

21 July 2023

Significant expansion of West Yilgarn exploration tenure

Earn-in agreement executed over highly prospective ~1,600sqkm exploration licence holding east of Gonneville

Highlights

- « Earn-in agreement executed with Northam Resources whereby Chalice may earn up to a **70% JV interest in Northam's ~1,600km² exploration licence holding**, located ~35km east of the Gonneville Deposit.
- « The region is almost entirely unexplored but is considered **highly prospective** for magmatic nickel-copper-PGE sulphide deposits.
- « Chalice has identified **geological similarities to the terrane which hosts the Gonneville Deposit**.
- « Three untested coincident geochemical-EM anomalies will be the focus of regional exploration, with **initial drilling targeted in late 2023 / early 2024**.
- « The large-scale Northam licence holding is contiguous with Chalice's existing West Yilgarn tenure and **several access agreements are already in place** over predominantly broad-acre farming properties to facilitate drilling over key target areas.
- « Chalice has paid Northam a \$150,000 cash deposit to allow the commencement of due diligence and may earn up to a **70% JV interest** in the Project in two stages by:
 - « Paying Northam \$2.45 million in cash or Chalice shares (at Chalice's election) upon completion of legal, tenure and access due diligence (to be completed in August) – effectively reimbursing Northam for Ni-Cu-PGE exploration expenditure to date;
 - « Spending up to \$17 million on exploration over 8 years; and,
 - « Paying Northam a further \$1 million in cash or shares upon Chalice earning a 51% interest.

Overview

Chalice Mining Limited ("Chalice" or "the Company", ASX: CHN) is pleased to advise that it has executed an earn-in and joint venture agreement (the "Agreement") with Northam Resources Limited ("Northam").

Under the Agreement, Chalice may earn up to a 70% joint venture interest in Northam's ~1,600km² exploration licence holding (the "Project"), located east of the Gonneville Deposit in the new West Yilgarn Province.

The greenfield Project is contiguous with Chalice's existing West Yilgarn tenure and covers predominantly broad-acre farmland in the western Wheatbelt region of WA between Kauring, Northam and Yerecoin (Figure 1).

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The Agreement provides Chalice with exposure to significant exploration upside potential over a large area, with a relatively modest upfront consideration.

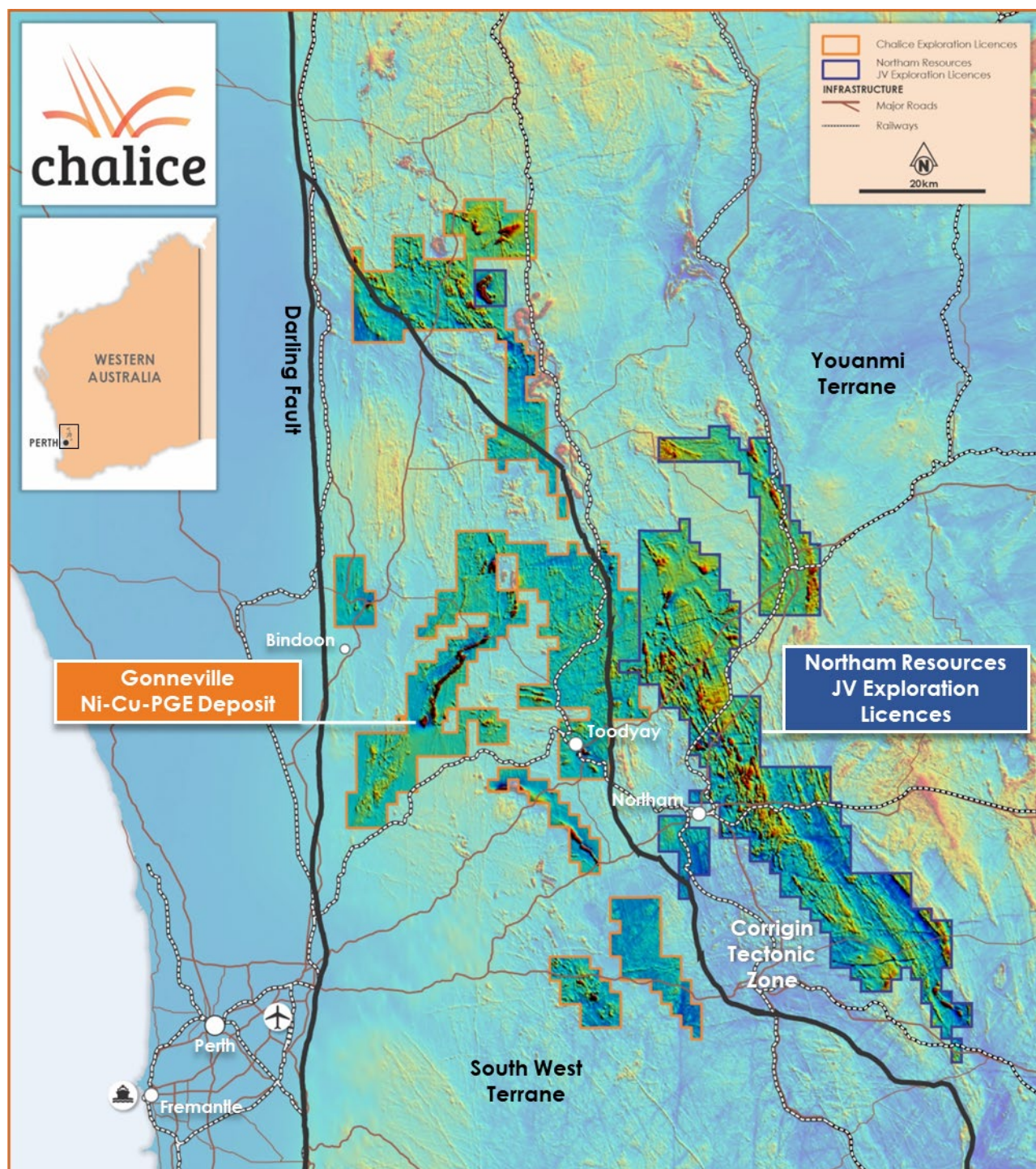


Figure 1. Northam licence area over regional aeromagnetics.

Geological prospectivity

Chalice considers the region to be highly prospective for magmatic Ni-Cu-PGE sulphide mineralisation, as evidenced by the Company's Gonneville Ni-Cu-PGE discovery in early 2020. The Project straddles ~120km of strike length of the Corrigin Tectonic Zone, located immediately east of a major crustal boundary between the South West and Youanmi Terranes of the Yilgarn Craton.

Chalice's early-stage reconnaissance exploration in this region has established that the Corrigin Tectonic Zone comprises a similar geological succession to the west of the crustal suture. Given that ultramafic to mafic intrusions occur in both districts, there is strong potential to discover further mineralised intrusions within this favourable geological domain.

The Project tenure was acquired by Northam prior to the Gonneville discovery and, since that time, early-stage exploration has focused on Ni-Cu-PGE target generation using a combination of surface geochemistry and project-wide airborne EM, with minimal ground geophysical follow-up.

The Project hosts several known ultramafic-mafic intrusions, with proximal Ni-Cu-Co-Cr soil anomalism and airborne EM anomalies. In addition, Chalice has interpreted several other unrecognised intrusions from geophysical datasets that are potentially prospective.

Exploration approach

Chalice's approach will have a dual focus to explore known targets and deploy the Company's proven exploration approach in the West Yilgarn Province to identify and explore new targets across this poorly explored region.

Given the Project is contiguous with Chalice's existing West Yilgarn tenure, exploration activities can commence immediately. Several land access agreements are already in place over key target areas which allow for non-ground disturbing exploration and access for drilling. These properties are predominantly broad-acre cropping, with access expected typically from November/December through to May/June each year.

Chalice plans to follow up early-stage targets defined by Northam with low-cost surface geochemistry and ground EM surveys in H2 2023, and then progress to initial drill testing in late 2023 / early 2024. In addition, Chalice plans to acquire high-resolution magnetic and gravity geophysical data in H2 2023 to improve confidence in regional targeting and screen the area for additional ultramafic-mafic intrusions.

Agreement terms

Under the Agreement, Chalice may earn up to a 70% JV interest in the Project through a number of payments and expenditure on exploration:

- « Chalice has paid Northam \$150,000 in cash as a deposit, with \$100,000 refundable if due diligence conditions are not satisfied.
- « Upon satisfaction of legal, tenure and access due diligence, Chalice to pay Northam \$2.45 million in cash or Chalice shares (at Chalice's election) – effectively reimbursing Northam for Ni-Cu-PGE exploration expenditure to date.
- « Chalice may then earn a 51% interest by spending \$7 million on exploration over 4 years, with a minimum commitment of \$2 million on exploration within 2 years.
- « Chalice may then earn a further 19% interest, at its election, by spending \$10 million on exploration over 4 years and paying Northam \$1 million in cash or Chalice shares (at Chalice's election).

All other terms are consistent with industry standard earn-in / joint venture terms. Chalice's existing earn-in agreement with Northam on the Bolgart Project is not affected by this transaction.

Authorised for release by the Disclosure Committee of the Company.

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

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Forward Looking Statements

This announcement may contain forward-looking statements and forward information, (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, "could", "estimate", "expected", "for", "forecast", "indicative", "initial", "interpreted", "is", "may", "optionality", "plan" or "planned", "potential", "promising", "prospective", "seeks", "strategy", "targeted", "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 and study programs and budgets based upon results and outcomes, successful completion of the strategic partnering process; 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 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.

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.