonus (inclusive of superannuation) to Mr Dorsch, Managing Director. This discretionary bonus was paid in addition to Mr Dorsch's award under the Company's STIP and was paid in recognition of outstanding performance in the period with a 646% increase in the Company's share price in the 12 months to 30 June 2021 and inclusion in the S&P/ASX200. No discretionary cash bonuses were paid to any other Executive KMP during the year.

[2] Ms Carney was not awarded a 2021 STI opportunity, consistent with the Remuneration Policy, due to being appointed as an Executive KMP on 15 March 2021. Executive KMP that commence during the performance period have their STI incentive opportunity for the following year increased by a pro-rata amount based on the date from their commencement.

Changes to Executive KMP STIs for FY2022

As noted in the remuneration mix on page 71, Executive KMP will continue to be provided STIs. The Board has adopted revised STI performance measures following recommendations received from the Remuneration Committee.

These performance measures include, health, safety, environment, community and heritage objectives (weighting 12.5%), sustainability objectives (weighting 10%), project definition objectives (weighting 30%), Generative exploration objectives (weighting 30%) and Business development objectives (weighting 10%). The measurement date for the FY2022 STI is 30 June 2022.

Long-term Incentives (LTIs), LTI Performance and Outcomes - 2018/2019 Performance Rights

The table below outlines the performance rights granted to KMP for the 2018/2019 financial year. In August 2021, the Board, following a recommendation from the Remuneration Committee, determined that the 2018/2019 Performance Rights vested in full due to the achievement of the performance conditions measured over the three years ended 30 June 2021.

Upon vesting, the performance rights were exercised into an equivalent number of fully paid ordinary shares in accordance with their terms.

Annual Award	KMP	Number of Rights	Measurement Date	Expiry date
2018/2019	Tim Goyder[1]	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

[1] On 1 September 2020, Mr Goyder ceased to act as Executive Chairman and transitioned to Non-executive Chairman. The Board determined that performance rights previously issued to Mr Goyder whilst an Executive KMP would be retained on the original terms of issue, in recognition of Mr Goyder's 15 years of service to the Company.

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

Performance Condition	Outcome and Commentary on Performance
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% weighting)** The Board assessed the Strategic Objectives and determined that the Gonneville discovery at the Julimar Project is of sufficient significance to achieve the strategic

Performance Condition	Outcome and Commentary on Performance
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.	objective of making a significant discovery which has the potential to be economic. The Company cautions that the internal assessment of potential economics, does not imply that the Gonneville discovery will be economically viable in the future. Insufficient work has been undertaken to provide reasonable grounds as to the economic viability of the discovery and the accuracy of the assumptions utilised. The Company does not disclose the outcomes associated with this objective at this time due to the commercially sensitive nature of the information. To do so would constitute the provision of forward-looking statements without a reasonable basis.
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% weighting « Between 15% p.a. and 20% p.a. (21c – 24c) – weighting pro rata between 8.25% and 25% « At or above 20% p.a. (>24c) – 25% weighting	**(Maximum 25% weighting)** The Absolute TSR objective is tested by measuring the Company's TSR performance over the performance measurement period against predetermined targets set by the Board. On 30 June 2021, the absolute TSR performance condition was tested. Chalice achieved a TSR of 6,797%, over the three-year measurement period, resulting in the maximum award of 25% being achieved.
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 (measurement 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 « Between 50th and 75th percentile « At or above 75th percentile	**(Maximum 25% weighting)** The Relative TSR measure compares Chalice's TSR against that of the comparator companies selected at the commencement of the performance measurement period. On 30 June 2021, the relative TSR performance condition was tested. Chalice achieved a TSR of 6,797%, over the three-year measurement period ranking it at the 100th percentile, resulting in the maximum award of 25% being achieved.

LTIs Issued During FY2021 Under the Executive KMP Remuneration Framework

During the year ended 30 June 2021, 759,188 2020/2021 Performance Rights were granted to Executive KMP under the ESIP on the following basis:

Component	Approach
Performance Period	3 years (1 July 2020 – 30 June 2023)

Component	Approach
Award Opportunity	A face value allocation methodology is used to determine the LTI opportunity based on the following: Managing Director - 75% of FAR Other Executive KMP - 50% of FAR
Delivery of Awards	The performance rights were granted for no consideration as they from part of the remuneration package for Executive KMP. Each performance right is an entitlement to a receive a fully paid ordinary share in Chalice at no cost on satisfaction of the performance conditions set by the Board. The performance rights 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 number of performance rights granted was determined by dividing the Executive KMP's LTI opportunity (calculated as a percentage of FAR) by the 20-day volume weighted average price prior to the first trading day of the performance period.

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

No.	2020/2021 Performance Conditions and Weightings
1.	**ESG and H&S objectives (Maximum weighting 15%)** 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* « LTIFR for Chalice staff of <1.8 « Zero reportable environmental incidents (including spills, loss of containment, etc.) « No material breach of any 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 *Two fatalities would be considered two breaches
2.	**Pre-feasibility study completion (Maximum weighting 25%)** 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.
3.	**Project milestone achievements (Maximum weighting 25%)** 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 of the above conditions – 25%

No.	2020/2021 Performance Conditions and Weightings
	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.
4.	**Absolute TSR measure - (Maximum weighting 17.5%)** 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.
5.	**Relative TSR - (Maximum weighting 17.5%)** 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 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, Flinders 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.*

Board Discretion

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 2 is unable to be met), the Board may allocate the attributable weighting to other milestones.

Long-term Incentives (LTIs) vested during FY2021 -2017/2018 Performance Rights

As presented in the 2020 Remuneration Report, in July 2020, the Board determined, following a recommendation from the Remuneration Committee 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 table below outlines the performance rights granted to KMP during the 2017/2018 financial year.

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

Long-term Incentives (LTIs) yet to be tested -2019/2020 Performance Rights

The 2019/2020 Performance Rights granted in 2019 and have a three-year performance period, from 1 July 2019 to 30 June 2022. The performance conditions will be tested shortly after the end of the performance period. Performance Rights will only vest based on the extent of the satisfaction of the performance conditions outlined below. Following testing, Performance Rights that do not vest will be forfeited. Assessment of the performance conditions and achievement of the performance conditions will be determined by the Board having regard to any matters it considers relevant.

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

No.	2019/2020 Performance Conditions and Weightings
1.	**Strategic objectives (Max weighting 50%)** 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; « 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.
2.	**Absolute TSR objectives (Max weighting 25%)** 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 – 0% « between $0.18 and $0.20 per Share - Pro rata weighting between 8.25% and 25%; and « at or above $0.20 per Share – 25% 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.
3.	**Relative TSR objectives (Max weighting 25%)** 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 - 0% « Between 50th and 75th percentile - Pro rata weighting between 8.25% and 25% « At or above 75th percentile - 25% The comparators companies included 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.

Executive KMP LTIs Awarded for FY2022 – 2021/2022 Performance Rights

In September 2021, the following performance rights were granted to KMP as per the table below:

Annual Award	KMP	Number of Rights	Measurement Date	Expiry date
2021/2022	Alex Dorsch [1]	65,531	30 June 2024	30 June 2026
	Richard Hacker	34,404	30 June 2024	30 June 2026
	Kevin Frost	34,404	30 June 2024	30 June 2026
	Bruce Kendall	34,404	30 June 2024	30 June 2026
	Soolim Carney	50,895	30 June 2024	30 June 2026

[1] The performance rights to be issued to Mr Dorsch are subject to shareholder approval at the Company's 2021 AGM.

The 2021/2022 Performance Rights have a three-year performance period, from 1 July 2021 to 30 June 2024. The performance conditions will be tested shortly after the end of the performance period. Performance Rights will only vest based on the extent of the satisfaction of the performance conditions outlined below. Following testing, and Performance Rights that do not vest will be forfeited. Assessment of the performance conditions and achievement of the performance conditions will be determined by the Board having regard to any matters it considers relevant.

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

No.	2021/2022 Performance Conditions and Weightings
1.	**Sustainability (Max. weighting 20%)** Achieve inclusion into the S&P/ASX 200 ESG Index by 30 June 2024.
2.	**Generative Exploration, Project Definition and Strategic (Max. weighting 30%)** Generate significant value, on an existing or new asset (either operated or non-operated), through the achievement of several strategic objectives that exceed stretch targets, pre-determined by the Board by resolution on 16 August 2021, including: « Define a new, material JORC Mineral Resources (excluding Gonneville) which shows the potential to be economic; « Increase materially an existing JORC Mineral Resource; « Define JORC Mineral Reserves or a material increase in JORC Mineral Reserves; and « Disposal of a material asset (as part of an asset sale, joint venture or corporate transaction).
3.	**Absolute TSR measure (Max. weighting 25%)** A proportional LTI payment shall be made which is directly proportional to the Total Shareholder Return (**TSR**) from 1 July 2021 to 30 June 2024. The proportion paid is calculated as: « If 3-yr TSR <10% p.a (equivalent to <33.1% increase in share price) – 0%; « If 3-yr TSR between 10-20% p.a (equivalent to 33.1-72.8% increase in share price) - weighting pro-rata between 5-25%; « If 3-yr TSR >20% p.a (equivalent to >72.8% increase in share price) – weighting 25%.
4.	**Relative TSR compared to peer group. (Max. weighting 25%)** A proportional LTI payment shall be made where the TSR exceeds the median TSR of the peer group, between 1 July 2021 and 30 June 2024. The proportion paid is calculated as: « If TSR <50th percentile – 0%; « If TSR between 50th and 75th percentile - weighting pro-rata between 5-25%; « If TSR >75th percentile – weighting 25%. As an illustrative example: If the TSR is at the 65th percentile, 17% of the performance measure would be deemed to have been met – calculated as (((65%-50%)/(75%-50%))x(25%-5%))+5%. The comparators companies include the following ASX listed companies: Pilbara Minerals Limited, Zimplats Holding Limited, Orocobre Limited, Galaxy Resources Limited, Brockman Mining Limited, De Grey Mining Limited, Perseus Mining Limited, Piedmont Lithium Limited, Oceanagold Corporation, Ramelius Resources Limited, Sandfire Resources NL, Gold Road Resources Limited, Mount Gibson Iron Limited.

Board Discretion

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 estimating resources or reserves (i.e. a milestone is unable to be met), the Board may allocate the attributable weighting to other milestones.

9.5 Key Management Personnel remuneration for FY2021

Key Management Personnel		Short-term Benefits: Salary & Fees $	Short-term Benefits: Non-monetary Benefits[2] $	Short-term Benefits: Cash Bonus[3] $	Post-employment Benefits: Superan-nuation $	Long-term Benefits: Leave[4] $	Share-based Payments: Long-term Incentives[5] $	Total $	Performance Related %
Executive Directors									
A C Dorsch	**2021**	**335,696**	**15,658**	**125,438**	**21,694**	**-**	**345,087**	**843,573**	**41**
	2020	298,997	4,308	-	21,003	-	172,589	496,897	21
Executives									
R K Hacker	**2021**	**284,202**	**27,079**	**65,003**	**21,694**	**(18)**	**138,991**	**536,951**	**26**
	2020	284,893	6,899	-	21,003	-	37,196	349,991	11
K M Frost	**2021**	**291,724**	**21,820**	**64,813**	**21,694**	**-**	**149,632**	**549,683**	**27**
	2020	271,987	4,308	-	21,003	-	43,850	341,148	13
B Kendall	**2021**	**280,570**	**27,810**	**63,750**	**21,694**	**-**	**109,283**	**503,107**	**22**
	2020	195,418	3,225	-	15,752	-	11,880	226,275	5
S Carney[1]	**2021**	**74,439**	**10,853**	**-**	**6,542**	**-**	**-**	**91,834**	**-**
	2020	-	-	-	-	-	-	-	-
Total	**2021**	**1,266,631**	**103,220**	**319,004**	**93,318**	**(18)**	**742,993**	**2,525,148**	
	2020	1,051,295	18,740	-	78,761	-	265,515	1,414,311	

[1] Ms Carney was appointed General Manager - Environment and Community on 15 March 2021.
[2] Short-term, non-monetary benefits include the cost to the company of providing, car parking, income protection, movement in annual leave entitlements.
[3] Cash bonuses represents the 2020/2021 STI payable to KMP and a "one off", discretionary, cash bonus to Mr Dorsch of $50,000 (inclusive of superannuation).
[4] Long-term benefits, relates to movements in long service leave during the year.
[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.

9.6 Equity instruments

9.6.1 Options granted as compensation

During the financial year, options over ordinary shares granted as compensation under the ESIP following shareholder approval at the Company's 2020 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						
T R B Goyder	250,000	25 November 2020	2.72	2.20	30 June 2023	250,000
M S Ball	150,000	25 November 2020	2.72	2.20	30 June 2023	150,000
G J Dixon	150,000	25 November 2020	2.72	2.20	30 June 2023	-
S P Quin	150,000	25 November 2020	2.72	2.20	30 June 2023	150,000
S M McIntosh[1]	150,000	-	4.81	6.72	19 February 2024	-

[1] Options to be issued to Mr McIntosh are subject to shareholder approval at the Company's 2021AGM.

The value of the options is estimated at the date of grant using a Black-Scholes option-pricing model. Refer to Note 18 of the financial statements for model inputs for the options granted during the year.

9.6.2 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	-	-	-	-	-	1,217,989
A C Dorsch	280,081	25 November 2020	1,042,581	3.722	30 June 2024	339,076
Executives						
R K Hacker	160,893	2 September 2020	226,926	1.408	30 June 2024	764,921
K M Frost	160,422	2 September 2020	225,926	1.408	30 June 2024	815,607
B M Kendall	157,792	2 September 2020	222,222	1.408	30 June 2024	-

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 18 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	1,217,989	29 November 2017	100	-	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	100	-	30 June 2020
	1,045,931	31 July 2018	-	-	30 June 2021
	1,074,402	28 November 2019	-	-	30 June 2022
	280,081	25 November 2020	-	-	30 June 2023
Executives					
R K Hacker	764,921	28 July 2017	100	-	30 June 2020
	762,514	31 July 2018	-	-	30 June 2021
	700,606	28 November 2019	-	-	30 June 2022
	160,893	2 September 2020	-	-	30 June 2023
K M Frost	815,607	28 July 2017	100	-	30 June 2020
	847,738	31 July 2018	-	-	30 June 2021
	827,593	28 November 2019	-	-	30 June 2022
	160,422	2 September 2020	-	-	30 June 2023
B Kendall	363,221	28 November 2019	-	-	30 June 2022
	157,792	2 September 2020	-	-	30 June 2023
S Carney	-	-	-	-	-

9.6.3 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 2020	Granted as compensation	Exercised/ Forfeited	Held at 30 June 2021	Vested during the year	Vested and exercisable at 30 June 2021
Directors							
T Goyder	Performance Rights	2,825,034	-	(1,217,989)	1,607,045	1,217,989	-
	Options	-	250,000	-	250,000	-	250,000
A Dorsch	Performance Rights	2,459,409	280,081	(339,076)	2,400,414	339,076	-
	Options	5,000,000	-	(4,000,000)	1,000,000	-	1,000,000
S P Quin	Options	350,000	150,000	(350,000)	150,000	150,000	150,000
G J Dixon	Options	-	150,000	-	150,000	-	-
M S Ball	Options	500,000	150,000	(500,000)	150,000	150,000	150,000
S M McIntosh	-	-	-	-	-	-	-
Executives							
R K Hacker	Performance Rights	2,228,041	160,893	(764,921)	1,624,013	764,921	-
K M Frost	Performance Rights	2,490,938	827,593	(815,607)	1,835,753	815,607	-
B M Kendall	Performance Rights	363,221	363,221	-	521,013	-	-
S Carney	-	-	-	-	-	-	-

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 2020	Received on exercise of Options / Performance rights	Other Changes[1]	Held at 30 June 2021
Directors				
T R B Goyder	35,975,209	1,217,989	5,526	37,198,724
A Dorsch	-	4,339,076	2,763	4,341,839
S P Quin	176,321	350,000	(375,470)	150,851
M B Ball	30,000	500,000	(247,237)	282,763
G J Dixon	-	-	-	-
S M McIntosh	-	-	-	-
Executives				
R K Hacker	100,000	764,921	(398,158)	466,763
K M Frost	-	815,607	-	815,607
B M Kendall	-	-	-	-
S Carney	-	-	-	-

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

9.7 Other transactions with key management personnel and their related parties

There were no other key management personnel transactions within the Group during the year ended 30 June 2021.

9.8 Executive contracts

Remuneration and other terms of employment for Executive KMP are formalised in employment contracts. Details of these contracts are provided below.

	A Dorsch Managing Director	R Hacker Chief Financial Officer	K Frost General Manager – Exploration	B Kendall General Manager – Corporate	S Carney General Manager Environment
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 (severance pay)	3 months	3 months	3 months	3 months	3 months
Diminution of responsibility (severance pay)	6 Months	6 Months	N/A	N/A	N/A

All employments agreements are for an unlimited duration. All Executive KMP are entitled to receive pay in lieu of notice and any accrued but untaken annual and long-service leave on cessation of employment.

End of Remuneration Report

10. DIVIDENDS

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

11. LIKELY DEVELOPMENTS

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

12. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 12 July 2021, the Company announced an intention to demerge its Pyramid Hill and other gold projects, subject to finalising the transaction structure and to obtaining all necessary shareholder and regulatory approvals.

In July 2021, the Group sold the remaining balance of its holding in O3 Mining Inc. for total proceeds of $4.6 million.

On 3 August 2021, 5,930,787 2018/2019 Performance Rights that were issued to KMP and employees in 2018 vested in full due to the achievement of the performance conditions measured over the three years ended 30 June 2021. Upon vesting, 5,930,787 Performance Rights were exercised into an equivalent number of fully paid ordinary shares.

On 23 September 2021, the Company issued 296,160 – 2021/2022 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 16 August 2021, it was resolved that Alex Dorsch, Managing Director and CEO, has been awarded 65,531 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 2021 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.

13. SHARE PLACEMENTS AND ISSUES

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

Date	No. of shares	Price per share ($)	$
8 December 2020	26,666,6667	3.75	100,000,000
15 December 2020	2,303,010	3.56	8,198,716
19 January 2021	3,999,952	3.75	14,999,820
31 May 2021	240,384	8.78	2,110,572
31 May 2021	792,910	8.78	6,961,750

14. SHARE OPTIONS AND PERFORMANCE RIGHTS

Unissued shares under option

At the date of this report 1,550,000 (1,700,000 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
30 June 2023	2.20	550,000
30 November 2021	0.21	1,000,000

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 2021 AGM, to grant Mr McIntosh 150,000 share options, in accordance with the terms and conditions of the Company's ESIP. The options have an exercise price of $6.72, expiry date of 19 February 2024 and vesting 19 February 2022.

Performance rights

At the date of this report 6,758,584 performance rights (12,393,211 at reporting date) have been issued on the following terms and conditions:

Series	Exercise price ($)	Number of rights	Test date	Expiry date
2019/2020	Nil	5,292,347	30 June 2022	30 June 2023
2020/2021	Nil	1,170,077	30 June 2023	30 June 2024
2021/2022	Nil	296,160	30 June 2024	30 June 2026

In addition to the above, the Board resolved, subject to shareholder approval at the Company's 2021 AGM to grant Mr Dorsch 65,531 2021/2022 performance rights with a test date of 30 June 2024, and expiry of 30 June 2026.

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
6 October 2020	27 November 2019	0.21	650,000
10 October 2020	11 June 2019	0.25	500,000
18 November 2020	27 November 2019	0.21	200,000
15 March 2021	23 March 2018	0.16	2,000,000
15 March 2021	23 March 2018	0.18	2,000,000

Subsequent to the end of the financial year, on 5 August 2021, the Company issued 150,000 fully paid ordinary shares as a result of the exercise of options.

During the financial year the Company issued the following ordinary shares on the vesting and exercise of performance rights:

Date	Date performance rights granted	Issue price of shares ($)	No. of shares issued
14 July 2020	28 July 2017	Nil	2,410,225
14 July 2020	9 November 2017	Nil	339,076
14 July 2020	29 November 2017	Nil	1,217,989

Subsequent to the end of the financial year, on 3 August 2021, the Company issued 5,930,787 fully paid ordinary shares to KMP and employees following the vesting and exercise of the 2018/2019 performance rights granted in 2018.

15. ENVIRONMENTAL LEGISLATION

The Group is subject to environmental legislation and obligations within the jurisdictions in which it operates throughout Australia.

The Group has policies and procedures in place that are designed to ensure that, where operations are subject to any particular and significant environmental regulation under law of the Commonwealth or of a State or Territory, those obligations are identified, appropriately addressed and any breaches promptly notified.

There has been no material known breaches of the Group's licence conditions or environmental regulations to which it is subject during the financial year.

16. PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the Company, nor have any applications been made in respect of the company, under section 237 of the *Corporations Act 2001*.

17. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify each of its Directors and Officers, including the Company Secretary 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.

18. INDEMNIFICATION OF AUDITORS

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

19. NON-AUDIT SERVICES

The following non-audit services were provided by the Group's auditors, HLB Mann Judd. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of the non-audit service provided means that auditor independence was not compromised.

HLB Mann Judd received or are due to receive the following amounts for the provision of non-audit related services. Refer to note 27 for further information.

	$
Taxation services	5,150
Assurance related	3,125
	8,275

20. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 87 and forms part of this Directors' Report for the year ended 30 June 2021.

21. ROUNDING OF AMOUNTS

The amounts contained in this financial report have been rounded to the nearest thousand unless otherwise specified under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

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

Alex Dorsch
Managing Director and Chief Executive Officer

Dated at Perth the 23rd Day of September 2021

Auditor's Independence Declaration

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Chalice Mining Limited for the year ended 30 June 2021, 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
23 September 2021

M R Ohm
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au
Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 $'000	2020 $'000
Continuing operations			
Revenue	5(a)	520	453
Net Finance Income	5(b)	150	36
Net gain on sale of exploration and evaluation assets		-	178
Foreign exchange gain		33	219
Exploration and evaluation expenditure	7	(37,324)	(9,622)
Corporate and administration expenses	6(a)	(6,774)	(3,185)
Share based payments	18	(2,956)	(512)
Fair value adjustment	13	102	-
Loss from deconsolidation of subsidiaries		(8)	(81)
Loss before tax from continuing operations		**(46,257)**	**(12,514)**
Income tax benefit	8	3,064	1,115
Loss for the year from continuing operations		**(43,193)**	**(11,399)**
Discontinued operations			
Net gain for the year from discontinued operations		-	8,741
Income tax expense	8	-	(1)
Profit for the year from discontinued operations	9	**-**	**8,740**
Loss for the year attributed to owners of the parent		**(43,193)**	**(2,659)**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Foreign exchange gain on deconsolidation of subsidiaries		8	1,022
Items that will not be reclassified to profit or loss			
Net gain on fair value of financial assets, net of tax	23(b)	6,635	3,303
Exchanges differences on translation of foreign operations		47	(264)
Other comprehensive income for the year		**6,690**	**4,061**
Total comprehensive income for the year		**(36,503)**	**1,402**
Total comprehensive income/(loss) for the year attributable to owners of the parent		**(36,503)**	**1,402**
Basic and diluted loss per share from continuing operations	10	(0.13)	(0.04)
Basic and diluted earnings gain per share from discontinued operations	9	-	0.03
Basic and diluted loss per share from continuing and discontinued operations	10	(0.13)	(0.01)

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 2021

	Note	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents	11	99,884	45,694
Receivables	12	1,684	611
Biological assets	13	329	-
Income tax receivable	8	1,094	-
Financial assets	14	15,570	8,580
Total current assets		**118,561**	**54,885**
Non-current assets			
Financial assets	14	300	278
Right-of-use assets	16	252	14
Receivables	12	-	15
Property, plant and equipment	15	43,551	296
Total non-current assets		**44,103**	**603**
Total assets		**162,664**	**55,488**
Current liabilities			
Trade and other payables	19	10,577	1,745
Provisions	20	2,063	-
Lease liabilities	16	137	47
Employee benefits	17	409	208
Total current liabilities		**13,186**	**2,000**
Non-current liabilities			
Lease liabilities	16	212	12
Other liabilities		42	49
Total non-current liabilities		**254**	**61**
Total liabilities		**13,440**	**2,061**
Net assets		**149,224**	**53,427**
Equity			
Issued capital	21	189,429	59,501
Accumulated losses	22	(49,181)	(6,752)
Reserves	23	8,976	678
Total equity		**149,224**	**53,427**

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 2021

	Issued capital $'000	Accumulated losses $'000	Share based payments reserve Note 23(a) $'000	Investment revaluation reserve Note 23(b) $'000	Foreign currency translation reserve Note 23 (c) $'000	Total $'000
Balance at 1 July 2020	**59,501**	**(6,752)**	**1,630**	**(1,468)**	**516**	**53,427**
Loss for the year	-	(43,193)	-	-	-	(43,193)
Other comprehensive income for the period						
Net change in fair value of equity investments	-	-	-	6,635	-	6,635
Exchange differences on deconsolidation of subsidiaries	-	-	-	-	8	8
Exchange differences on translation of foreign operations	-	-	-	-	47	47
Total comprehensive income/(loss) for the year	**-**	**(43,193)**	**-**	**6,635**	**55**	**(36,503)**
Issue of share capital (net of costs)	129,344	-	-	-	-	129,344
Share-based payments	-	-	2,956	-	-	2,956
Transfers between equity items	584	764	(847)	(501)	-	-
Balance at 30 June 2021	**189,429**	**(49,181)**	**3,739**	**4,666**	**571**	**149,224**

	Issued capital $'000	Accumulated losses $'000	Share based payments reserve Note 23(a) $'000	Investment revaluation reserve Note 23(b) $'000	Foreign currency translation reserve Note 23(c) $'000	Total $'000
Balance at 1 July 2019	**29,807**	**(9,133)**	**1,461**	**(74)**	**(242)**	**21,819**
Loss for the year	-	(2,659)	-	-	-	(2,659)
Other comprehensive income for the period						
Net change in fair value of equity investments	-	-	-	3,303	-	3,303
Exchange differences on deconsolidation of subsidiaries	-	-	-	-	1,022	1,022
Exchange differences on translation of foreign operations	-	-	-	-	(264)	(264)
Total comprehensive income/(loss) for the year	**-**	**(2,659)**	**-**	**3,303**	**758**	**1,402**
Issue of share capital (net of costs)	29,694	-	-	-	-	29,694
Share-based payments	-	-	512	-	-	512
Transfers between equity items	-	5,040	(343)	(4,697)	-	-
Balance at 30 June 2020	**59,501**	**(6,752)**	**1,630**	**(1,468)**	**516**	**53,427**

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 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Cash receipts from operations		81	542
Cash paid to suppliers and employees		(3,884)	(3,260)
Payments for mineral exploration and evaluation		(34,561)	(7,789)
Income tax received		125	110
Government grants and incentives received		462	134
Interest received		171	55
Interest paid		(24)	(13)
Net cash used in operating activities	11	**(37,630)**	**(10,221)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(689)	(81)
Acquisition of biological assets		(574)	-
Acquisition of freehold land and buildings		(20,753)	-
Proceeds from sale of biological assets		264	-
Proceeds from sale of fixed assets		-	9
Proceeds from sale of financial assets		2,691	12,944
Payment for acquisition of financial assets		(1,202)	(5,633)
Proceeds from disposal of subsidiary		-	1,573
Costs associated with disposal of subsidiary		-	(140)
Net cash from/(used in) investing activities		**(20,263)**	**8,672**
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(32)	(197)
Security deposits		(21)	38
Proceeds from issue of shares	21(a)	115,983	30,221
Share issue costs	21(a)	(3,900)	(1,615)
Net cash from financing activities		**112,030**	**28,447**
Net increase in cash and cash equivalents		54,137	26,898
Cash and cash equivalents at the beginning of the year		45,694	18,621
Effect of exchange rate fluctuations on cash held		53	175
Cash and cash equivalents at 30 June	11	**99,884**	**45,694**

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 2021

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Summary of Significant Policies

This Section of the financial report sets out the Group's (being Chalice Mining 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 Mining Limited for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of Directors on 23rd September 2021.

Chalice Mining 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 Mining Limited ("Company" or "Parent") and its subsidiaries ("the Group") for the year ended 30 June 2021. A list of the Group's subsidiaries is provided at note 26.

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, and biological 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.

All amounts have been rounded to the nearest thousand, unless otherwise stated in accordance with *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191*.

(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 24. The key judgements, estimates and assumptions which are material to the financial report are found in note 15 and note 18.

(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 Mining 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

	2021 $'000	2020 $'000
Corporate and administration services	60	310
Government grants and incentives	460	136
Other	-	7
	520	453

Government grants and incentives predominately includes amounts received under the Australian Federal Government's JobKeeper Payment Scheme and Cashflow Boost Scheme, which provided temporary subsidies to eligible businesses.

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.

(b) Net finance income

	2021 $'000	2020 $'000
Finance Income		
Interest income from financial assets	175	46
Interest income from lease receivables	3	3
	178	49
Finance costs		
Interest on lease liabilities	(28)	(13)
	(28)	(13)
	150	36

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.

6. EXPENSES

(a) Corporate and administration expenses

	2021 $'000	2020 $'000
Depreciation	118	263
Business development costs	-	699
Investor relations and marketing	287	202
Regulatory and compliance	710	455
Corporate personnel expenses (note 6(b))	5,264	1,444
Other	395	122
	6,774	3,185

(b) Corporate personnel expenses

	2021 $'000	2020 $'000
Wages and salaries	1,694	985
Directors' fees	365	107
Associated personnel expenses	175	148
Payroll tax expense [1]	2,808	91
Superannuation contributions	157	75
Increase in liability for annual leave	56	78
Increase/(decrease) in liability for long service leave	9	(40)
	5,264	1,444

[1] Payroll tax expenses increased significantly in 2021 due to the vesting in full of 5,930,787 performance rights in August 2021that were issued to key management personnel and employees in 2018 following determination by the Board that the performance conditions have been satisfied over the three-year measurement period ended 30 June 2021 and due to the increase in personnel numbers. Refer note 20 and the Remuneration Report for further details.

7. EXPLORATION AND EVALUATION EXPENDITURE

	2021 $'000	2020 $'000
Julimar, Western Australia	31,443	3,051
Pyramid Hill, Victoria	3,445	4,280
Hawkstone, Western Australia	843	571
Acquisition of exploration project – fair value adjustment	-	1,086
Other generative projects	1,593	634
	37,324	9,622

Accounting policy

Costs incurred in the exploration and evaluation stages of specific areas of interest are expensed against 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:

	2021 $'000	2020 $'000
Current income tax:		
Over provision for income tax	125	109
Research and Development tax credits	1,094	-
	1,219	109
Deferred tax:		
Temporary differences relating to financial assets	1,872	1,005
Total income tax benefit reported in the statement of comprehensive income	3,064	1,114

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:

	2021 $'000	2020 $'000
Accounting loss from continuing operations	(46,257)	(12,514)
Accounting profit from discontinued operations	-	8,741
	(46,257)	(3,773)
Income tax calculated at the Australian corporate rate of 26% (2020: 30%)	(12,027)	(1,132)
Non-deductible expenses	563	864
Share based payments	662	154
Non-assessable income	(39)	(2,895)
Deferred tax assets and liabilities not recognised	10,841	3,350
Income tax benefit on financial assets	(1,872)	(1,005)
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	(341)
Previously unrecognised tax losses refunded	(125)	(109)
Research and development tax credits	(1,094)	-
Income tax benefit reported in the statement of comprehensive income	3,064	1,114

The tax rate used in the above reconciliation is the corporate rate of 26% (2020: 30%) payable by Australian corporate entities on taxable profits under Australian tax law.

Current tax assets comprise:	2021 $'000	2020 $'000
Income tax receivable attributable to:		
Parent Entity	1,094	-
	1,094	-

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

Unrecognised deferred tax balances	2021 $'000	2020 $'000
Deferred tax assets comprise:		
Revenue losses available for offset against future taxable income	16,354	9,178
Lease liabilities	98	4
Other deferred tax assets	1,954	665
	18,406	9,847
Deferred tax liabilities comprise:		
Right-of-use assets	65	4
Other deferred tax liabilities	3	445
	68	449

Income tax benefit not recognised directly in equity during the year:	2021 $'000	2020 $'000
Share issue costs	1,070	392

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

(a) On 26 July 2019, the Group disposed of its wholly owned subsidiary Chalice Gold Mines (Quebec) Inc. ("CGMQ") to O3 Mining Inc. ("O3 Mining") in consideration for 3,092,784 common shares of O3 Mining and a partial 1% Net Smelter Return Royalty.

CGMQ was the registered holder of the Group's East Cadillac and Kinebik Project in Quebec, Canada and as a consequence of the disposal of CGMQ, the Group discontinued all remaining exploration and business development activities in Canada during the prior year ended 30 June 2020 and was thus classified as a discontinued operation.

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

(a) Financial performance and cash flow information	2021 $'000	2020 $'000
Finance income	-	-
Expenses	-	(385)
Net loss on sale of plant and equipment	-	(18)
Loss before tax from discontinued operations	-	(403)
Income tax loss	-	(1)
Loss for the year from discontinued operations	-	(404)
Gain on sale of subsidiary after income tax (see (c) below)	-	9,145
Profit from discontinued operations	-	8,741
Exchange differences	-	941
Other comprehensive loss from discontinued operations	-	9,682

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

Assets	2021 $'000	2020 $'000
Trade and other receivables	-	624
Income tax receivable	-	968
Total assets	-	1,592
Liabilities		
Trade and other payables	-	-
Total liabilities	-	-
Net assets	-	1,592

The net cash flows from discontinued operations are as follows:

	2021 $'000	2020 $'000
Operating cash flows	-	(411)
Investing cash flows	-	1,442
Financing cash flows	-	-
Net cash inflows	-	1,031

(b) Details of the sale of the subsidiary	2021 $'000	2020 $'000
Consideration received:		
Cash	-	1,581
Fair value of O3 Mining Inc. shares received	-	10,138
Total disposal consideration	-	11,719
Carrying amount of net assets sold	-	(1,591)
Transactions costs associated with the disposal	-	(42)
Gain on sale before income tax and reclassification of foreign currency translation reserve	-	10,086
Reclassification of foreign currency translation reserve	-	(941)
Gain on sale after income tax	-	9,145

Earnings per share	2021 $'000	2020 $'000
Basic earnings, profit/(loss) for the year from discontinued operations	-	0.03
Diluted earnings profit/(loss) for the year from discontinued operations	-	0.03

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 2021 was based on the loss attributable to ordinary equity holders of the parent of $43.2 million (2020: loss of $2.7 million) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2021 of 327,183,753 (2020: 277,061,780).

	2021 $'000	2020 $'000
Loss attributable to ordinary shareholders		
Loss attributable to ordinary equity holders of the parent from continuing operations	(43,193)	(11,399)
Profit attributable to ordinary equity holders of the parent from discontinued operations	-	8,740
Loss attributable to ordinary equity holders of the parent for basic earnings	(43,193)	(2,659)
Loss attributable to ordinary equity holders of the parent adjusted for the effect of dilution	(43,193)	(2,659)

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

	2021 $'000	2020 $'000
Bank balances and cash on hand	20,862	30,601
Term deposits	79,022	15,093
	99,884	45,694

Reconciliation of cash flows from operating activities	2021 $'000	2020 $'000
Loss for the year attributed to owners of the parent	(43,193)	(2,659)
Adjustments for:		
Depreciation and amortisation	274	264
Loss/(gain) on sale of fixed assets	-	17
Income tax benefit	(2,938)	(1,004)
Net gain on sale of exploration and evaluation assets	-	(178)
Foreign exchange gain	(33)	(219)
Fair value adjustment on acquisition of exploration projects	-	1,086
Fair value adjustment on livestock	(102)	-
Deconsolidation of subsidiaries	8	(9,063)
Equity-settled share-based payment expenses	2,956	512
Operating loss before changes in working capital and provisions	(43,028)	(11,244)
Increase in trade and other receivables	(1,003)	(162)
Increase in financial assets	(1)	(2)
Increase in trade creditors and other liabilities	4,146	1,193
Increase /(decrease) in provisions	2,256	(6)
Net cash used in operating activities	(37,630)	(10,221)

Non-cash financing and investing activities

During the year ended 30 June 2021, the Company issued 3,336,304 shares in addition to cash consideration of $20.8 million to acquire private properties at the Julimar Project refer to note 15 and 21(a).

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

	2021 $'000	2020 $'000
Current		
Trade receivables	19	62
GST receivable	1,282	383
Lease receivable	14	34
Prepayments	369	132
	1,684	611
Non-Current		
Lease receivable	-	15
	-	15

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.

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. BIOLOGICAL ASSETS

	2021 $'000	2020 $'000
Livestock		
Carrying amount at 1 July	-	-
Acquisitions of livestock[1]	573	-
Decreases due to sales	(346)	-
Change in fair value	102	-
	329	-

[1] At 30 June 2021, livestock comprises of cattle and sheep which were acquired in December 2020, as part of the acquisition of three private properties at the Julimar Project.

Accounting Policy

Livestock is measured at fair value less costs to sell. At 30 June 2021, current market prices were used in determining the fair value of livestock on hand.

14. FINANCIAL ASSETS

	2021 $'000	2020 $'000
Current		
Equity instruments designated at fair value through other comprehensive income:		
Listed equity investments[1]	15,570	8,580
	15,570	8,580

[1] Listed equity investments represent investments in various companies listed on the ASX and TSX including 2,115,884 ordinary shares in O3 Mining (2020: 3,092,784 ordinary shares) and 6,007,192 ordinary shares in Caspin Resources Limited ("Caspin") (2020: nil).

During the year ended 30 June 2021, the Company sold 976,900 ordinary shares in O3 Mining for total net proceeds of A$2.6 million and acquired a strategic 10% interest in Caspin for $1.2 million as part of an Initial Public Offering.

Refer to note 23 (b) for details of movements in equity instruments (including disposals) and note 24 for further information in relation to the fair value determination of financial assets.

Non-current	2021 $'000	2020 $'000
Bank guarantee and security deposits	300	278
	300	278

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.

(i) 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.

(ii) 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.

15. PROPERTY, PLANT AND EQUIPMENT

	Plant, equipment & Vehicles $'000	Office furniture & computer equipment $'000	Freehold land & buildings $'000	Total $'000
Cost				
At 1 July 2020	183	590	-	773
Additions	668	97	-	765
Acquisition of freehold land and buildings [1]	-	-	42,654	42,654
At 30 June 2021	851	687	42,654	44,192
Accumulated depreciation and impairment losses				
At 1 July 2020	86	391	-	477
Depreciation charge	85	58	21	164
At 30 June 2021	171	449	21	641
Net book value at 30 June 2021	680	238	42,633	43,551

[1] During the year ended 30 June 2021, the Group acquired eight private properties covering a combined area of 2,146 hectares (~21km²) of private land at the southern end of the Julimar Project, covering all of the current known mineralisation at the Gonneville Intrusion. Total cash consideration (inclusive of stamp duty and settlement costs) for the eight properties was $23.7 million and 3,336,304 fully paid ordinary shares valued at $17.3 million at the date of settlement. One property had not settled as at 30 June 2021 and as the contract of sale was unconditional, the Group has recognised the acquisition as a payable. Refer to note 19.

The Group also acquired an additional private property for field accommodation purposes for a total of $1.7 million (inclusive of stamp duty and settlement costs).

Accounting estimate and judgement

During the year, the acquisition of several private properties included farming equipment and livestock. This has been accounted for as an asset acquisition rather than a business combination under AASB 3 *Business Combinations* as the Group has applied the "concentration test". Under AASB 3, if an acquisition meets the concentration test, whereby substantially all of the fair value of the gross assets acquired are concentrated in a single identifiable asset or group of similar identifiable assets, then an entity may elect to account for an acquisition as an asset acquisition rather than a business combination.

As substantially all of the fair value of the assets acquired was attributable to the land and buildings acquired rather than the value attributable to the livestock and farming equipment, the Group has determined that the acquisition meets the concentration test and as such is recognised as an asset acquisition rather than a business combination.

	Plant, equipment & Vehicles $'000	Office furniture & computer equipment $'000	Freehold land & buildings $'000	Total $'000
Cost				
At 1 July 2019	221	653	-	874
Additions	87	40	-	127
Disposals	(128)	(105)	-	(233)
Foreign exchange differences	3	2	-	5
At 30 June 2020	183	590	-	773
Accumulated depreciation and impairment losses				
At 1 July 2019	148	398	-	546
Depreciation charge	22	67	-	89
Disposals	(85)	(75)	-	(160)
Foreign exchange differences	1	1		2
At 30 June 2020	86	391	-	477
Net book value at 30 June 2020	97	199	-	296

Accounting Policy

Recognition and measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses, if any. It also includes the direct cost of bringing the asset to the location and condition necessary for first use. The assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

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:

- Buildings 2.5%
- Plant, equipment and vehicles 5%-40%
- Office furniture & computer equipment 6%-40%

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.

16. LEASES

	2021 $'000	2020 $'000
Amounts recognised in statement of financial position		
Right-of-use assets		
Right-of-use assets	347	178
Depreciation	(95)	(164)
Net carrying amount	252	14

	2021 $'000	2020 $'000
Lease liabilities		
Current	137	47
Non-current	212	12
Total liabilities	349	59
Amounts recognised in statement of comprehensive income		
Deprecation charge of right-of-use assets	109	176
Net finance expenses	25	10

This Note provides information for leases where the Group is lessee.

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.

17. EMPLOYEE BENEFITS

	2021 $'000	2020 $'000
Annual leave accrued	403	197
Provision for long service leave	6	11
	409	208

Accounting Policy

Liabilities for employee benefits for wages, salaries, annual leave and personal 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.

18. SHARE-BASED PAYMENTS

(a) Share based payment transactions

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

	2021 $'000	2020 $'000
Share options granted – equity settled	2,085	128
Performance rights granted – equity settled	930	681
Reversal of expense previously recognised on performance rights that lapsed during the period	(59)	(297)
Total expenses recognised as share-based payments	2,956	512

(b) Share Options

Share options are granted under the terms of the Company's Employee Share Incentive Plan (ESIP). Under the terms of the ESIP, 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 share option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the share options. The exercise price for the share options is determined by the Board. A share option may only be exercised after that share 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.

Typically, share options are granted under service conditions. Non-market performance conditions are not considered in the grant date fair value measurement of the services received.

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

	Weighted average exercise price $ 2021	Number of options 2021	Weighted average exercise price $ 2020	Number of options 2020
Outstanding at the beginning of the year	0.19	6,350,000	0.19	6,200,000
Exercised during the year	0.18	(5,350,000)	0.20	(850,000)
Lapsed during the year	-	-	0.21	(1,000,000)
Granted during the year[1]	3.43	850,000	0.21	2,000,000
Outstanding at the end of the year	1.32	1,850,000	0.19	6,350,000
Vested/exercisable at the end of the year	1.09	1,550,000	0.19	6,350,000

[1]Share options granted during the year includes 150,000 options to be issued to Mr McIntosh subject to shareholder approval.

The share options outstanding as of 30 June 2021 have a weighted average contractual life remaining of 2.28 years (2020: 1.3 years).

The fair value of the share options is estimated at the date of grant (including the share options to be issued subject to shareholder approval) using a Black-Scholes option-pricing model. The following table gives the assumptions made in determining the fair value of the share options granted during the year.

	2021	2020
Weighted average share price at grant date	$4.42	$0.165
Weighted exercise price	$3.43	$0.21
Expected volatility (expressed as weighted average volatility)	110%	65%
Option life (expressed as weighted average life)	2.60	2.5
Expected dividends	-	-
Risk-free interest rate (expressed as weighted average)	0.13%	0.65%
Weighted average valuation per share option	$2.29	$0.053

(c) Performance Rights

Performance rights issued during the year ended 30 June 2021, were issued under the Company's ESIP. Under the ESIP, 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 ESIP 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 pages 74 to 79 of the Remuneration Report.

A summary of performance rights on issue is as follows:

30 June 2021:

Grant date	Opening balance	Granted	Vested	Lapsed/Forfeited	Closing balance	Share price at date of issue ($)
27 July 2017	2,825,590	-	(2,410,225)	(415,365)	-	0.16
9 November 2017	339,076	-	(339,076)	-	-	0.205
29 November 2017	1,217,989	-	(1,217,989)	-	-	0.18
31 July 2018	5,059,036	-	-	-	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
2 September 2020	-	820,482	-	-	820,482	1.475
25 November 2020	-	280,081	-	-	280,081	3.78
26 November 2020	-	7,500	-	-	7,500	3.86
25 February 2021	-	62,014	-	-	62,014	4.57
	15,605,789	1,170,077	(3,967,290)	(415,365)	12,393,211	

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	

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

	2021	2020
Weighted average share price at grant date	$2.206	$0.165
Exercise price	Nil	Nil
Weighted average expected volatility	110%	65%
Weighted average performance period (years)	2.74	2.59
Weighted average Vesting period (years)	2.74	2.59
Expected dividends	-	-
Weighted average Risk-free interest rate	0.22%	0.65%
Weighted average fair value per right	$2.142	$0.143

The weighted average fair value of the performance rights outstanding at 30 June 2021 was $0.326 per performance right (2020: $0.139).

Accounting Policy

The fair value of performance rights and share options granted by the Company is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the performance rights and share options granted including any market conditions (e.g. the company's share price) and excluding the impact of any service and non-market performance vesting conditions (e.g. 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 share 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.

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

In circumstances where performance rights or share options are subject to a service condition and require shareholder approval which is yet to be obtained at reporting date, the Group estimates the services when received. In this situation, the Group estimates the fair value of the equity instruments by estimating the fair value at the end of the reporting period being 30 June 2021. Once the date of grant has been established, the Group shall revise the earlier estimate so that the amounts recognised for services received are ultimately based on the grant date fair value.

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.

19. TRADE AND OTHER PAYABLES

	2021 $'000	2020 $'000
Trade payables	36	32
Other payables	185	104
Property acquisition payable (refer note 15)	4,685	-
Accrued expenses	5,671	1,609
	10,577	1,745

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.

20. PROVISIONS

	2021 $'000	2020 $'000
Provision for payroll tax	2,063	-
	2,063	-

A provision has been recognised for payroll tax payable in relation to 5,930,787 performance rights that were issued to key management personnel and employees in 2018 that vested in full following determination by the Board in August 2021 that the performance conditions had been satisfied over the three-year measurement period ended 30 June 2021.

Accounting Policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

21. ISSUED CAPITAL

There were 346,857,393 shares on issue at 30 June 2021 (2020: 303,537,180).

(a) Movements in ordinary shares on issue	2021 No.	2021 $'000	2020 No.	2020 $'000
Balance at beginning of financial year	303,537,180	59,501	266,568,134	29,807
Shares issued on vesting of performance rights	3,967,290	584	-	-
Shares issued to acquire private properties – refer to note 15.	3,336,304	17,271	-	-
Shares issued to acquire subsidiary	-	-	7,500,000	1,088
Options exercised - directors	4,850,000	859	150,000	31
Options exercised - other	500,000	125	700,000	140
Share placement[1]	26,666,667	100,000	28,619,046	30,050
Share purchase plan[2]	3,999,952	15,000	-	-
Share issue costs	-	(3,911)	-	(1,615)
Balance at end of financial year	346,857,393	189,429	303,537,180	59,501

[1] On 8 December 2020, the Company completed a Share Placement to institutional and sophisticated investors raising $100 million (before issue costs) at an issue price of $3.75.

[2] On 15 January 2021, the Company completed a Share Purchase Plan raising $15 million (before issue costs) at an issue price of $3.75.

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.

(b) Share options	2021 No.	2020 No.
On issue at 1 July	6,350,000	6,200,000
Options exercised during the year	(5,350,000)	(850,000)
Options lapsed during the year	-	(1,000,000)
Options issued during the year	700,000	2,000,000
On issue at 30 June	1,700,000	6,350,000
Subject to shareholder approval (refer note 18)	150,000	-
Total	1,850,000	6,350,000

The details of options on issue as at 30 June 2021 are as follows:

Number	Expiry Date	Exercise Price $
1,000,000	30 November 2021	0.21
700,000	30 June 2023	2.20

Options subject to shareholder approval at 30 June 2021 are to be issued with an exercise price of $6.72 and an expiry date of 19 February 2024.

(c) Performance rights	2021 No.	2020 No.
On issue at 1 July	15,605,789	14,324,889
Performance rights issued	1,170,077	5,292,347
Performance rights vested	(3,967,290)	-
Performance rights lapsed	(415,365)	(4,011,447)
On issue at 30 June	12,393,211	15,605,789

At 30 June 2021 the Company had 12,393,211 performance rights on issue under the following terms and conditions:

Number	Terms	Expiry Date	Exercise Price $
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
1,170,077	The number of performance rights that will vest will be solely dependent on the Company meeting the outlined strategy objectives, ESG & Health & Safety 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 2023, as outlined in the Remuneration Report.	30 June 2024	Nil

22. ACCUMULATED LOSSES

Movements in retained earnings/(accumulated losses) attributable to owners of the parent:	2021 $'000	2020 $'000
Balance at beginning of financial year	(6,752)	(9,133)
Loss for the year attributable to owners of the parent	(43,193)	(2,659)
Net gain/(loss) on disposal of financial assets transferred between equity items (see note 23(b))	(524)	4,697
Transfers between equity items (see note 23)	1,288	343
Balance at end of financial year	(49,181)	(6,752)

23. RESERVES

(a) Share based payment reserve	2021 $'000	2020 $'000
Balance at beginning of financial year	1,630	1,461
Equity settled share-based payments expense (refer to note 18(a))	2,956	512
Vesting of performance rights	(584)	-
Transfers to accumulated losses (refer to note 22)	(263)	(343)
Balance at end of financial year	3,739	1,630

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 18 for further details.

(b) Investment revaluation reserve	2021 $'000	2020 $'000
Balance at beginning of financial year	(1,468)	(74)
Realised gains/(losses) on sale of financial assets[1]	(487)	6,243
Fair value movement on revaluation of financial assets [2]	8,969	(1,907)
Tax effect on investment revaluations and disposals	(1,847)	(1,033)
	5,167	3,229
Net gain/(loss) on disposal of financial assets transferred between equity items (see note 22)	524	(4,697)
Transfers to accumulated losses (see note 22)	(1,025)	-
Balance at end of financial year	4,666	(1,468)

[1] Realised losses on sale of financial assets for the year ended 30 June 2021, primarily includes the net loss on sale (before tax) of the Company's equity investment in O3 Mining Inc. Refer note 14.

[2] Unrealised fair value movements on financial assets for the year ended 30 June 2021, primarily relates to the Company's equity investment in Caspin Resources Limited. Refer note 14.

(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. Total foreign currency translation reserve balance at 30 June 2021 was $0.5 million (30 June 2020: $0.5 million).

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.

24. 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 21-22.

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 2021, Chalice had approximately CAD$2.9 million (A$3.1 million) cash on hand in CAD denominated bank accounts.

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.

		2021 $'000	2020 $'000
Impact on gain/(loss)	AUD/CAD +10%	(279)	(37)
	AUD/CAD -10%	307	60
Impact on equity	AUD/CAD +10%	(279)	(37)
	AUD/CAD -10%	307	60

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 Inc.

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.

		2021 $'000	2020 $'000
Impact on gain/(loss)	AUD/CAD +10%	(475)	(763)
	AUD/CAD -10%	522	839
Impact on equity	AUD/CAD +10%	(475)	(763)
	AUD/CAD -10%	522	839

(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.

		2021 $'000	2020 $'000
Impact on equity	Share price +10%	1,557	858
	Share price -10%	(1,415)	(780)

(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:

	2021 $'000	2020 $'000
Cash and cash equivalents	99,884	45,694

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 20 basis points in interest rates at reporting date.

In the year ended 30 June 2021 if interest rates had moved by 20 basis points, with all other variables held constant, the post-tax result for the Group would have been affected as follows:

		2021 $'000	2020 $'000
Impact on gain/(loss)	20 bp increase	158	88
	20 bp decrease	(158)	(88)
Impact on equity	20 bp increase	158	88
	20 bp decrease	(158)	(88)

(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 $10.6 million (2020: $1.7 million) 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.

25. PARENT ENTITY

	2021 $'000	2020 $'000
Financial position		
Assets		
Current assets	110,224	46,136
Non-current assets	6,546	6,961
Total assets	116,770	53,097
Liabilities		
Current liabilities	3,421	582
Non-current liabilities	254	49
Total liabilities	3,675	631
Net assets	113,095	52,466
Equity		
Issued capital	189,429	59,501
Accumulated losses	(109,561)	(31,965)
Reserves	33,227	24,930
Total equity	113,095	52,466

	2021 $'000	2020 $'000
Financial performance		
Loss for the year	(77,829)	(10,551)
Total comprehensive loss	(77,829)	(10,551)

Commitments and contingencies

(i) Contingencies

Other than as disclosed in note 29 the parent entity has no contingent assets or liabilities.

(ii) Capital commitments

Other than disclosed in note 29, the parent entity has no capital commitments.

Accounting Policy

The financial information for the parent entity, Chalice Mining 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.

26. LIST OF SUBSIDIARIES

Significant investments in subsidiaries

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

Name	Country of Incorporation	% Equity Interest 2021	% Equity Interest 2020
Parent entity			
Chalice Mining Limited	Australia		
Subsidiaries			
Chalice Operations Pty Ltd	Australia	100	100
Western Rift Pty Ltd *(i)*	Australia	100	100
Falcon Gold Resources Pty Ltd[1]	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	100
(i) Subsidiaries of Western Rift Pty Ltd			
Chalice Gold Mines (Ontario) Inc.*(iii)*	Canada	100	100
(ii) Subsidiaries of North West Nickel Pty Ltd			
Nebula Resources Pty Ltd	Australia	100	100
(iii) Subsidiaries of Chalice Gold Mines (Ontario) Inc.			
Chalice Gold Mines (Exploration) Inc.[2]	Canada	-	100

[1] Falcon Gold Resources Pty Ltd was formerly named CGM Minerals Pty Ltd.

[2] Chalice Gold Mines (Exploration) Inc was voluntarily deregistered August 2020.

Accounting Policy

The consolidated financial statements comprise the financial statements of Chalice Mining 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 Mining 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.

27. AUDITOR'S REMUNERATION

Audit services	2021 $'000	2020 $'000
HLB Mann Judd:		
Audit and review of financial reports	36	52
Other services	8	5
	44	57

28. RELATED PARTIES

Key management personnel

Executive Directors

A C Dorsch (Managing Director and Chief Executive Officer)

Non-executive Directors

T R B Goyder (Chairman) (transitioned from Executive Chairman 1 September 2020)
S P Quin
M S Ball
G J Dixon – appointed 21 August 2020
S M McIntosh – appointed 20 February 2021

Executives

R K Hacker (Chief Financial Officer)
K M Frost (General Manager – Exploration)
B M Kendall (General Manager – Development)
S Carney (General Manager – Environment and Community) appointed 15 March 2021

The KMP compensation is as follows:

	2021 $'000	2020 $'000
Short-term benefits	2,100	1,519
Post-employment benefits	118	102
Long-term benefits	(8)	-
Termination benefits	-	62
Share-based payments	2,912	411
	5,130	2,094

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 at page 63 and 83 of the Directors' Report 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

There were no other key management personnel transactions within the Group during the year ended 30 June 2021.

29. 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:

	2021 $'000	2020 $'000
Within 1 year	5,187	3,086
Within 2-5 years	-	-
Later than 5 years	-	-
	5,187	3,086

Contingent asset and Contingent Liabilities

There are no contingent assets or contingent liabilities at 30 June 2021 (30 June 2020: nil).

30. EVENTS SUBSEQUENT TO REPORTING DATE

On 12 July 2021, the Company announced an intention to demerge its Pyramid Hill and other gold projects, subject to finalising the transaction structure and to obtaining all necessary shareholder and regulatory approvals.

In July 2021, the Group sold the remaining balance of its holding in O3 Mining Inc. for total proceeds of $4.6 million.

On 3 August 2021, 5,930,787 2018/2019 Performance Rights that were issued to KMP and employees in 2018 vested in full due to the achievement of the performance conditions measured over the three years ended 30 June 2021. Upon vesting, 5,930,787 Performance Rights were exercised into an equivalent number of fully paid ordinary shares.

On 23 September 2021, the Company issued 296,160 – 2021/2022 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 16 August 2021, it was resolved that Alex Dorsch, Managing Director and Chief Executive Officer has been awarded 65,531 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 2021 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.

31. CHANGES IN ACCOUNTING POLICIES

In the year ended 30 June 2021, 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.

Apart from the adoption of the new "concentration test" under AASB 3 *Business Combinations* (refer to note 15), the impact on the financial performance and position of the Company from the adoption of the new or amended Accounting Standards and Interpretations is not material. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

32. 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 2021.

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 30 June 2021. As a result of this review the Directors have determined that there is no material impact of the standards and Interpretations on issue and not yet adopted by the Company.

Directors' Declaration

For the Year Ended 30 June 2021

1. In the opinion of the directors of Chalice Mining 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 2021 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 believe 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 2021.

This declaration is signed in accordance with a resolution of the Directors of Chalice Mining Limited.

Dated at Perth the 23rd day of September 2021.

On behalf of the Board:

Alex Dorsch
Managing Director and Chief Executive Officer

Independent Auditor's Report

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT
To the members of Chalice Mining Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Chalice Mining Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, 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 2021 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 Freehold Land and Buildings Refer to Note 15	
During the year the Group acquired $42.7 million of freehold land and buildings in the Julimar Project area.	Our procedures included but were not limited to the following: - Reviewing the material terms and conditions of the transactions by

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HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au
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Key Audit Matter	How our audit addressed the key audit matter
Accounting for Freehold Land and Buildings Refer to Note 15	
We consider these acquisitions to be a key audit matter as they are 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 agreements; - Ensuring management had correctly applied the requirements of accounting standards to the transactions and, in particular, the application of the concentration test under AASB 3; - Assessing whether the consideration had been determined correctly with respect to equity instruments issued as consideration; and - Testing of title held over freehold land.
Accounting for share-based payments Refer to Note 18	
The Group has various share-based payment arrangements in place comprising options and performance rights issued with various performance conditions and in varying tranches. The Group recorded a share-based payment expense of $2.96 million for the year ended 30 June 2021. We consider this to be a key audit matter due to the complexity of the varying share-based payment arrangements and the judgement involved in relation to the satisfaction of vesting conditions and allocation across vesting periods.	Our procedures included but were not limited to the following: - Reviewing the valuation of share-based payments entered into during the accounting period; - Assessing the experience, qualifications and expertise of external valuers used; - Considering whether the determination of the current period vesting expense had been correctly determined; - Assessing whether management's determination of the likelihood of vesting was reasonable; and - Ensuring disclosures within the financial statements and remuneration report were appropriate.

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 2021 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.

HLB MANN JUDD
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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.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2021.

In our opinion, the Remuneration Report of Chalice Mining Limited for the year ended 30 June 2021 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
23 September 2021

M R Ohm
Partner

ASX Additional Information

For the Year Ended 30 June 2021

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 15 September 2021.

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	38,070,475	10.79

Issued Capital

Share capital comprised 352,938,180 fully paid ordinary shares of the Company and the Company had 9,542 holders of ordinary fully paid shares.

Other Unlisted Securities on Issue

Class of Security	No. Securities	No. Holders
Options, exercise price $0.21, expiry 30 November 2021	1,000,000	1
Options exercise price $2.20, expiry 30 June 2023	550,000	3
Performance Rights (measurement date 30 June 2022)	5,292,347	13
Performance Rights (measurement date 30 June 2023)	1,170,077	17
Performance Rights (measurement date 30 June 2024)	296,160	22

Distribution of equity security holders:

Range	Ordinary Shares		Unlisted Share Options		Performance Rights	
	No. Holders	% Held	No. Holders	% Held	No. Holders	% Held
1 – 1,000	3,862	0.47	-	-	-	-
1,001 – 5,000	2,834	2.11	-	-	2	0.12
5,001 – 10,000	1,066	2.29	-	-	3	0.29
10,001 – 100,000	1,534	12.72	-	-	11	6.67
100,001 and over	246	82.41	4	100	12	92.92
Total	**9,542**	**100**	**4**	**100**	**28**	**100**

The number of shareholders holding less than a marketable parcel is 236 (based on a share price of $7.38).

Voting Rights

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

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 2021 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.

Twenty Largest Ordinary Fully Paid Shareholders

Name	Number of shares	Percentage of issued capital
HSBC Custody Nominees (Australia) Limited	65,509,056	18.56
Mr Timothy R B Goyder	38,070,475	10.79
J P Morgan Nominees Australia Pty Limited	36,526,888	10.35
Citicorp Nominees Pty Limited	34,850,964	9.87
National Nominees Limited	8,384,066	2.38
BNP Paribas Nominees Pty Ltd ACF Clearstream	6,182,803	1.75
BNP Paribas Nominees Pty Ltd <IB AU Noms Retail client DRP>	5,542,497	1.57
AEGP Super Pty Ltd <AEGP Superannuation Fund A/C>	5,000,000	1.42
Lunar Co Pty Ltd <H&A Dorsch Family A/C>	4,887,770	1.38
UBS Nominees Pty Ltd	3,771,050	1.07
BNP Paribas Noms Pty Ltd Six Sis Ltd <DRP A/C>	3,350,699	0.95
BNP Paribas Noms Pty Ltd <DRP>	3,022,681	0.86
Bremerton Pty Ltd <The Bartlett Family Fund A/C>	2,303,010	0.65
BNP Paribas Noms Pty Ltd <Agency Lending DRP A/C>	2,077,196	0.59
Mr Michael Leslie Cohen	1,610,000	0.46
Howard-Smith Investments Pty Ltd	1,457,017	0.41
Lambhill Pty Ltd <Willims Final Discretion A/C>	1,380,678	0.39
Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	1,371,369	0.39
Warbont Nominees Pty Ltd <Accumulation Entrepot A/C>	1,349,132	0.38
Mr Philip Scott Button + Ms Philippa Anne Nicol <Christopher Jordan A/C>	1,318,261	0.37
Top Twenty Shareholders	**227,965,612**	**64.59**
Total Remaining Shareholders	**124,972,568**	**35.41**
Total	**352,938,180**	

Share Registry Information

For information on your shareholding or related administrative matters please contact the Company's share registry Computershare Investor Services Pty Ltd at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
AUSTRALIA

Telephone Australia: 1300 653 212
Telephone International: (+61 3) 9415 4000

Website: https://www.computershare.com/au

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