



Chalice Mining Limited
Half Yearly Report
31 December 2021

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Table of Contents

Directors' Report	3
Competent Persons & Qualifying Persons Statement	14
Forward Looking Statements	15
Auditor's Independence Declaration	16
Condensed Consolidated Statement of Comprehensive Income	17
Condensed Consolidated Statement of Financial Position	18
Condensed Consolidated Statement of Changes in Equity	19
Condensed Consolidated Statement of Cash Flow	20
Notes to the Consolidated Financial Statements	21
Directors' Declaration	29
Independent Auditor's Review Report	30

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Directors' Report

For the Half Year Ended 31 December 2021

Your directors submit the financial report for Chalice Mining Limited ('Chalice' or 'the Company') and its subsidiaries (together 'the Group') for the half year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

1. Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Derek N La Ferla	Non-executive Chairman (appointed 1 October 2021, appointed Chairman 24 November 2021)
Alexander C Dorsch	Managing Director and Chief Executive Officer
Morgan S Ball	Non-executive Director
Garret J Dixon	Non-executive Director
Stephen M McIntosh	Non-executive Director
Linda J Kenyon	Non-executive Director (appointed 24 August 2021)
Timothy R B Goyder	Non-executive Chairman (retired 24 November 2021)
Stephen P Quin	Non-executive Director (retired 24 November 2021)

2. Review of Operations

2.1 Overview

During the half year, Chalice reached a major company milestone with the definition of a tier-1 scale Maiden Resource Estimate (Resource) at the Julimar Nickel-Copper-PGE Project in Western Australia. Announced in November 2021, the pit-constrained Resource for the Gonnevillle Deposit (the first discovery at the Julimar Project) is:

- « **330Mt @ 0.94g/t 3E¹, 0.16% Ni, 0.10% Cu, 0.016% Co (~0.58% NiEq² or ~1.6g/t PdEq³)**, reported above a 0.4% NiEq cut-off grade
 - « Containing **10Moz 3E, 530kt Ni, 330kt Cu, 53kt Co (~1.9Mt NiEq or ~17Moz PdEq)**;
 - « The pit-constrained Resource includes a significant **higher-grade sulphide** component above a 0.6% NiEq cut-off grade, starting from a depth of ~30m:
 - « **74Mt @ 1.8g/t 3E, 0.22% Ni, 0.21% Cu, 0.021% Co (~1.0% NiEq or ~2.8g/t PdEq)**.

The maiden Resource confirmed Gonnevillle is one of the largest greenfield nickel sulphide discoveries worldwide in recent history, and the largest PGE discovery in Australian history – demonstrating the potential for Julimar to become a strategic, long-life 'green metals' asset.

The Gonnevillle Resource is interpreted to cover just ~7% of the interpreted Julimar Complex strike length (the host mafic-ultramafic intrusive complex). As such the project is considered highly prospective for further orthomagmatic Ni-Cu-PGE discoveries.

¹ 3E = Palladium (Pd) + Platinum (Pt) + Gold (Au), with an average in-situ ratio of ~4:1:0.04 (Pd:Pt:Au)

² NiEq (Nickel Equivalent %) = Ni (%) + 0.37xPd (g/t) + 0.24xPt (g/t) + 0.25xAu (g/t) + 0.65xCu (%) + 3.24xCo (%)

³ PdEq (Palladium Equivalent g/t) = Pd (g/t) + 0.66xPt (g/t) + 0.67xAu (g/t) + 2.71xNi (%) + 1.76xCu (%) + 8.78xCo (%)

Chalice also holds an unrivalled >8,000km² land position in the new West Yilgarn Ni-Cu-PGE Province, where the Company is continuing to leverage its competitive 'first mover' advantage across a number of generative projects, including the Barrabarra Nickel-Copper-PGE Project and Southwest Nickel-Copper-PGE Project.

During the reporting period, the Company completed a demerger of its Australian gold assets concurrent with an Initial Public Offer (IPO) to raise \$30 million (before costs). This established a new ASX-listed gold exploration company called Falcon Metals Limited (ASX: FAL), which commenced trading on the ASX on 22 December 2021.

Chalice maintains a strong balance sheet, with ~\$74.1 million in cash and investments as of 31 December 2021.

2.2 Environment, Social and Governance

Chalice's vision is to deliver sustained shared value for both stakeholders and shareholders through responsible sustainability practices.

Given the significant growth and increased level of exploration activities at the Julimar Project, the Company has implemented a number of new Environmental, Social and Governance (ESG) initiatives over the reporting period, as reflected in the Company's inaugural Sustainability Report, contained in the 2021 Annual Report lodged with the ASX on 23 September 2021.

A Risk and Sustainability Committee provides oversight and guidance on sound environmental, social and governance principles and practices as well as risk management. 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.

2.2.1 Environment

There were no significant environmental or safety incidents during the reporting period. An annual compliance report was submitted to Government confirming that all non-ground disturbing exploration activities within the Julimar State Forest were undertaken in accordance with Conservation Management Plan Stage 1 requirements. Specialist botanists and zoologists continued to conduct baseline flora and fauna surveys across private farmland at Gonneville and in the Julimar State Forest.

Baseline environmental surveys have now been completed over an area of ~5,700 hectares in the Julimar region. Chalice submitted a final Conservation Management Plan (CMP) for initial low-impact drilling within the Julimar State Forest, which was approved by the WA State Government on 29 December 2021.

2.2.2 Cultural Heritage

The Yued and Whadjuk Traditional Owners completed cultural heritage surveys of the Hartog-Baudin targets within the Julimar State Forest, which have confirmed that no cultural heritage sites are affected by the drilling program. Chalice has developed cultural heritage management plans in consultation with the Yued and Whadjuk Peoples for the Hartog-Baudin exploration drilling program.

2.2.3 Health and Safety

There were no significant safety incidents during the period. The emergence of the Omicron variant of COVID-19 into Western Australia has triggered several operational precautions and the Company continues to monitor health advice and plan accordingly.

2.3 Exploration and Evaluation

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

2.3.1.1. Gonneville Resource

In November 2021, the Company defined a Maiden Indicated and Inferred, pit-constrained Resource for the Gonneville PGE-Ni-Cu-Co-Au deposit of 330Mt @ 0.94g/t 3E, 0.16% Ni, 0.10% Cu, 0.016% Co (refer to Table 1 and 2).

Gonneville is located on Chalice-owned farmland, and includes a mix of oxide, transitional and sulphide mineralisation (Figure 1). The robust nature of the Resource is demonstrated by a significant higher-grade sulphide component above a 0.6% NiEq cut-off grade (refer Table 2), starting from a depth of ~30m (Figure 2). The significant higher-grade component of the Resource provides excellent optionality for any future development and has the potential to materially improve project economics in the initial years of operation.

The deposit remains open to the north and at depth, with the maiden Resource interpreted to cover just ~7% of the 26km long Julimar Complex, demonstrating the potential for material growth with ongoing drilling. The completion of the maiden Resource is a significant milestone for the Julimar Project and provides a strong foundation for the ongoing Scoping Study.

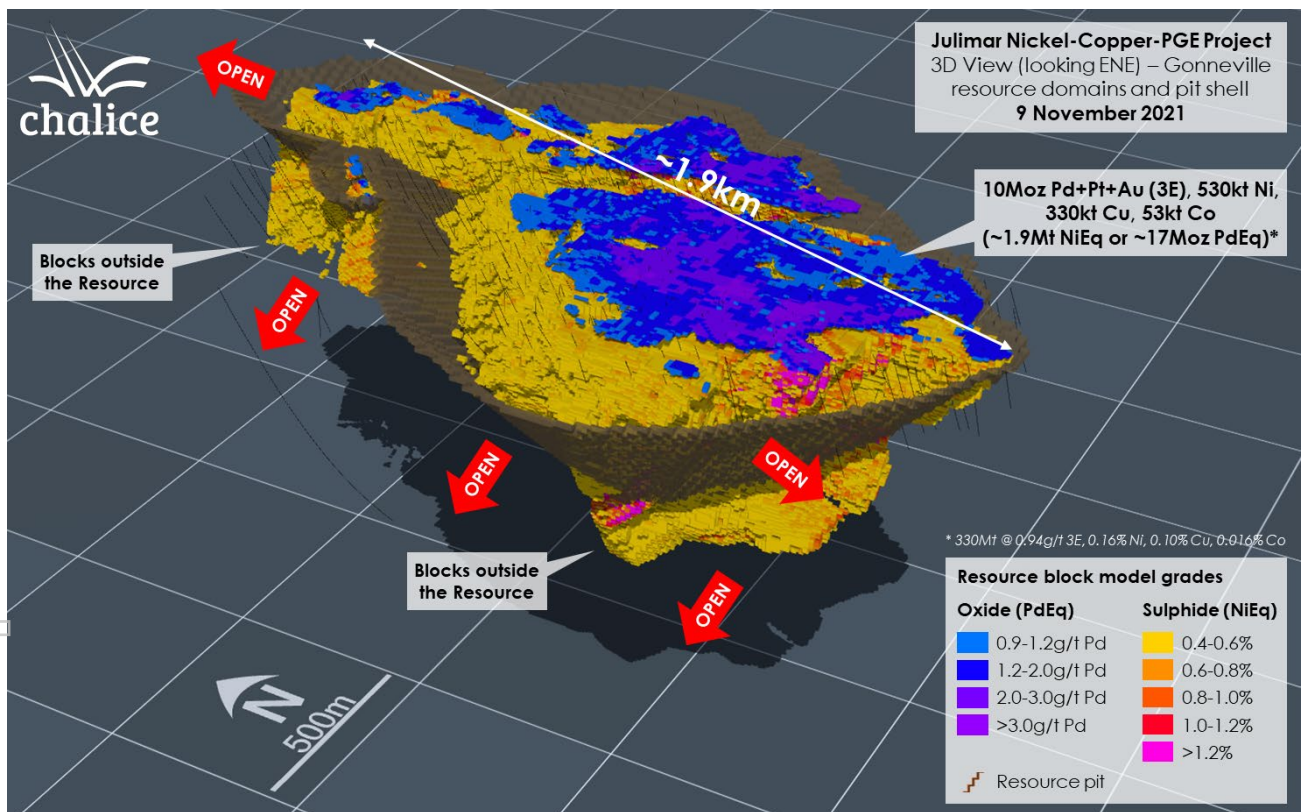


Figure 1. 3D view (looking ENE) of Gonneville block model (all domains) and Resource pit shell.

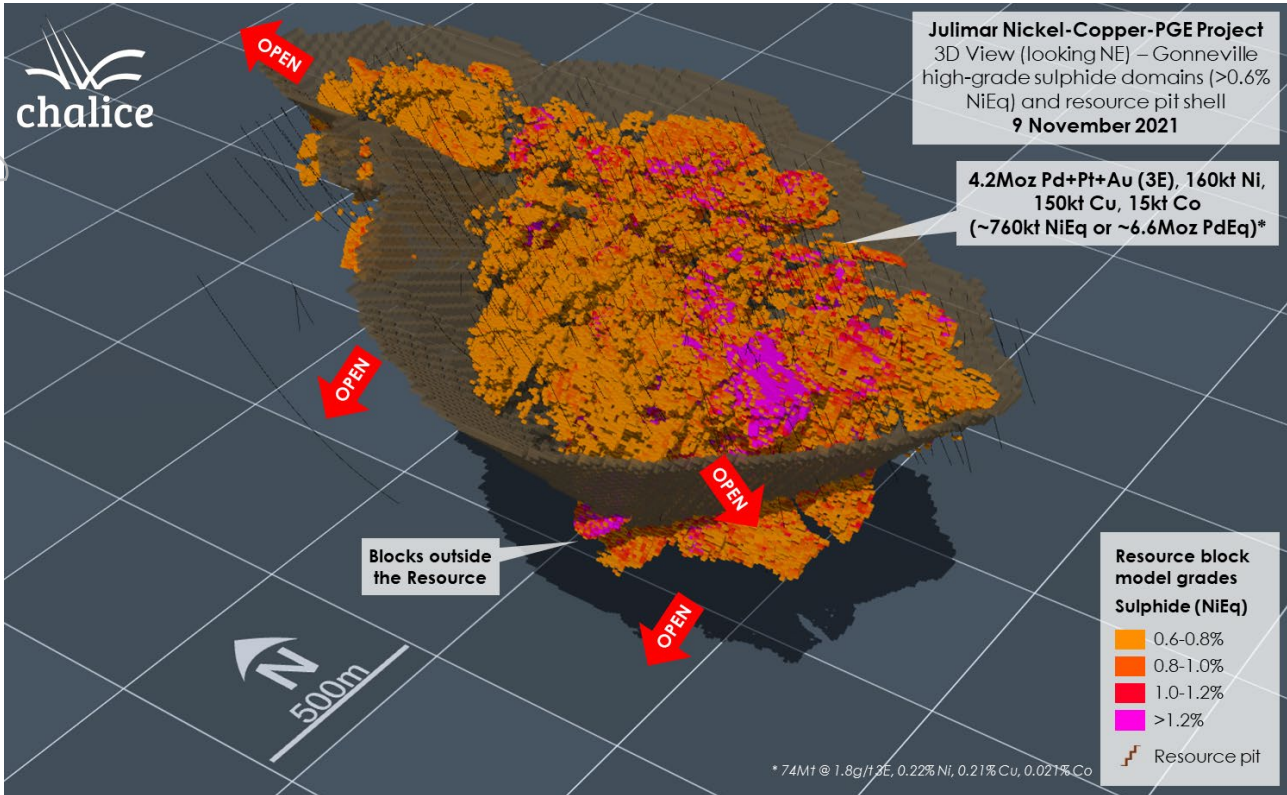


Figure 2. 3D view (looking NE) of Gonnevillie higher-grade sulphide block model (>0.6% NiEq) and Resource pit shell.

Domain	Cut-off Grade	Category	Mass (Mt)	Grade								Contained Metal							
				Pd (g/t)	Pt (g/t)	Au (g/t)	Ni (%)	Cu (%)	Co (%)	NiEq (%)	PdEq (g/t)	Pd (Moz)	Pt (Moz)	Au (Moz)	Ni (kt)	Cu (kt)	Co (kt)	NiEq (kt)	PdEq (Moz)
Oxide	0.9g/t Pd	Indicated																	
		Inferred	8.8	1.8	0.06					1.9	0.51	0.02						0.52	
		Subtotal	8.8	1.8	0.06					1.9	0.51	0.02						0.52	
Sulphide (Transitional)	0.4% NiEq	Indicated	7.7	0.68	0.16	0.03	0.18	0.11	0.019	0.60	1.6	0.17	0.04	0.01	14	8.1	1.5	46	0.40
		Inferred	8.0	0.97	0.25	0.03	0.17	0.14	0.029	0.79	2.1	0.25	0.06	0.01	14	11	2.3	63	0.55
		Subtotal	16	0.83	0.20	0.03	0.18	0.12	0.024	0.70	1.9	0.42	0.10	0.02	27	19	3.8	110	0.95
Sulphide (Fresh)	0.4% NiEq	Indicated	150	0.74	0.18	0.03	0.16	0.10	0.016	0.61	1.6	3.5	0.82	0.14	240	150	23	890	7.7
		Inferred	160	0.69	0.16	0.02	0.16	0.10	0.016	0.58	1.6	3.6	0.82	0.12	270	160	26	940	8.2
		Subtotal	310	0.72	0.17	0.03	0.16	0.10	0.016	0.59	1.6	7.1	1.6	0.26	510	310	49	1,800	16
All		Indicated	150	0.74	0.17	0.03	0.17	0.10	0.016	0.61	1.6	3.7	0.86	0.15	250	160	25	930	8.1
		Inferred	180	0.76	0.15	0.03	0.16	0.09	0.016	0.56	1.6	4.4	0.89	0.15	280	170	28	1,000	9.3
		Total	330	0.75	0.16	0.03	0.16	0.10	0.016	0.58	1.6	8.1	1.7	0.30	530	330	53	1,900	17

Note some numerical differences may occur due to rounding to 2 significant figures.
 NiEq (%) = Ni (%) + 0.37 x Pd (g/t) + 0.24 x Pt (g/t) + 0.25 x Au (g/t) + 0.65 x Cu (%) + 3.24 x Co (%).
 PdEq (g/t) = Pd (g/t) + 0.66 x Pt (g/t) + 0.67 x Au (g/t) + 2.71 x Ni (%) + 1.76 x Cu (%) + 8.78 x Co (%).
 Includes drill holes drilled up to and including 31 July 2021.

Table 1. Gonnevillie Maiden Mineral Resource Estimate (JORC Code 2012), 9 November 2021.

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Domain	Cut-off Grade	Category	Mass (Mt)	Grade								Contained Metal							
				Pd (g/t)	Pt (g/t)	Au (g/t)	Ni (%)	Cu (%)	Co (%)	NIeq (%)	PdEq (g/t)	Pd (Moz)	Pt (Moz)	Au (Moz)	Ni (kt)	Cu (kt)	Co (kt)	NIeq (kt)	PdEq (Moz)
High-grade Sulphide (Transitional)	0.60% NIeq	Indicated	1.8	1.2	0.28	0.05	0.27	0.19	0.030	1.0	2.8	0.07	0.02	0	4.9	3.4	0.55	18	0.16
		Inferred	3.8	1.5	0.39	0.05	0.21	0.19	0.044	1.1	3.0	0.18	0.05	0.01	7.9	7.2	1.7	42	0.37
		Subtotal	5.6	1.4	0.35	0.05	0.23	0.19	0.040	1.1	3.0	0.25	0.06	0.01	13	11	2.2	61	0.53
High-grade Sulphide (Fresh)	0.60% NIeq	Indicated	36	1.4	0.35	0.07	0.21	0.21	0.019	1.0	2.8	1.6	0.40	0.08	76	76	6.9	370	3.2
		Inferred	32	1.3	0.30	0.06	0.22	0.21	0.019	1.0	2.7	1.4	0.32	0.06	73	67	6.3	320	2.8
		Subtotal	68	1.4	0.33	0.06	0.22	0.21	0.019	1.0	2.8	3.0	0.72	0.14	150	140	13	700	6.0
All	0.60% NIeq	Indicated	38	1.4	0.35	0.07	0.22	0.21	0.020	1.0	2.8	1.7	0.42	0.08	81	80	7.4	390	3.4
		Inferred	36	1.4	0.31	0.06	0.22	0.21	0.022	1.0	2.8	1.6	0.36	0.06	80	74	8.0	370	3.2
		Total	74	1.4	0.33	0.06	0.22	0.21	0.021	1.0	2.8	3.3	0.78	0.15	160	150	15	760	6.6

Note some numerical differences may occur due to rounding to 2 significant figures.
This higher-grade component is contained within the reported global Mineral Resource.
 $NIeq (\%) = Ni (\%) + 0.37 \times Pd (g/t) + 0.24 \times Pt (g/t) + 0.25 \times Au (g/t) + 0.65 \times Cu (\%) + 3.24 \times Co (\%)$
 $PdEq (g/t) = Pd (g/t) + 0.66 \times Pt (g/t) + 0.67 \times Au (g/t) + 2.71 \times Ni (\%) + 1.76 \times Cu (\%) + 8.78 \times Co (\%)$
Includes drill holes drilled up to and including 31 July 2021.

Table 2. Higher-grade sulphide component of Gonneville Resource, 9 November 2021.

2.3.1.2. Gonneville Resource Definition and Extensional Drilling

Ongoing Resource definition and extensional drilling continued on Chalice-owned private farmland during the period at the Gonneville PGE-Ni-Cu-Co-Au Deposit, which included step-out RC drilling on an 80m x 40m spaced grid over the northern part of the Gonneville Intrusion, selected exploration targets and infill drilling on a nominal 40m x 40m spacing over the Resource pit area. Step-out diamond drilling was also undertaken to test the extent of the high-grade zones along strike and down-dip along with further infill drilling on a nominal 40m x 40m spacing over the Resource area.

Step-out drilling at the north-western limit of the Gonneville deposit during the period intersected a new shallow zone of high-grade sulphide mineralisation. The mineralisation occurs within a newly identified narrow ultramafic unit located approximately 70m above the hanging wall contact between the Gonneville Intrusion and the surrounding meta-sediments.

This discovery is considered significant because the new zone is located immediately south of the ~6.5km long Hartog AEM anomaly (Figure 3).

Subsequent to the reporting period, extensional drilling has extended the high-grade sulphide zones up to 400m beyond the limit of the Gonneville Resource pit shell (Figure 4).

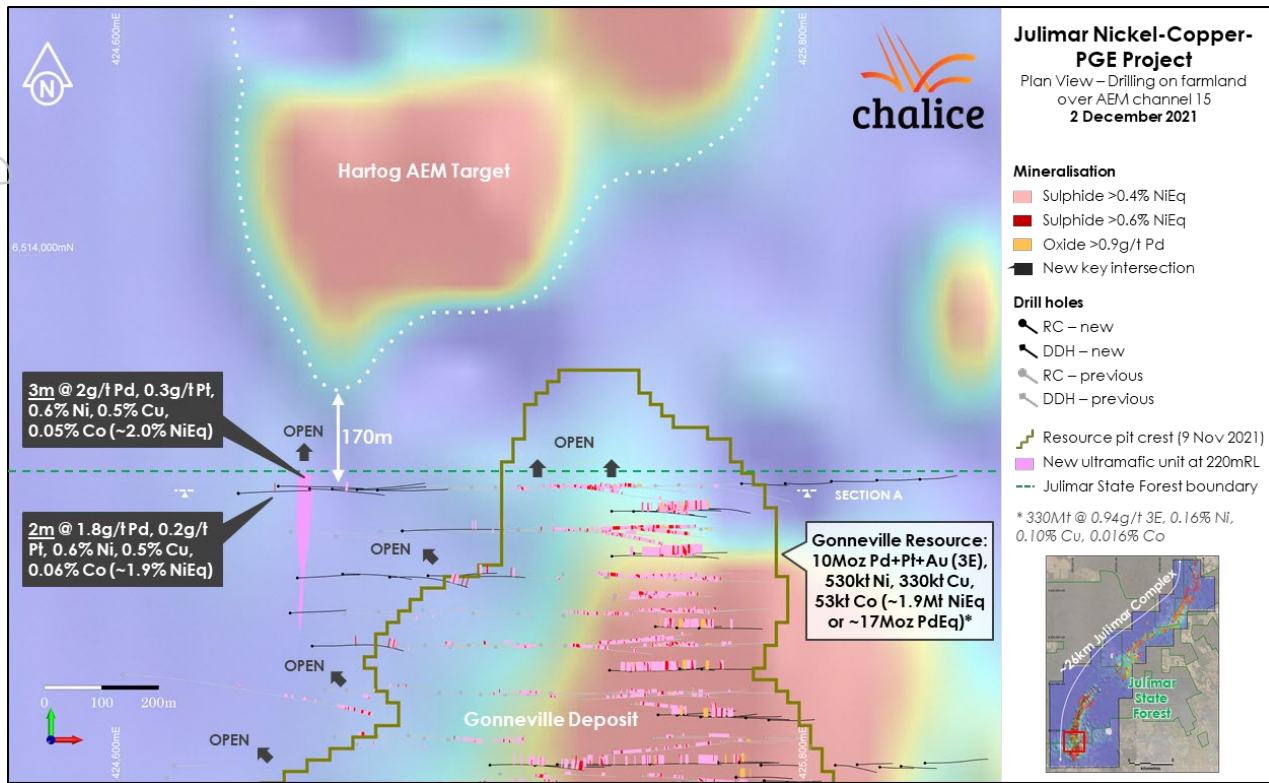


Figure 3. Gonville north and Hartog south Plan View – drilling results and Resource pit crest over ch15 Airborne EM.

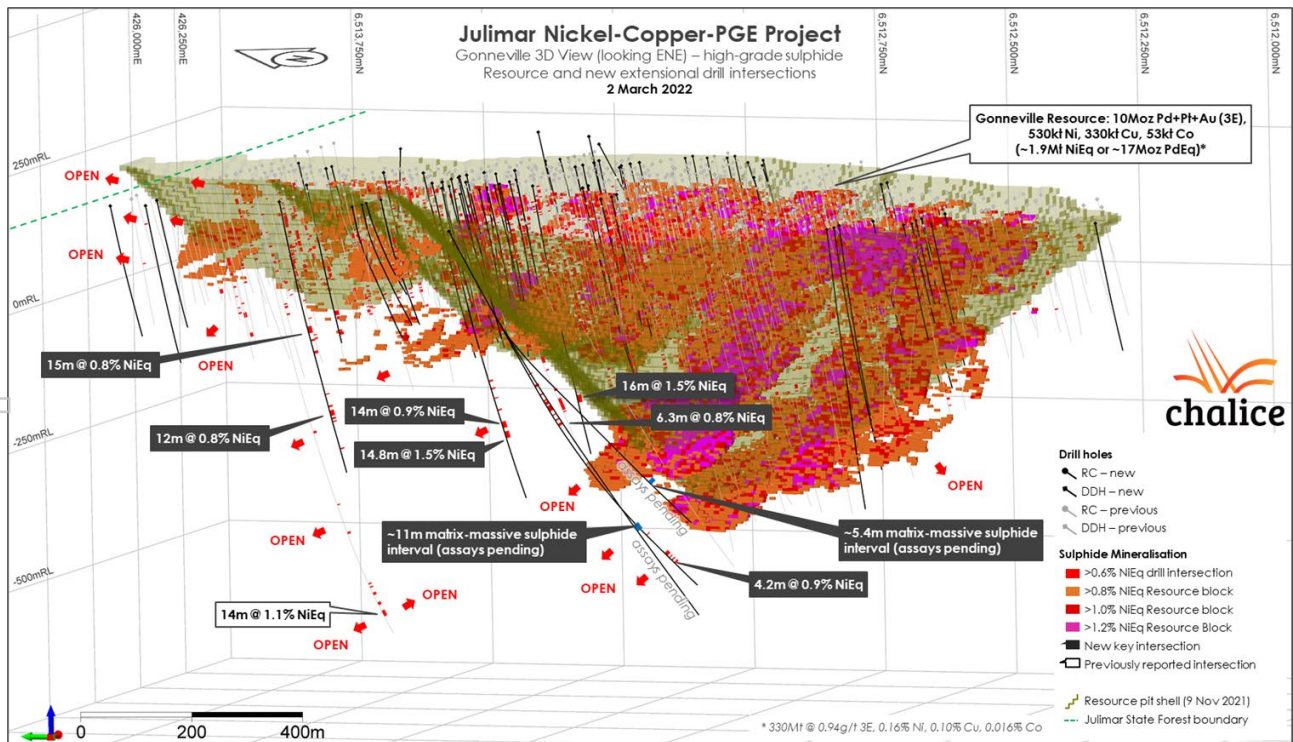


Figure 4. Gonville 3D View (looking ENE) – key extensional drill results, sulphide Resource blocks (>0.8% NiEq only shown) and pit shell.

2.3.1.3. Julimar Complex Reconnaissance Exploration

A final Conservation Management Plan (CMP) for initial low-impact drilling at the Hartog-Baudin Targets within the Julimar State Forest was approved by the WA State Government in December 2021. Final permit approval for on-track drilling was subsequently received from Department of Mines, Industry, Regulation and Safety (DMIRS) in mid-January 2022.

At the time of reporting, four of 70+ planned sites have been drilled at Hartog, all targeting lower priority targets while access is restricted to existing tracks only – all assays are pending. This low-impact program will continue throughout 2022, with higher priority targets to be tested once final permits are received.

At the Jansz and Torres targets, ~17km and ~21km north-east of Gonneville, initial shallow reconnaissance drilling has confirmed ultramafic geology with highly anomalous Ni-Cu-Co-PGEs. Moving loop EM (MLEM) and follow up deeper drilling is planned.

Airborne EM in this area has also identified a strong, late-time EM anomaly coincident with a ~1.8km x 1.2km discrete, lens-shaped magnetic feature at the new Flinders target, located approximately 25km NE of Gonneville and ~3km NW of Torres (Figure 5).

No exploration has ever been completed at Flinders, however its magnetic and EM response is considered highly prospective given the obvious similarities with Gonneville.

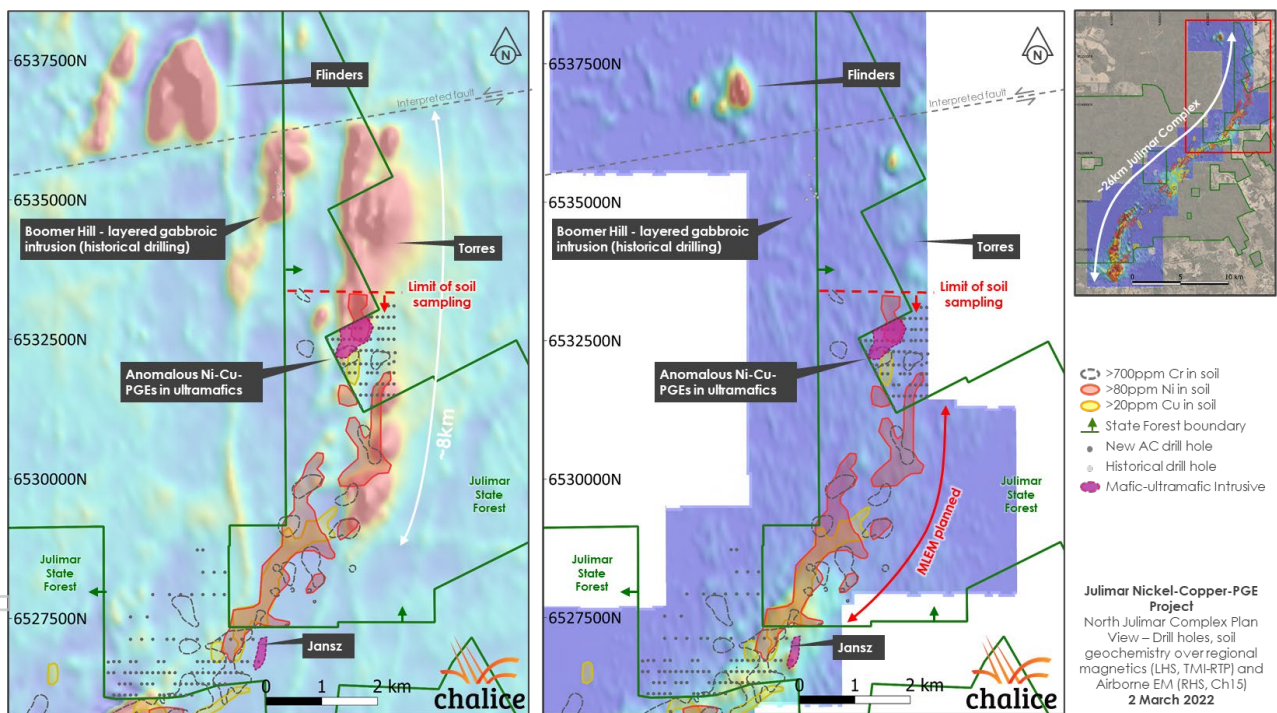


Figure 5. Northern Julimar Complex Plan View – drill holes, soil geochemistry over regional magnetics (left) and airborne EM (right).

2.3.1.4. Scoping Study

Studies have continued during the reporting period to support a Scoping Study for the initial development stage at Gonneville, with all study scopes awarded to highly regarded external consultancies.

Metallurgical testwork continued on a range of Gonneville samples, including commencement of optimisation flotation testing on lower grade, disseminated composites.

Flowsheet development for a Sulphide Processing Facility also commenced during the period, including comminution and flotation to produce copper and nickel concentrates (including PGEs, gold and cobalt) for a range of plant throughput options.

2.3.1.5. Forward Plan

Chalice's Julimar Project strategy is to concurrently advance studies for an initial mining development on private farmland and to define the full extent of mineralisation along the >26km long Julimar Complex.

Ongoing and planned activities at Julimar include:

- « Step-out and infill drilling continues at Gonneville targeting extensions of the high-grade Resource.
- « First-pass reconnaissance drilling continues at the Hartog target, with high-priority targets to be tested once final access permits received.
- « Reconnaissance drilling and MLEM is continuing along the Julimar Complex across northern targets.
- « Mine development studies for Gonneville to support a Scoping Study are continuing, evaluating a range of plant throughput options for the initial development stage.
- « Baseline flora and fauna surveys continue, alongside the establishment of a long-term water monitoring program to support engineering studies and environmental assessments.

2.3.2 Other Projects

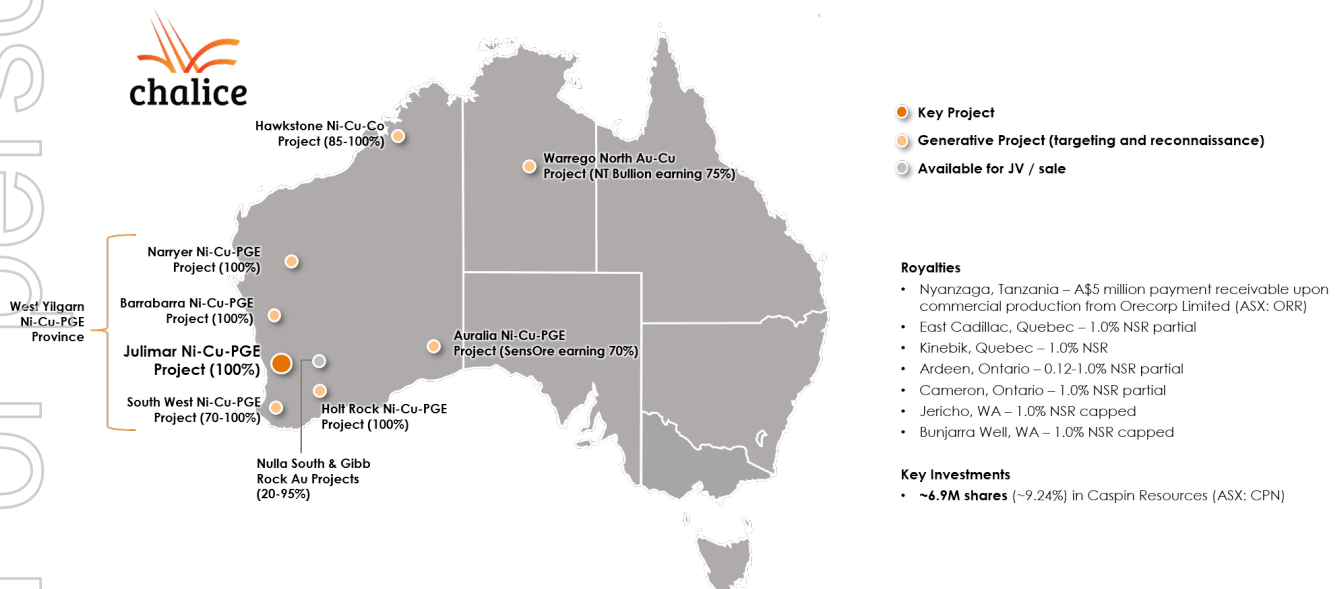


Figure 6. Chalice's project locations, royalties and key investments.

Chalice holds several generative exploration projects which are typically early-stage where low-cost prospect generation can contribute to a diversified pipeline of future projects in the Chalice portfolio (Figure 6).

2.3.2.1. Julimar Regional Nickel-Copper-PGE Project, WA

A roadside geochemical sampling program commenced over geophysical targets accessible from public road networks in the wider Julimar region. The program is expected to be completed in Q1 2022. A 1,692 line-km Helitem airborne electromagnetic (AEM) survey commenced in Q1 2022.

2.3.2.2. Barrabarra Nickel-Copper-PGE Project, WA

A 134-hole, 5,770m reconnaissance AC drilling program was completed over the new Recherche geochemical target – a coincident PGE-Ni-Cr+/-Cu soil anomaly associated with a ~16km long aeromagnetic anomaly.

A program of 400m x 200m auger soil sampling was also completed over an area interpreted as the western extension of the same geological succession that hosts the Recherche intrusive rock-types. This trend is also considered prospective for Ni-Cu+/-PGE orthomagmatic sulphide deposits. All assay results are pending for both programs at the date of this report.

A 2,095 line-km Helitem airborne electromagnetic (AEM) survey is scheduled to commence in Q1 2022 over priority target areas across the Barrabarra Project.

2.3.2.3. South West Nickel-Copper-PGE Project, WA

A ground based electromagnetic (EM) survey was completed over the Thor Prospect on 400m-spaced lines to follow-up encouraging airborne EM anomalies. A total of 11 discrete late-time conductors have been modelled with conductance of 100-2,000 Siemens, with the stronger anomalies interpreted to be sourced from sulphides.

Several of the modelled plates have significant strike and dip extents and are yet to be tested by drilling. Geochemical sampling is planned over all defined conductors to refine targets for drill testing in 2022.

2.3.2.4. Auralia Nickel-Copper-PGE Project, WA

An earn-in agreement was executed with SensOre Limited whereby SensOre may earn up to a 51% interest in the Auralia Project by spending \$1.5 million within 2 years (Stage 1), which includes a minimum commitment of \$0.5 million and drilling at least one 600m hole before being able to withdraw. SensOre may earn an additional 19% (at Chalice's election) by spending a further \$3.5 million within 2 years from earning its Stage 1 interest.

2.3.2.5. Holt Rock Nickel-Copper-PGE Project, WA

An auger soil sampling program was completed to provide an initial reconnaissance-scale test over an area of approximately 20km x 8km. A series of high amplitude aeromagnetic anomalies across the project are interpreted as a potential mafic-ultramafic intrusives.

2.3.2.6. Hawkstone Nickel-Copper Project, WA

A single diamond drill hole (HD001; 225.6m) was completed during the period at Ephesus, targeting a ground EM conductor associated with outcropping Ruins Dolerite at the Ephesus target. HD001 intersected low level Nickel and Copper associated with minor disseminated sulphides in Ruins Dolerite.

The project remains prospective for orthomagmatic Ni-Cu+/-PGE associated with Ruins Dolerite intrusives and Cu-Zn VHMS in Marboo Formation sulphidic sediments.

3. Corporate

3.1 Investments

Chalice has a ~9.2% interest in ASX listed Caspin Resources ("Caspin", ASX: CPN) with a value of approximately \$8.5 million at 31 December 2021. Caspin holds a 400km² licence area immediately north of Chalice's Julimar Project.

3.2 Demerger and IPO – Falcon Metals Limited

The Company completed a demerger of its Australian gold assets concurrent with an Initial Public Offer (IPO) to raise \$30 million (before costs). The assets demerged include the Pyramid Hill, Viking and Mt Jackson Gold Projects. This established a new, well-funded ASX-listed gold exploration company called Falcon Metals Limited (ASX: FAL), with its own highly experienced board and management team.

The demerger was completed by a pro rata distribution of 117,000,000 fully-paid ordinary Falcon Shares. Eligible Chalice shareholders received 1 share in Falcon for every 3.034 shares held in Chalice on the record date of 13 December 2021.

Falcon commenced trading on the ASX on 22 December 2021.

3.3 Financial Review

At 31 December 2021, the Group had net assets of \$118.4 million (30 June 2021: \$149.2 million) and an excess of current assets over current liabilities of \$73.2 million (30 June 2021: \$105.4 million). At 31 December 2021, the Group's cash at bank totalled \$65.2 million (30 June 2021: \$99.9 million).

The Group reported a net profit after tax from continuing operations for the period of \$16.4 million (31 December 2020: net loss of \$16.3 million) due to the gain on demerger of Falcon Metals Limited of \$47 million offset by exploration and evaluation expenditure of \$26.6 million and other corporate costs.

The Group's focus during the half year period was on exploration and evaluation activities at the Company's Julimar Project, with cash outflows on exploration and evaluation of \$28.4 million (31 December 2020: \$12.9 million). Cash outflows from operating activities to 31 December 2021 totalled \$33.1 million (31 December 2020: \$14.7 million) and cash outflows from investing activities for the period totalled \$2.3 million (31 December 2020: \$9.0 million) mainly due to the acquisition of one private property at the Company's Julimar Project (\$4.7 million) and property, plant and equipment (\$1.7 million), which is offset by the sale of the remaining shares held in O3 Mining Inc. for \$4.6 million.

Net cash inflows from financing activities for the period was \$0.6 million (31 December 2020: net cash inflow of \$96.7 million).

4. Events subsequent to reporting date

No matters or circumstances have arisen after balance date that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial periods.

5. 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.

6. Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 16 and forms part of this directors' report for the half-year ended 31 December 2021.

This report is signed in accordance with a resolution of the directors made pursuant to s.306 (3) of the Corporations Act 2001.



Alex Dorsch
Managing Director and Chief Executive Officer

Dated at Perth this 11th day of March 2022

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Competent Persons & Qualifying Persons Statement

The information in this Half-Year report that relates to the exploration results for the Julimar Project is extracted from the ASX announcements titled “New Results Highlight Underground Potential at Julimar”, 2 March 2022 and “New Mineralised Intrusion Discovered at Julimar”, 2 December 2021.

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

The information in this Half-Year report that relates to Mineral Resources has been extracted from the ASX announcement titled “Tier-1 Scale Maiden Mineral Resource at Julimar” dated 9 November 2021. This announcement is 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 announcement and that all material assumptions and technical parameters underpinning the estimates in the original release continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person and Qualified Person’s findings are presented have not been materially modified from the relevant original market announcement.

Mineral Resources Reporting Requirements

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

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

As a designated reporting issuer in the province of Ontario, Chalice is also subject to certain Canadian disclosure requirements and standards, including the requirements of NI 43-101. The Julimar Project is a material mineral project for the purposes of NI43-101. The confidence categories assigned under the JORC Code were reconciled to the confidence categories in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards – for Mineral Resources and Mineral Reserves May 2014. As the confidence category definitions are the same, no modifications to the confidence categories were required.

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

Forward Looking Statements

This Half-Year report may contain forward-looking statements and forward 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 and objectives; the estimation of mineral resources, and the realisation of mineral resource estimates; the likelihood of exploration success; the timing of planned exploration activities on the Company's projects; access to sites for planned drilling activities; and the success of future potential mining operations; the impact of the discovery on the Julimar Project's capital payback.

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

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

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

Auditor's Independence Declaration



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Chalice Mining Limited for the half-year ended 31 December 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
11 March 2022



M R Ohm
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Condensed Consolidated Statement of Comprehensive Income

For the Half Year Ended 31 December 2021

	Note	31 December 2021 \$'000	31 December 2020 \$'000
Continuing operations			
Revenue	2(a)	207	436
Net finance (expense)/income	2(b)	(24)	91
Foreign exchange gain/(loss)		11	(95)
Exploration and evaluation expenditure	2(d)	(26,640)	(13,284)
Corporate administrative expenses	2(c)	(3,014)	(1,913)
Share-based payments	12	(827)	(2,363)
Fair value adjustments		-	(48)
Net gain from demerger	4	46,966	-
Loss from deconsolidation of subsidiaries		-	(9)
Profit/(loss) before tax from continuing operations		16,679	(17,185)
Income tax (expense)/benefit	3	(249)	919
Profit/(loss) for the period attributed to owners of the parent		16,430	(16,266)
Other comprehensive loss/(income)			
<i>Items that may be reclassified to profit or loss</i>			
Foreign exchange gain on deconsolidation of subsidiaries		-	8
<i>Items that will not be reclassified to profit or loss</i>			
Net (loss)/gain on fair value of financial assets, net of tax		(2,281)	3,484
Exchange differences on translation of foreign operations		41	(327)
Other comprehensive (loss)/income for the period		(2,240)	3,165
Total comprehensive income/(loss) for the period		14,190	(13,101)
Total comprehensive income/(loss) for the period attributable to owners of the parent		14,190	(13,101)
Basic earnings/(loss) per share from continuing operations (cents per share)		4.66	(6.0)
Diluted earnings per share from continuing operations (cents per share)		4.59	-

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

Condensed Consolidated Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 \$'000	30 June 2021 \$'000
Current assets			
Cash and cash equivalents		65,204	99,884
Receivables	5	3,463	1,684
Biological assets		-	329
Income tax receivable	3	1,351	1,094
Financial assets	6	8,872	15,570
Total current assets		78,890	118,561
Non-current assets			
Financial assets		518	300
Right-of-use assets	7	1,610	252
Receivables	5	159	-
Property, plant and equipment	8	44,909	43,551
Total non-current assets		47,196	44,103
Total assets		126,086	162,664
Current liabilities			
Trade and other payables	9	4,387	10,577
Grant funding received in advance		364	-
Provisions	10	-	2,063
Lease liabilities	7	418	137
Employee benefits		558	409
Total current liabilities		5,727	13,186
Non-current liabilities			
Lease liabilities	7	1,866	212
Other liabilities		45	42
Total non-current liabilities		1,911	254
Total liabilities		7,638	13,440
Net assets		118,448	149,224
Equity			
Issued capital	11	188,547	189,429
Accumulated losses		(77,660)	(49,181)
Reserves		7,561	8,976
Total equity		118,448	149,224

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

Condensed Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2021

	Issued capital \$'000	Accumulated losses \$'000	Share based payments reserve \$'000	Investment revaluation reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000
Balance at 30 June 2021	189,429	(49,181)	3,739	4,666	571	149,224
Gain for the period	-	16,430	-	-	-	16,430
Other comprehensive income for the period						
Net change in fair value of equity investments	-	-	-	(2,281)	-	(2,281)
Exchange differences on translation of foreign operations	-	-	-	-	41	41
Total comprehensive income/(loss) for the year	-	16,430	-	(2,281)	41	14,190
Issue of share capital (net of costs)	1,121	-	-	-	-	1,121
Capital return and demerger dividend (refer note 4)	(2,884)	(44,030)	-	-	-	(46,914)
Share-based payments	-	-	827	-	-	827
Transfers between equity items	881	(879)	(2,153)	2,151	-	-
Balance at 31 December 2021	188,547	(77,660)	2,413	4,536	612	118,448

	Issued capital \$'000	Accumulated losses \$'000	Share based payments reserve \$'000	Investment revaluation reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000
Balance at 30 June 2020	59,501	(6,752)	1,631	(1,468)	515	53,427
Loss for the period	-	(16,266)	-	-	-	(16,266)
Other comprehensive income for the period						
Net change in fair value of equity investments	-	-	-	3,484	-	3,484
Exchange differences on deconsolidation of subsidiaries	-	-	-	-	8	8
Exchange differences on translation of foreign operations	-	-	-	-	(327)	(327)
Total comprehensive income/(loss) for the year	-	(16,266)	-	3,484	(319)	(13,101)
Issue of share capital (net of costs)	104,720	-	-	-	-	104,720
Share-based payments	-	-	1,892	-	-	1,892
Transfers between equity items	584	30	(645)	31	-	-
Balance at 31 December 2020	164,805	(22,988)	2,878	2,047	196	146,938

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

Condensed Consolidated Statement of Cash Flow

For the Half Year Ended 31 December 2021

	Note	31 December 2021 \$'000	31 December 2020 \$'000
Cash flows from operating activities			
Cash receipts from operations		44	243
Cash paid to suppliers and employees		(2,483)	(2,500)
Payments for mineral exploration and evaluation		(28,426)	(12,895)
Payroll tax on vested performance rights	10	(2,062)	-
Government grants and incentives received		401	337
Research and development tax incentives received		179	-
Interest received		57	106
Interest paid		-	(11)
Transaction costs relating to demerger of a subsidiary		(816)	-
Net cash used in operating activities		(33,106)	(14,720)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,772)	(125)
Acquisition of farming equipment		-	(330)
Acquisition of biological assets		-	(560)
Acquisition of freehold land and buildings		(4,690)	(6,852)
Proceeds from sale of biological assets		474	-
Proceeds from sale of financial assets	6	4,637	102
Payment for acquisition of financial assets	6	(901)	(1,202)
Net cash used in investing activities		(2,252)	(8,967)
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(212)	(17)
Security deposits		(278)	(23)
Proceeds from issue of shares	11	1,200	100,304
Share issue costs	11	(94)	(3,585)
Net cash from financing activities		616	96,679
Net (decrease)/increase in cash and cash equivalents		(34,742)	72,992
Cash and cash equivalents at the beginning of the period		99,884	45,694
Effect of exchange rate fluctuations on cash held		62	21
Cash and cash equivalents at the end of the financial period		65,204	118,707

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

Notes to the Consolidated Financial Statements

For the Half Year Ended 31 December 2021

1. SUMMARY OF SIGNIFICANT POLICIES

(a) Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Chalice Mining Limited ('Chalice' or 'the Group') and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the rules of the Australian Securities Exchange and OTC Markets.

(b) Basis of preparation

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and is a for profit entity. All amounts are presented in Australian dollars, unless otherwise noted. For the purposes of preparing the interim financial statements, the half year has been treated as a discrete reporting period.

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) Accounting policies and methods of computation

The accounting policies and method of computation adopted are consistent with those of the previous financial year and corresponding half year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(d) Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In addition to those significant estimates and judgements disclosed in the consolidated financial report for the year ended 30 June 2021.

(e) New or amended Accounting Standards

The Group has adopted all new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period and the impact on the financial performance and position of the Company from the adoption of the new or amended Accounting Standards and Interpretations was not material. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. REVENUE AND EXPENSES

(a) Revenue

Corporate and administration services	
Net gain on sale of livestock	
Government grants and incentives	
Other	

31 December 2021 \$'000	31 December 2020 \$'000
-	35
145	-
-	384
62	17
207	436

(b) Net finance (expense)/income

Finance Income

Interest income from financial assets	
Interest income from lease receivables	

Finance costs

Interest on lease liabilities	
-------------------------------	--

31 December 2021 \$'000	31 December 2020 \$'000
42	103
4	2
46	105
(70)	(14)
(70)	(14)
(24)	91

(c) Corporate administrative expenses

Depreciation	
Investor relations and marketing	
Regulatory and compliance	
Personnel expenses	
Other corporate and administration costs	

31 December 2021 \$'000	31 December 2020 \$'000
113	42
163	119
643	315
1,799	1,271
296	166
3,014	1,913

(d) Exploration and evaluation expenditure

Julimar, Western Australia	
Pyramid Hill, Victoria	
West Yilgarn, Western Australia	
Other generative projects	

31 December 2021 \$'000	31 December 2020 \$'000
23,803	10,675
300	1,180
1,666	593
871	836
26,640	13,284

3. INCOME TAX

Income tax (expense)/benefit

Over provision for income tax	
Research and development tax incentives	
Deferred income tax (expense)/ benefit relating to investments held at fair value through other comprehensive income	

31 December 2021 \$'000	31 December 2020 \$'000
-	130
435	-
(684)	789
(249)	919

Income tax receivable

Research and development tax incentives receivable	
--	--

31 December 2021 \$'000	30 June 2021 \$'000
1,351	1,094
1,351	1,094

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4. GAIN ON DEMERGER

In July 2021, the Group publicly announced the demerger of Chalice's Pyramid Hill Project (Victoria) and the Viking and Mt Jackson gold projects (WA) into a new company, Falcon Metals Limited ("Falcon") in order to focus on the Julimar Project in Western Australia.

The demerger of Falcon was completed on 15 December 2021, whereby eligible Chalice shareholders received an in-specie distribution of Falcon's shares, resulting in Chalice no longer holding any interest in Falcon. Falcon was admitted to the ASX on 22 December 2021 following a successful IPO raising \$30 million (before issue costs).

At the date of demerger, the Group has recognised a net gain on demerger as follows:

	31 December 2021 \$'000
Fair value of Falcon demerger ⁽¹⁾	46,914
Carrying value of net assets of Falcon (net deficit)	351
	47,265
Less demerger costs incurred	(299)
	46,966

(1) The fair value of the Falcon demerger is based on the first five trading days after the demerger date volume weighted average price ("VWAP") of Falcon (\$0.401) multiplied by the number of Falcon shares (117,000,000). The demerger distribution is accounted for as a reduction in equity, split between share capital of \$2,883,804 and retained profits of \$44,029,889.

The amount treated as a reduction in share capital has been calculated by reference to the relative market value of Chalice's shares and the market value of Falcon's shares post demerger. The difference between the fair value of the distribution and the capital reduction is the demerger dividend. Refer to note 11 for further details.

5. TRADE AND OTHER RECEIVABLES

	31 December 2021 \$'000	30 June 2021 \$'000
Current		
Trade receivables	1,477	19
GST receivable	1,670	1,282
Lease receivable	22	14
Prepayments	294	369
	3,463	1,684
Non-Current		
Lease receivable	159	-
	159	-

6. FINANCIAL ASSETS

Current financial assets consist of listed equity investments in various companies listed on the ASX. The balance predominately includes 6,908,271 ordinary shares held in Caspin Resources Limited ("Caspin").

During the half year ended 31 December 2021, the Company acquired a further 901,079 fully paid ordinary shares in Caspin for \$0.9 million and the market value of the Company's holding in Caspin at 31 December 2021 was ~\$8.5 million (30 June 2021: \$9.9 million).

Financial assets at 30 June 2021 included the Group's holding of 2,115,884 ordinary shares in TSX listed O3 Mining Inc. The Group's holding was subsequently sold in July 2021, for net proceeds of \$4.6 million.

7. LEASES

Amounts recognised in statement of financial position

Right-of-use assets

Right-of-use assets⁽¹⁾

Depreciation

Net carrying amount

Lease liabilities

Current

Non-current

	31 December 2021 \$'000	30 June 2021 \$'000
Right-of-use assets ⁽¹⁾	1,728	347
Depreciation	(118)	(95)
Net carrying amount	1,610	252
Lease liabilities		
Current	418	137
Non-current	1,866	212
	2,284	349

(1) During the half year ended 31 December 2021, the Company entered into a new lease agreement for its corporate head office. The lease has a three-year term, and the Company has the option to extend for a further three years. The additional three-year option period has been taken into account in determining the value of the right-of-use asset and lease liability at inception of the lease.

Amounts recognised in statement of comprehensive income

Depreciation charge of right-of-use assets

Net finance expenses

	31 December 2021 \$'000	31 December 2020 \$'000
Depreciation charge of right-of-use assets	145	39
Net finance expenses	66	12
	211	51

8. PROPERTY, PLANT AND EQUIPMENT

	Plant, Equipment & Vehicles \$'000	Office furniture & Computer Equipment \$'000	Freehold land and buildings \$'000	Total \$'000
Cost				
At 1 July 2021	851	687	42,654	44,192
Additions	241	1,507	4	1,752
Disposals/assets written off	(152)	(381)	-	(533)
At 31 December 2021	940	1,813	42,658	45,411
Accumulated depreciation and impairment losses				
At 1 July 2021	171	449	21	641
Depreciation charge for the period	75	79	31	185
Disposals/assets written off	(60)	(264)	-	(324)
At 31 December 2021	186	264	52	502
Net book value at 31 December 2021	754	1,549	42,606	44,909

	Plant, Equipment & Vehicles \$'000	Office furniture & Computer Equipment \$'000	Freehold land and buildings \$'000	Total \$'000
Cost				
At 1 July 2020	183	590	-	773
Additions	668	97	-	765
Acquisition of freehold land and buildings	-	-	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 for the period	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

9. TRADE AND OTHER PAYABLES

	31 December 2021 \$'000	30 June 2021 \$'000
Trade and other payables	324	221
Property acquisition payable	-	4,685
Accrued expenses	4,063	5,671
	4,387	10,577

10. PROVISIONS

At 30 June 2021, the Company recognised a provision for payroll tax of \$2 million in relation to 5,930,787 performance rights that were issued to key management personnel and employees in 2018 that vested in full in August 2021. The Company settled the payroll tax payable in September 2021, therefore no provision has been recognised at 31 December 2021.

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11. EQUITY

	31 December 2021		30 June 2021	
	No.	\$'000	No.	\$'000
Issued and fully paid ordinary shares				
Movements in ordinary shares on issue				
At 1 July	346,857,393	189,429	303,537,180	59,501
Shares issued on vesting of performance rights	6,666,081	881	3,967,290	584
Shares issued to acquire private properties	-	-	3,336,304	17,271
Options exercised – directors	1,450,000	1,200	4,850,000	859
Options exercised – others	-	-	500,000	125
Share placement	-	-	26,666,667	100,000
Share purchase plan	-	-	3,999,952	15,000
Demerger capital reduction ⁽¹⁾	-	(2,884)	-	-
Share issue costs	-	(79)	-	(3,911)
Balance at end of period	354,973,474	188,547	346,857,393	189,429

⁽¹⁾ On 15 December 2021, the Company demerged its wholly owned subsidiary Falcon (and underlying subsidiaries) via an in-specie distribution of Falcon shares to eligible Chalice shareholders. The demerger was done via a capital reduction, and as such the Capital reduction has been calculated by reference to the market value of Chalice's shares and Falcon shares post demerger.

12. SHARE-BASED PAYMENTS

(a) Recognised share-based payment expense

	31 December 2021	31 December 2020
	\$'000	\$'000
The share-based payment expense recognised during the period:		
Expense arising from equity settled share-based payment transactions	827	2,363
	827	2,363

(b) Share Options

The following table illustrates the number and movements in unlisted options during the period.

	31 December 2021	30 June 2021
	No.	No.
Share Options		
At 1 July	1,700,000	6,350,000
Options exercised during the year	(1,450,000)	(5,350,000)
Options issued during the year ⁽¹⁾	150,000	700,000
Outstanding at the end of the period	400,000	1,700,000

⁽¹⁾ In February 2021 the directors resolved to issue, subject to shareholder approval at the Company's Annual General Meeting, 150,000 unlisted options to S McIntosh, with an exercise price of \$6.72, vesting 19 February 2022 and expiring 19 February 2024. The options were subsequently approved by shareholders on 24 November 2021 and the fair value of the unlisted options on grant date (being the date of shareholder approval) is approximately \$0.9 million (or \$6.0313 per option) using a Black-Scholes option valuation methodology.

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The following table provides the assumptions made in determining the fair value of the options granted during the year:

	31 December 2021
Share price at grant date (date of shareholder approval)	\$9.59
Exercise price	\$6.72
Expected volatility	100%
Life of options (years)	2.59
Risk-free interest rate	0.99%
Valuation per option	\$6.031

(c) Performance Rights

The following table illustrates the number and movements in performance rights during the period.

Performance Rights	31 December 2021	30 June 2021
	No.	No.
At 1 July	12,393,211	15,605,789
Performance rights issued ⁽¹⁾	361,691	1,170,077
Performance rights vested – equity settled	(6,666,081)	(3,967,290)
Performance rights lapsed	(8,259)	(415,365)
On issue at the end of the period	6,080,562	12,393,211

⁽¹⁾ During the half year period, 361,691 performance rights were granted to eligible Key Management Personnel and employees under the Group's Long-Term Incentive. The fair value of the performance rights granted was determined using the Monte-Carlo simulation model (market-based conditions) and Black-Scholes option valuation methodology (non-market conditions). The fair value of these performance rights is \$2.4 million and shall vest over the vesting period of the performance rights (~3 years). Refer to section 9.4.2 of the Directors' report within the Company's 2021 Annual Report for details of the performance conditions related to those performance rights granted during the half year period.

13. 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 the working capital commitments. These obligations are not provided for in the financial report and are payable:

	31 December 2021	30 June 2021
	\$'000	\$'000
Within 1 year	4,637	5,187
Within 2-5 years	1,423	-
Later than 5 years	-	-
	6,060	5,187

Other than as disclosed above, there has been no other material changes to commitments since 30 June 2021.

14. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen after balance date that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial periods.

15. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group considers that it only operated in one reportable segment, being mineral exploration and evaluation. The segment financial information is as per the Group's consolidated financial statements.

16. FINANCIAL INSTRUMENTS

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

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Directors' Declaration

For the Half Year Ended 31 December 2021

In the opinion of the directors of Chalice Mining Limited ('the Company'):

1. The attached interim financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the directors of the Company, made pursuant to s.303(5) of the *Corporations Act 2001*.

Dated this 11th day of March 2022

On behalf of the board



Alex Dorsch
Managing Director and Chief Executive Officer

Independent Auditor's Review Report



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Chalice Mining Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Chalice Mining Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Chalice Mining Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December

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2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Perth, Western Australia
11 March 2022**



**M R Ohm
Partner**

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