



Chalice Mining Limited

Half-Year Report

31 December 2022

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# Directors' Report

For the Half-Year Ended 31 December 2022

Your directors present their report, together with the consolidated financial statements of the Chalice Mining Limited Group, comprising of Chalice Mining Limited ('Chalice' or 'the Company') and its controlled entities (together 'the Group') for the half-year ended 31 December 2022. 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 the half-year ended 31 December 2022 and up until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Derek N La Ferla	Non-executive Chairman
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
Joanne (Jo) M Gaines	Non-executive Director (appointed 17 August 2022)

## 2. Review of Operations

### 2.1 Overview

During the half-year, Chalice continued its dual strategy at the Julimar Project to advance development studies and regulatory approvals for a potential future mine at Gonnevillle deposit (on Chalice-owned farmland), in parallel with ongoing exploration activities across the full >30km Julimar Complex strike length.

Exploration activities continued across the ~10km long Hartog-Dampier strike length and resource drilling continued at the Gonnevillle PGE-Ni-Cu-Co-Au deposit. Results to date have confirmed that Gonnevillle, discovered in early 2020, is just a small part of the Julimar Complex. The complex is a very large mineralised system, which Chalice believes is capable of hosting multiple discrete Ni-Cu-PGE deposits, as evidenced by multiple sulphide drill intersections in wide-spaced drilling to date over ~10km of strike length.

On 8 July 2022, the Company defined an updated mineral resource estimate for Gonnevillle of 350Mt @ 0.96g/t 3E<sup>1</sup>, 0.16% Ni, 0.10% Cu, 0.015% Co (~0.58% NiEq<sup>2</sup> or ~1.8g/t PdEq<sup>3</sup>) (Resource) (refer to the ASX Announcement on 8 July 2022 and the Mineral Resources Statement on page 16).

Drilling at Gonnevillle has extended the high-grade sulphide zones at the northern end of the Resource, highlighting the significant near-term growth potential in the higher-grade portion of the current Resource and a potential deepening of the Resource pit shell at the northern end (Figure 1 and Figure 2). All zones intersected remain open down-plate in this northern area.

An update to the Mineral Resource Estimate is planned in late Q1 2023 to incorporate an additional 276 drill holes, 34 from new wide-spaced step-out drilling and 242 from detailed infill drilling.

The Scoping Study has also made significant progress evaluating a broad range of scale, mining and flowsheet options, which is necessary given the size, uniqueness and significant optionality of the Resource. To fully evaluate these options, the Scoping Study has now been extended to allow new metallurgical testwork results

<sup>1</sup> 3E = Palladium (Pd) + Platinum (Pt) + Gold (Au), with an average in-situ ratio of ~4.8:1:0.18 (Pd:Pt:Au)

<sup>2</sup> NiEq (Nickel Equivalent %) = Ni (%) + 0.33x Pd(g/t) + 0.24x Pt(g/t) + 0.29x Au(g/t) + 0.78x Cu(%) + 3.41x Co(%)

<sup>3</sup> PdEq (Palladium Equivalent g/t) = Pd (g/t) + 0.72x Pt(g/t) + 0.86x Au(g/t) + 2.99x Ni(%) + 2.33x Cu(%) + 10.18x Co(%)

and the updated Resource to be modelled and incorporated. A revised study completion timeline will be determined once the Resource is updated.

Chalice also holds an unrivalled >8,000km<sup>2</sup> 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 Ni-Cu-PGE Project, Narryer Ni-Cu-PGE Project and South West Ni-Cu-PGE Project.

First-pass reconnaissance activities are nearing completion in the new West Yilgarn Province, paving the way for drilling to commence across multiple priority regional targets in the coming months.

Chalice maintains a strong balance sheet, with ~\$102.5 million in cash and investments as of 31 December 2022.

## 2.2 Environment, Social and Governance

Strong environment, social and governance performance is an integral part of Chalice's business. In essence, we seek to minimise our environmental footprint through strong environmental stewardship, ensure we maintain strong heritage practises, provide a safe and healthy workplace for our employees and contractors, create value for our stakeholders, and play our part in managing climate change risk.

### 2.2.1 Environment

There were no significant environmental incidents during the reporting period.

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

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

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

### 2.2.2 Cultural Heritage

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

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

### 2.2.3 Health and Safety

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

## 2.3 Exploration and Evaluation

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

#### 2.3.1.1 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 drilling over the northern part of the Gonneville Intrusion, selected exploration targets and localised infill drilling on a 10m x 10m spacing within the

G1 and G2 zones in the Resource pit shell area. Step-out diamond drilling was also undertaken to test the extent of the high-grade zones along strike and down-dip.

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

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

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

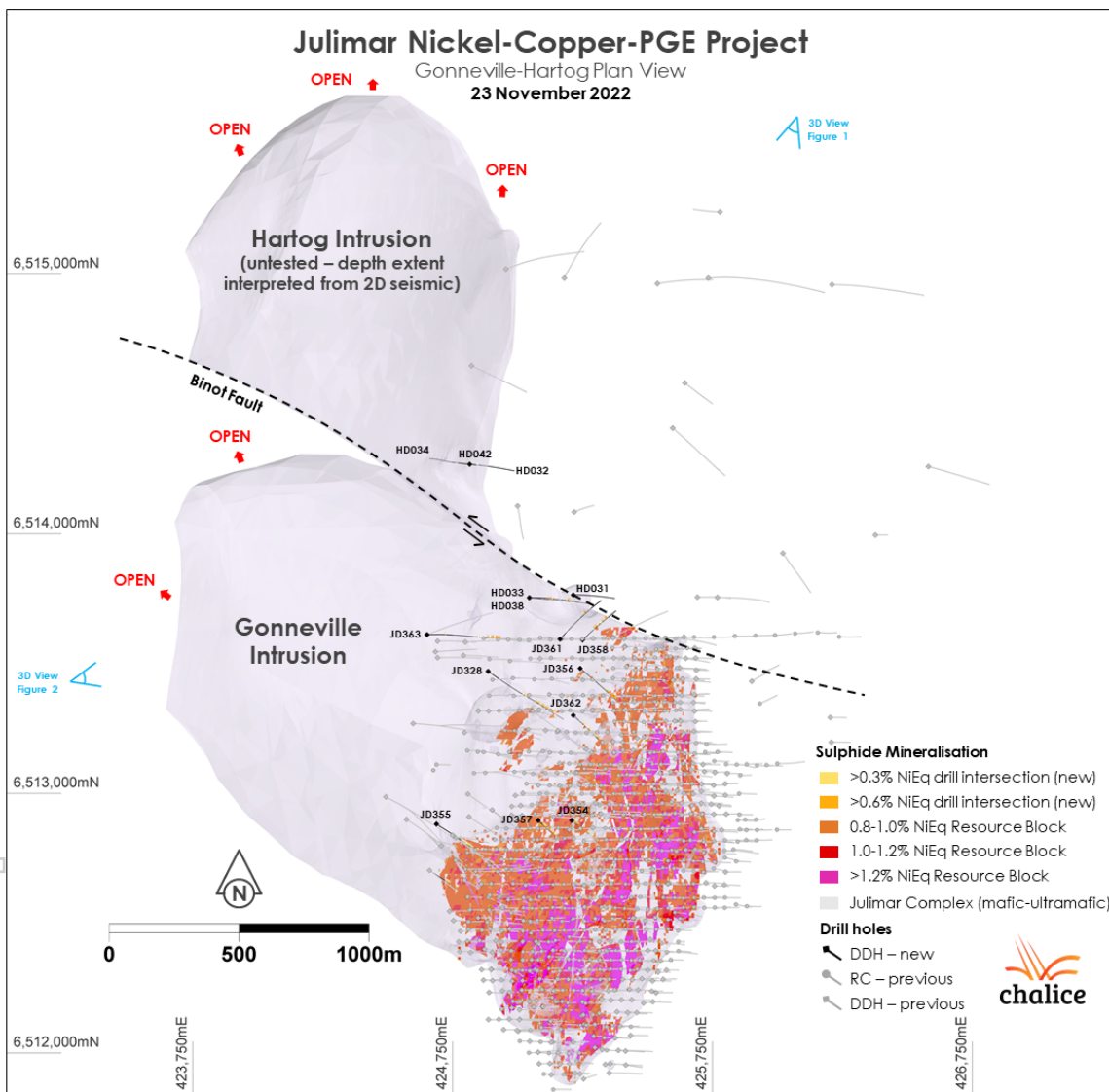


Figure 1. Gonneville-Hartog Plan View – drilling, geology outline and resource block model.

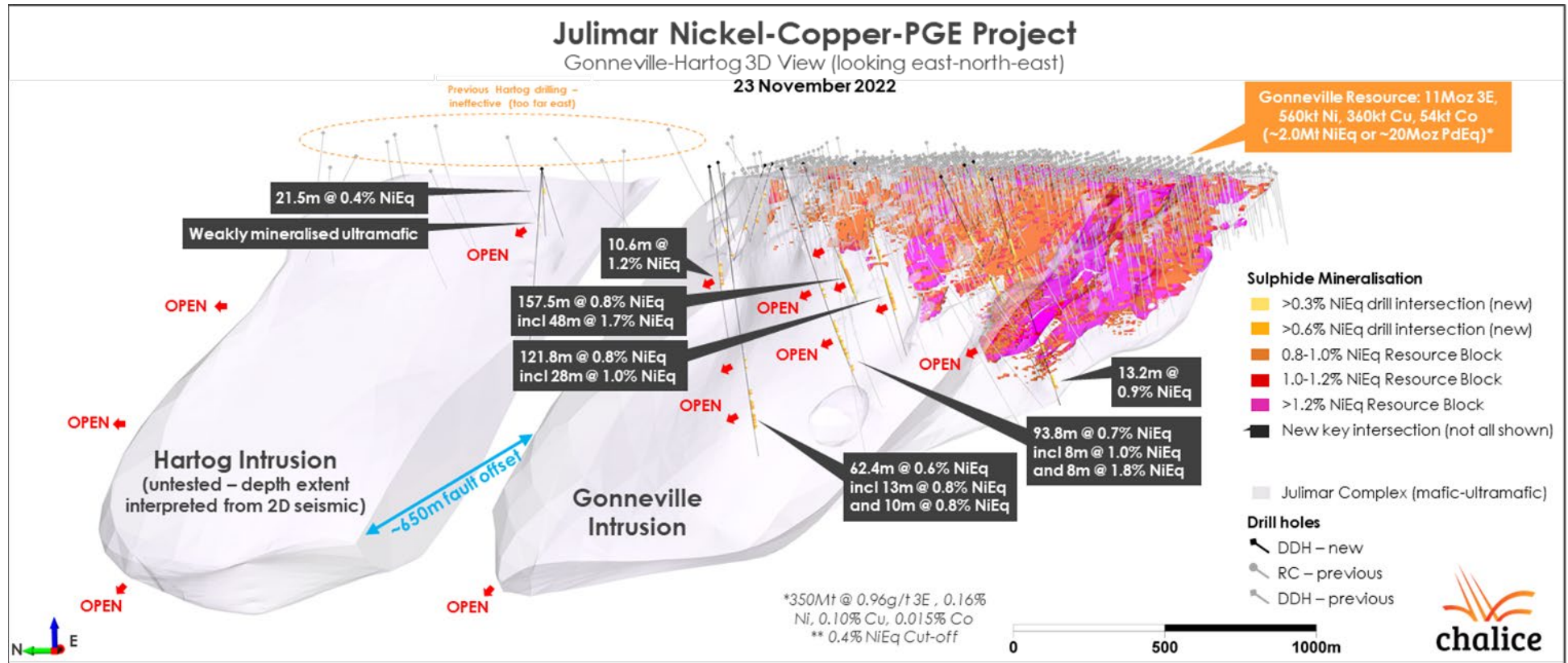


Figure 2. Gonneville and Hartog intrusions (~3.5km section of the Julimar Complex) 3D View (looking east-north-east).

### 2.3.1.2 Julimar Complex Reconnaissance Exploration

Following an important breakthrough in exploration at the project, the previously elusive northern extension of the Gonneville Intrusion was interpreted at depth following an effective 2D seismic survey. During the period, drilling commenced to test this new offset interpretation of the Julimar Complex to the west.

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

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

Of particular note, several wide-spaced holes drilled at the Hooley Prospect (Figure 3), located ~5km north of Gonneville, have intersected PGE-dominant sulphide mineralisation, which is considered a highly encouraging early result. The host intrusion at Hooley has similar mafic to ultramafic geology and litho-geochemistry to Gonneville and, on this basis, it is inferred to be a continuation of the 'chonolith'-like Julimar Complex.

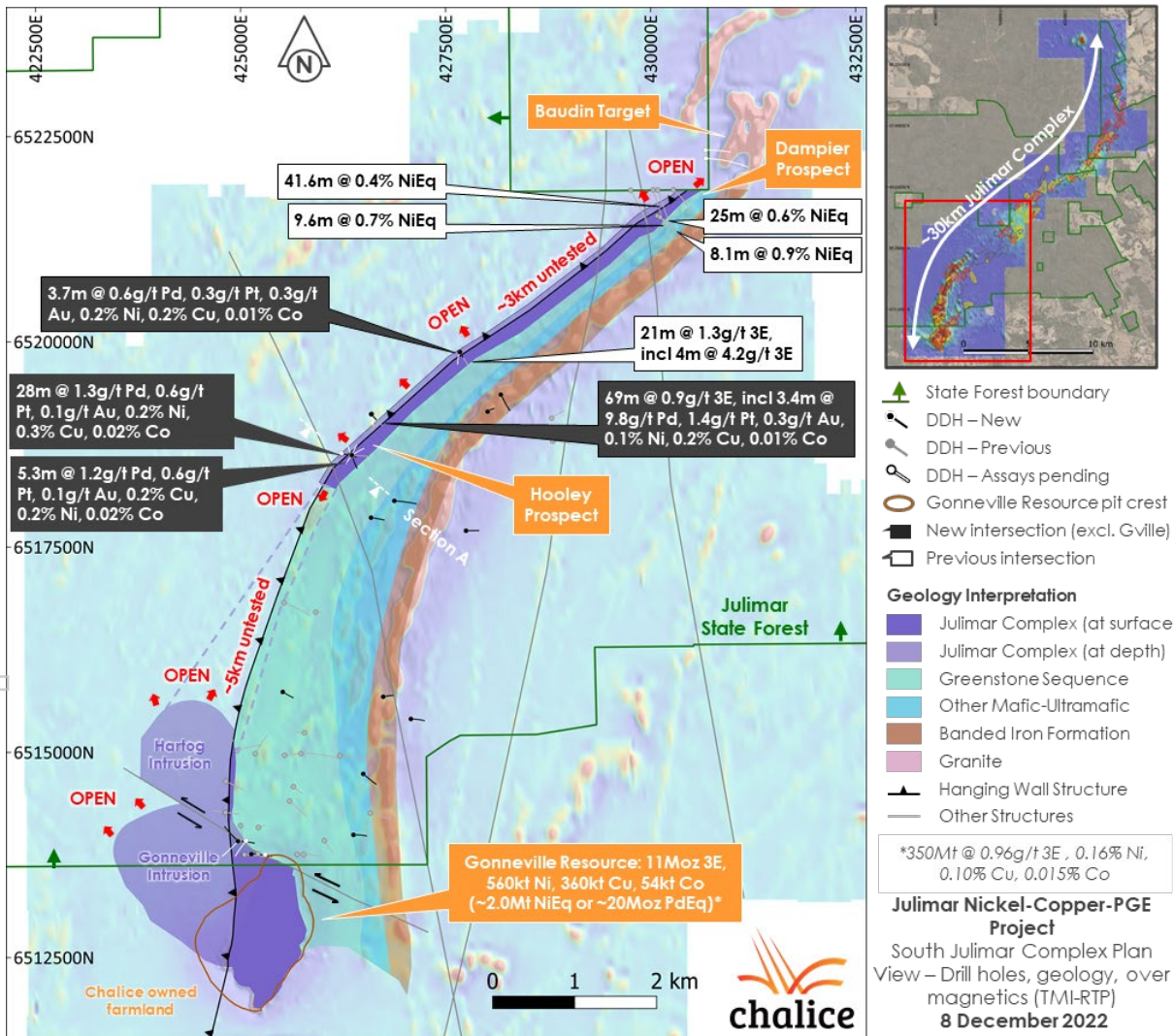


Figure 3. South Julimar Complex Plan View – drill holes, geology over airborne magnetics.

### 2.3.1.3 Developmental studies

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

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

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

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

Several processing flowsheet options are currently being investigated, with the aim of maximising metallurgical recoveries while minimising costs and risk. Due to the unique PGE-rich nature of the Gonneville sulphide deposit, a copper concentrate and nickel concentrate enrichment flowsheet is currently the preferred option (Figure 4).

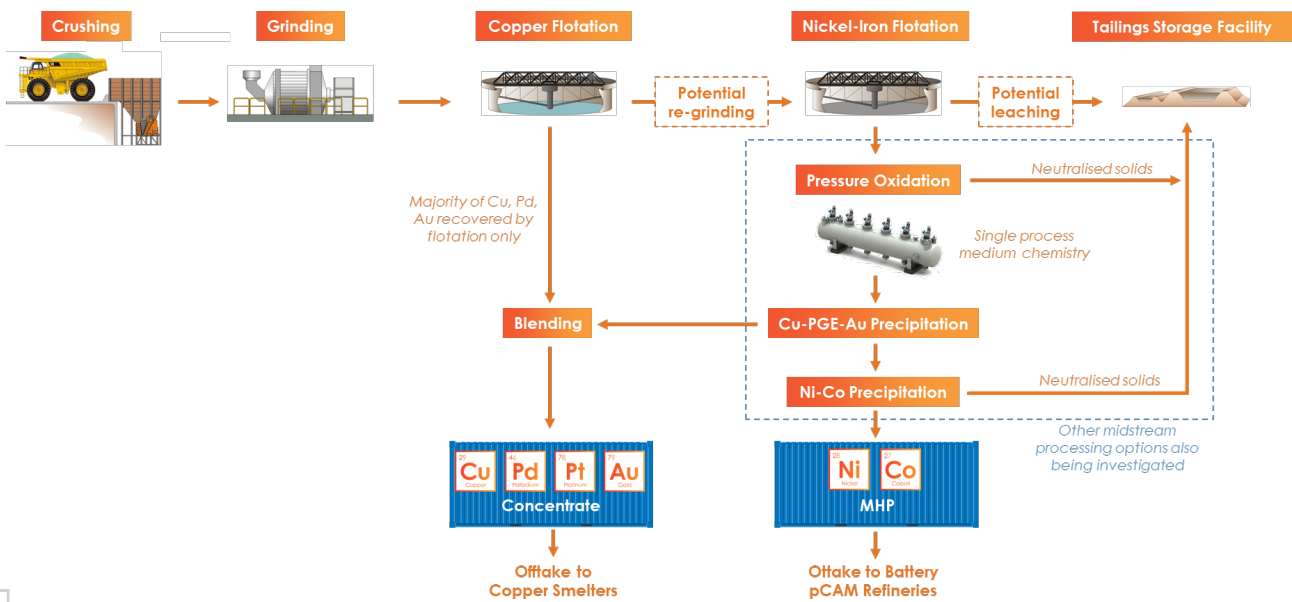


Figure 4. Proposed Julimar Processing Flowsheet (simplified)

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

A sequential copper flotation and nickel concentrate enrichment process flowsheet is expected to produce two highly marketable and sought-after products:

- « A copper-palladium-platinum-gold concentrate, indicatively grading 20-25% Cu and 100-150g/t 3E for offtake to an international copper smelter(s); and
- « A Nickel-Cobalt Mixed Hydroxide Precipitate (using flotation and POx), assumed to be grading 40-50% Ni and 4-5% Co for offtake to an international battery precursor cathode active material (pCAM) refinery(ies).



### 2.3.1.4 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 >30km long Julimar Complex.

Ongoing and planned activities at Julimar include:

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

### 2.3.2 Other Projects

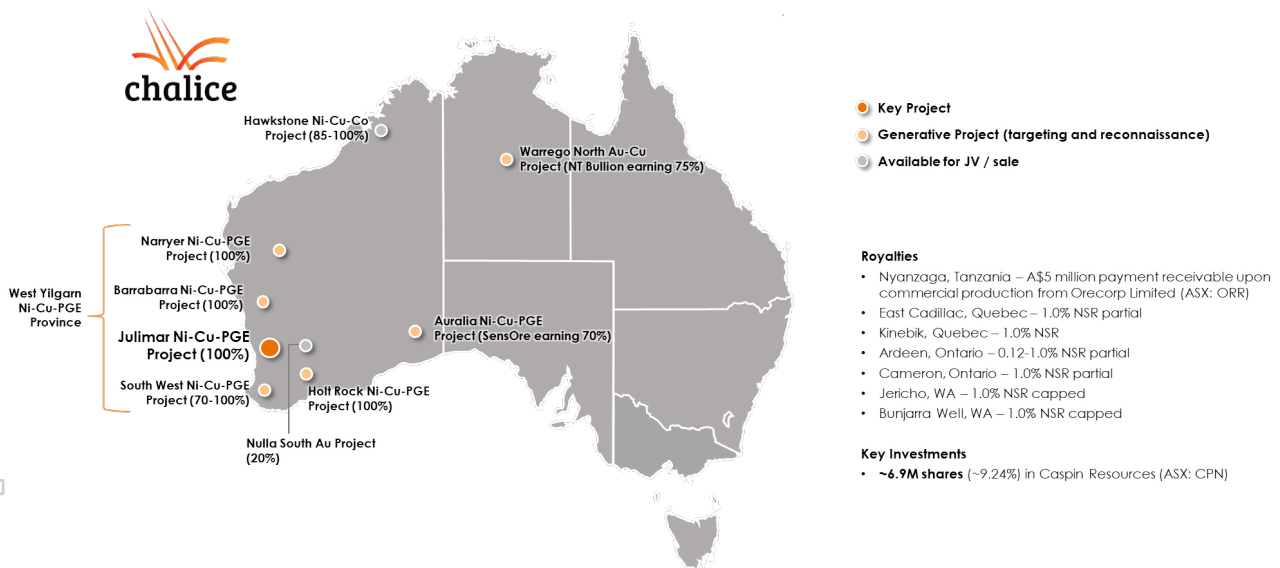


Figure 5. Chalice's project locations, royalties and key investments.

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 5). As a key pillar in Chalice's strategy, first-pass reconnaissance exploration activities continued at pace over Chalice's ~8,000km<sup>2</sup> land holding in the new West Yilgarn Ni-Cu-PGE province, with the majority of the area now covered, paving the way for multiple priority targets to be drilled in the coming months.

#### 2.3.2.1 Julimar Regional Nickel-Copper-PGE Project WA

Exploration activities ramped up as access agreements allowed ground surveys to commence, including at four new early-stage targets identified through previous airborne electromagnetic (AEM)/ground EM surveys and

roadside geochemical sampling. Activities included auger soil geochemical sampling over confirmed prospective mafic-ultramafic intrusive rocks.

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

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

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

#### **2.3.2.2 Barrabarra Nickel-Copper-PGE Project, WA**

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

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

#### **2.3.2.3 South West Nickel-Copper-PGE Project, WA**

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

A fixed-loop EM survey was completed over two Ni-Cu-PGE surface geochemical targets on the Thor trend, however no bedrock anomalies were identified. A surface geochemical program was completed during the period with final assay results expected in Q1 2023.

#### **2.3.2.4 Narryer Nickel-Copper-PGE Project, WA (100% owned)**

Following rock-chip sampling and mapping, planned ground gravity survey is expected to be undertaken in Q1 2023.

#### **2.3.2.5 Auralia Nickel-Copper-PGE Project, WA**

No activities were completed during the period and a ground gravity survey is planned to be undertaken.

#### **2.3.2.6 Hawkstone Nickel-Copper Project, WA**

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

#### **2.3.2.7 Nulla South (Ramelius Resources Limited earning 75%)**

Ramelius undertook re-splits of composite samples from AC drilling completed over the Hitchings prospect and is planning to undertake target definition activities in early 2023.

### **3. Corporate**

#### **3.1 Appointment of Non-Executive Director and Changes to Board Committees**

On 17 August 2022, Ms Jo Gaines was appointed as an independent Non-Executive Director. Ms Gaines brings extensive experience in intergovernmental negotiations and stakeholder engagement and is currently Chair of the Government Employees Superannuation Board (GESB) and a Director of Development WA.

Ms Gaines is an experienced, highly regarded leader and strategic policy director, having previously worked as the Deputy Chief of Staff to the Premier of Western Australia. She was a leader in the development of the WA Recovery Plan in response to the COVID-19 pandemic.

During the period the Board undertook a review of its Committees and their composition. Directors acting as members on the Committees of the Board as at the date of this report are set out below:

Audit <sup>(1)</sup>	Risk & Sustainability <sup>(2)</sup>	Remuneration and Nomination <sup>(3)</sup>	Technical
<b>Chair:</b> Morgan Ball  <b>Members:</b> Derek La Ferla Linda Kenyon	<b>Chair:</b> Garret Dixon  <b>Members:</b> Stephen McIntosh Linda Kenyon Jo Gaines	<b>Chair:</b> Derek La Ferla  <b>Members:</b> Morgan Ball Jo Gaines	<b>Chair:</b> Stephen McIntosh  <b>Members:</b> Garret Dixon Alex Dorsch

- (1) On 24 November 2022, Mr La Ferla was appointed as a member of the Audit Committee and Mr Dixon retired as a member of the Audit Committee.
- (2) On 17 August 2022, Ms Gaines was appointed as a member of the Risk & Sustainability Committee.
- (3) On 1 July 2022, the Remuneration Committee and Nomination Committee were merged to form a combined Remuneration and Nomination Committee. On 24 November 2022, Ms Gaines was appointed as a member of the Remuneration Committee and Nomination Committee and Mr McIntosh retired as a member of the Remuneration Committee and Nomination Committee.

### 3.2 Appointment of General Manager – Project Development

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

### 3.3 Award Recognition

During the period, the Chalice team were named winners of two highly prestigious awards:

- « The Prospectors & Developers Association of Canada (PDAC) 2023 Thayer Lindsley Award; and
- « Association of Mining and Exploration Companies (AMEC) Prospector Award

These awards both recognised Dr Kevin Frost, General Manager – Discovery and Growth, and Morgan Frejabise for the Julimar discovery.

### 3.4 Investments

Chalice has a ~9.2% interest in ASX listed Caspin Resources ("Caspin", ASX: CPN) with a value of approximately \$4.4 million at 31 December 2022. Caspin holds a 400km<sup>2</sup> licence area immediately north of Chalice's Julimar Project.

### 3.5 Financial Review

At 31 December 2022, the Group had net assets of \$145.0 million (30 June 2022: \$176.3 million) and an excess of current assets over current liabilities of \$98.9 million (30 June 2022: \$129.9 million). At 31 December 2022, the Group's cash at bank totaled \$97.6 million (30 June 2022: \$131.7 million). Total assets (apart from cash at bank) and liabilities remained broadly consistent with 30 June 2022. Cash at bank decreased by \$34.1 million in line with an increase in exploration and evaluation activities during the period.

The Group reported a net loss after tax from continuing operations for the period of \$33.7 million (31 December 2021: net profit of \$16.4 million) mainly due to exploration and evaluation expenditure of \$32.8 million and other corporate costs. The prior period contained a one-off gain of \$47.0 million arising from the demerger of the Pyramid Hill and Viking projects into newly listed Falcon Metals Limited.

The Group's focus during the half-year period was on exploration and evaluation activities at the Company's Julimar Project, with operating cashflows relating to exploration and evaluation increasing by \$5.1 million to \$33.5 million (31 December 2021: \$28.4 million).

Cash outflows from investing activities decreased from \$2.3 million to \$0.1 million as there were no material acquisitions or other investing activities in the reporting period.

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#### 4. Events subsequent to reporting date

During February 2023, the Company issued an additional 103,229 retention rights and 121,775 performance rights to new KMP and employees, under the same terms and conditions as the FY2022-23 series of retention rights and performance rights issued in September 2022.

Other than disclosed above, there has not been any other matter or circumstance that has arisen after balance date that has 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.

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#### 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.

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#### 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 15 and forms part of this directors' report for the half-year ended 31 December 2022.

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 14th day of March 2023

## Competent Person Statements

The information in this Half-Year Report that relates to prior exploration results for the Julimar Project is extracted from the following ASX announcements:

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

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

The information in this Half-Year Report that relates to Mineral Resources has been extracted from the ASX announcement titled "Updated Gonneville Mineral Resource" dated 8 July 2022. This announcement is available to view on the Company's website at [www.chalicemining.com](http://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'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 exploration results and mineral resources in Australia is in accordance with the JORC Code and that Chalice's exploration results and 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 and other reporting regimes. There is no assurance that the Company's mineral resource estimates and related disclosures prepared under the JORC Code would be the same as those prepared under United States securities law other reporting regimes. 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 and other reporting regimes.

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

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

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

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

## 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 2022, 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  
14 March 2023



M R Ohm  
Partner

[hlb.com.au](http://hlb.com.au)

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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Liability limited by a scheme approved under Professional Standards Legislation.

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

**Table 1. Gonneville Mineral Resource Estimate (JORC Code 2012), 8 July 2022**

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

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

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

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

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

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

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



## Metal equivalents – Julimar Project

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

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

### Oxide Domain

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

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

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

### Transitional and Fresh Sulphide Domains

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

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

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

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

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

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

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

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

# Condensed Consolidated Statement of Comprehensive Income

For the Half-Year Ended 31 December 2022

	Note	31 December 2022 \$'000	31 December 2021 \$'000
<b>Continuing operations</b>			
Revenue	2(a)	471	207
Interest income		1,308	42
Finance expense		(79)	(66)
Foreign exchange (loss)/gain		(13)	11
Corporate administrative expenses	2(b)	(3,075)	(3,014)
Exploration and evaluation expenditure	2(c)	(32,786)	(26,640)
Share-based payments	11	(906)	(827)
Net gain from demerger	5	-	46,966
<b>Profit/(loss) before tax from continuing operations</b>		<b>(35,080)</b>	<b>16,679</b>
Income tax benefit/(expense)	3	1,360	(249)
<b>(Loss)/profit for the period attributable to owners of the parent</b>		<b>(33,720)</b>	<b>16,430</b>
<b>Other comprehensive income/(loss)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Net gain/(loss) on fair value of financial assets, net of tax		1,187	(2,281)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations		(4)	41
<b>Other comprehensive income/(loss) for the period</b>		<b>1,183</b>	<b>(2,240)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(32,537)</b>	<b>14,190</b>
<b>Total comprehensive (loss)/income for the period attributable to owners of the parent</b>		<b>(32,537)</b>	<b>14,190</b>
Basic (loss)/earnings per share from continuing operations (cents per share)			
		(8.96)	4.66
Diluted (loss)/earnings per share from continuing operations (cents per share)			
		(8.96)	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 2022

	Note	31 December 2022 \$'000	30 June 2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents		97,633	131,712
Receivables	6	2,226	2,571
Other assets	4	2,315	1,528
Financial assets	7	4,954	2,820
<b>Total current assets</b>		<b>107,128</b>	<b>138,631</b>
<b>Non-current assets</b>			
Financial assets		567	617
Right-of-use assets		1,345	1,483
Property, plant and equipment		45,756	46,049
<b>Total non-current assets</b>		<b>47,668</b>	<b>48,149</b>
<b>Total assets</b>		<b>154,796</b>	<b>186,780</b>
<b>Current liabilities</b>			
Trade and other payables	8	5,616	6,699
Grant funding received in advance	9	1,451	904
Lease liabilities		428	443
Employee benefits		674	611
Other liabilities		47	-
<b>Total current liabilities</b>		<b>8,216</b>	<b>8,657</b>
<b>Non-current liabilities</b>			
Lease liabilities		1,534	1,693
Other liabilities		53	99
<b>Total non-current liabilities</b>		<b>1,587</b>	<b>1,792</b>
<b>Total liabilities</b>		<b>9,803</b>	<b>10,449</b>
<b>Net assets</b>		<b>144,993</b>	<b>176,331</b>
<b>Equity</b>			
Issued capital	10	285,761	285,040
Accumulated losses		(145,333)	(112,564)
Reserves		4,565	3,855
<b>Total equity</b>		<b>144,993</b>	<b>176,331</b>

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 2022

	Issued capital \$'000	Accumulated losses \$'000	Share based payments reserve \$'000	Investment revaluation reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000
<b>Balance at 30 June 2022</b>	<b>285,040</b>	<b>(112,564)</b>	<b>3,235</b>	<b>(45)</b>	<b>665</b>	<b>176,331</b>
Loss for the period	-	(33,720)	-	-	-	(33,720)
<b>Other comprehensive income for the period</b>						
Net change in fair value of equity investments	-	-	-	1,187	-	1,187
Exchange differences on translation of foreign operations	-	-	-	-	(4)	(4)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(33,720)</b>	<b>-</b>	<b>1,187</b>	<b>(4)</b>	<b>(32,537)</b>
Issue of share capital (net of costs)	293	-	-	-	-	293
Share-based payments	-	-	906	-	-	906
Transfers between equity items	428	951	(836)	-	(543)	-
<b>Balance at 31 December 2022</b>	<b>285,761</b>	<b>(145,333)</b>	<b>3,305</b>	<b>1,142</b>	<b>118</b>	<b>144,993</b>

	Issued capital \$'000	Accumulated losses \$'000	Share based payments reserve \$'000	Investment revaluation reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000
<b>Balance at 30 June 2021</b>	<b>189,429</b>	<b>(49,181)</b>	<b>3,739</b>	<b>4,666</b>	<b>571</b>	<b>149,224</b>
Profit for the period	-	16,430	-	-	-	16,430
<b>Other comprehensive income for the period</b>						
Net change in fair value of equity investments	-	-	-	(2,281)	-	(2,281)
Exchange differences on translation of foreign operations	-	-	-	-	41	41
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>16,430</b>	<b>-</b>	<b>(2,281)</b>	<b>41</b>	<b>14,190</b>
Issue of share capital (net of costs)	1,121	-	-	-	-	1,121
Capital return and demerger dividend (refer note 5)	(2,884)	(44,030)	-	-	-	(46,914)
Share-based payments	-	-	827	-	-	827
Transfers between equity items	881	(879)	(2,153)	2,151	-	-
<b>Balance at 31 December 2021</b>	<b>188,547</b>	<b>(77,660)</b>	<b>2,413</b>	<b>4,536</b>	<b>612</b>	<b>118,448</b>

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

# Condensed Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2022

	Note	31 December 2022 \$'000	31 December 2021 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from operations		85	44
Cash paid to suppliers and employees		(2,516)	(2,483)
Payments for mineral exploration and evaluation		(33,508)	(28,426)
Payroll tax on vested performance rights		-	(2,062)
Government grants and incentives received		600	401
Research and development tax incentives received		-	179
Interest received		1,254	57
Interest paid		(85)	-
Transaction costs relating to demerger of a subsidiary		-	(816)
<b>Net cash used in operating activities</b>		<b>(34,170)</b>	<b>(33,106)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(104)	(1,772)
Acquisition of freehold land and buildings		-	(4,690)
Proceeds from sale of biological assets		-	474
Proceeds from sale of financial assets		-	4,637
Payment for acquisition of financial assets		-	(901)
<b>Net cash used in investing activities</b>		<b>(104)</b>	<b>(2,252)</b>
<b>Cash flows from financing activities</b>			
Payment of principal portion of lease liabilities		(151)	(212)
Refund/(payment) of security deposits		51	(278)
Proceeds from issue of shares	10	329	1,200
Share issue costs		(29)	(94)
<b>Net cash from financing activities</b>		<b>200</b>	<b>616</b>
Net decrease in cash and cash equivalents		(34,074)	(34,742)
Cash and cash equivalents at the beginning of the period		131,712	99,884
Effect of exchange rate fluctuations on cash held		(5)	62
<b>Cash and cash equivalents at the end of the financial period</b>		<b>97,633</b>	<b>65,204</b>

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 2022

## 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 2022 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 methods 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.

### (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

Net gain on sale of exploration assets (see note 7)
Other
Net gain on sale of livestock

31 December 2022 \$'000	31 December 2021 \$'000
386	-
85	62
-	145
471	207

#### (b) Corporate administrative expenses

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

129	113
335	163
787	643
1,643	1,799
181	296
3,075	3,014

#### (c) Exploration and evaluation expenditure

##### Western Australia

Julimar – exploration
Julimar - studies
West Yilgarn – exploration
Other generative projects - exploration

##### Victoria

Pyramid Hill
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31 December 2022 \$'000	31 December 2021 \$'000
26,436	21,680
2,530	2,123
3,648	1,666
172	871
-	300
32,786	26,640

### 3. INCOME TAX

#### Income tax benefit/(expense)

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

31 December 2022 \$'000	31 December 2021 \$'000
787	435
573	(684)
1,360	(249)

### 4. OTHER ASSETS

Research and development tax incentives refundable
--

31 December 2022 \$'000	30 June 2022 \$'000
2,315	1,528
2,315	1,528

### 5. GAIN ON DEMERGER

On 15 December 2021, the Group demerged its 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. On completion of the demerger, Chalice shareholders received an in-specie distribution of Falcon's shares, resulting in Chalice no longer holding any interest in Falcon.

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

	31 December 2022 \$'000	31 December 2021 \$'000
Fair value of Falcon demerger <sup>(1)</sup>	-	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 was 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 was accounted for as a reduction in equity, split between share capital of \$2,883,804 and retained profits of \$44,029,889 (see note 10).

### 6. TRADE AND OTHER RECEIVABLES

	31 December 2022 \$'000	30 June 2022 \$'000
<b>Current</b>		
Trade and other receivables	150	62
GST receivable	1,580	1,910
Lease receivable	98	174
Prepayments	398	425
	2,226	2,571

### 7. FINANCIAL ASSETS

Current financial assets consist mainly 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"). The closing share price of Caspin at 31 December 2022 was \$0.63 (30 June 2022: \$0.38).

In addition, on 5 August 2022, the Group sold its interests in two granted exploration tenements located in Queensland (the Flinders River Project) and as consideration received 12,500,000 ordinary shares and 4,500,000 warrants in TSX-V listed Currie Rose Inc. The warrants have an exercise price of C\$0.10 per share and expire on 5 August 2025. The net gain on sale of the Flinders River Project was approximately \$0.4 million – see note 2(a).

### 8. TRADE AND OTHER PAYABLES

	31 December 2022 \$'000	30 June 2022 \$'000
Trade payables	122	620
Other payables	305	238
Accrued expenses	5,189	5,841
	5,616	6,699

### 9. GRANT FUNDING RECEIVED IN ADVANCE

During the half-year ended 31 December 2022, the Group received additional funding of \$0.6 million under the Cooperative Research Centre Program ("CRC-P"), with total funding received to date of \$1.6 million (30 June 2022: \$1.1 million). No revenue has been recognised for the half-year ended 31 December 2022 (31 December 2021: nil) as contractual milestones under the CRC-P agreement have not yet been met.



### 10. EQUITY

	31 December 2022		30 June 2022	
	No.	\$'000	No.	\$'000
<b>Issued and fully paid ordinary shares</b>				
<b>Movements in ordinary shares on issue</b>				
At 1 July	371,740,141	285,040	346,857,393	189,429
Shares issued on vesting of performance rights (refer 11(c))	4,557,053	428	6,666,081	881
Options exercised – directors	150,000	329	1,550,000	1,420
Share placement	-	-	16,666,667	100,000
Demerger capital reduction	-	-	-	(2,884)
Share issue costs	-	(36)	-	(3,806)
Balance at end of period	376,447,194	285,761	371,740,141	285,040

### 11. SHARE-BASED PAYMENTS

#### (a) Recognised share-based payment expense

	31 December 2022	31 December 2021
	\$'000	\$'000
<b>The share-based payment expense recognised during the period:</b>		
Expense arising from equity settled share-based payment transactions	906	827
	906	827

#### (b) Share Options

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

	31 December 2022	30 June 2022
	No.	No.
<b>Share Options</b>		
At 1 July	300,000	1,850,000
Options exercised during the year	(150,000)	(1,550,000)
Outstanding at the end of the period	150,000	300,000

#### (c) Performance Rights

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

	31 December 2022	30 June 2022
	No.	No.
<b>Performance Rights</b>		
At 1 July	6,055,064	12,393,211
Performance rights issued <sup>(1)</sup>	937,416	361,691
Performance rights vested and exercised – equity settled <sup>(2)</sup>	(3,729,460)	(6,666,081)
Performance rights lapsed	(152,687)	(33,757)
On issue at the end of the period	3,110,333	6,055,064

(1) During the half-year period, 937,416 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 \$3.5 million which will be expensed over the vesting period of the performance rights (~3 years). Refer to section 9.4.9 (g) of the Directors' report within the Company's 2022 Annual Report for details of the performance conditions related to those performance rights granted during the half-year period.

(2) On 7 July 2022, the Company issued 4,557,053 shares to the Company's Employee Share Trust on the vesting of 4,557,053 performance rights held by KMP and employees (refer note 10). The vested performance rights

had an exercise period of 1 year and by 31 December 2022, only 3,729,460 performance rights were exercised with 827,593 vested, not exercised.

### (d) Retention Rights

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

Retention Rights	31 December 2022	30 June 2022
	No.	No.
At 1 July	-	-
Retention rights issued <sup>(1)</sup>	697,270	-
Retention rights lapsed	(45,701)	-
On issue at the end of the period	651,569	-

(1) On 5 September 2022, in order to attract and retain Executive KMP and key technical employees, the Company implemented a one-off retention plan, whereby the Company issued 697,270 Retention Rights. The Retention Rights have a nil exercise price, expiry date of 31 December 2027 and are exercisable into fully paid ordinary shares upon meeting a continued service vesting condition. The vesting condition requires the participant to be continuously employed by the Company during the period from grant date to 31 December 2025. The fair value of the Retention Rights is \$2.9 million which will be expensed over the vesting period of ~3.5 years. Refer to section 9.4.10 of the Directors' report within the Company's 2022 Annual Report for further details in relation to the Retention Rights granted during the half-year period.

## 12. 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 2022	30 June 2022
	\$'000	\$'000
Within 1 year	3,172	3,574
Within 2-5 years	2,691	2,141
Later than 5 years	-	-
	5,863	5,715

Other than as disclosed above, there has been no other material changes to commitments since 30 June 2022.

## 13. EVENTS SUBSEQUENT TO REPORTING DATE

During February 2023, the Company issued an additional 103,229 retention rights and 121,775 performance rights to new KMP and employees, under the same terms and conditions as the FY2022-23 series of retention rights and performance rights issued in September 2022.

Other than disclosed above, there has not been any other matter or circumstance that has arisen after balance date that has 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.

## 14. 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.

**15. 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 2022

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

1. The financial statements and notes thereto, as set-out on pages 18 to 27 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 2022 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.
3. This declaration has been given after receiving the declaration made to the directors for the half-year ended 31 December 2022 in accordance with the fourth edition of the ASX Corporate Governance Councils Corporate Governance Principles and Recommendations.

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 14th day of March 2023

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 consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 2022 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*

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including giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 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  
14 March 2023



M R Ohm  
Partner

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