



2023

ANNUAL REPORT

CHALICE MINING LIMITED



Acknowledgement of Country

Chalice acknowledges the Traditional Owners of the land on which we work.

We recognise their continuing connection to land, waters and culture.

We pay our respects to their Elders past, present and emerging.

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FY2023 Highlights

Performance



Company Recognition

\$76 million

capital raised during the year, ensuring Chalice is well-funded to progress development and exploration activities, with ~\$145 million in cash at 30 June 2023.

Strategic partnering process launched in April 2023 for the Gonneville Ni-Cu-PGE Project. Subsequent to year end, expressions of interest were received from tier-1 organisations with discussions ongoing.

The Chalice team received two prestigious awards in recognition of the world-class Gonneville discovery, including:

- » **2023 Thayer Lindsley Award** – Prospectors and Developers Association of Canada (PDAC).
- » **2022 Prospector Award** – Association of Mining and Exploration Companies (AMEC).



Pre-Development – Gonneville Ni-Cu-PGE Project

Delivered two upgrades to the Gonneville Mineral Resource Estimate (Resource) based on an additional ~53,000m of resource definition drilling in FY2023:

560Mt @ ~0.54% NiEq or ~1.7g/t PdEq (~55% M&I / ~45% Inferred)¹

| | | | | |
|-----------------------|----------|----------|---------|-----------|
| 16Moz 3E ² | 860kt Ni | 520kt Cu | 83kt Co | contained |
|-----------------------|----------|----------|---------|-----------|

Equivalent to ~3.0Mt NiEq or ~30Moz PdEq

Including a higher-grade (>0.6% NiEq OP + UG) sulphide component:

120Mt @ ~0.9% NiEq or ~2.7g/t PdEq, extending from 30m to ~800m

Completed the **Gonneville Project Scoping Study**, outlining the potential for a new **long-life, low-cost, low-carbon green metals mine** in Western Australia, and commenced the **Pre-Feasibility Study** to investigate significant upside.

Step-out drilling at Gonneville confirmed **wide high-grade Cu-PGE zones** continue ~900m down plunge of the Resource, demonstrating **high-grade underground potential**.



Exploration – West Yilgarn Ni-Cu-PGE Province

337 drill holes for 97,500m

completed across the entire Chalice project portfolio.

Encouraging zones of Ni-Cu-PGE sulphide mineralisation intersected in first ever drilling at the greenfield Hooley Prospect, ~5km north of the Gonneville Resource.

10+ new greenfield drill-ready Ni-Cu-PGE targets defined in first pass reconnaissance activities across the Company's >9,600km² tenure holding in the new West Yilgarn Province – drilling planned in FY2024.

New earn-in agreements signed over several 3rd party licence holdings in the West Yilgarn, further **expanding Chalice's dominant position in the exciting new mineral province**.

¹ Mineral Resource Estimates are as at 28 March 2023 (reviewed 30 June 2023) and are based on the ASX announcement titled "Gonneville Resource Increases By Approx. 50% to 3Mt NiEq" dated 28 March 2023, available at www.asx.com.au ASX code "CHN".

For tonnes and grade by confidence category and metal equivalent assumptions, refer to the Mineral Resource Statement within this Report.

For the higher-grade component, refer to the ASX announcement referenced above dated 28 March 2023.



Sustainability



Environment

Zero significant environmental incidents in FY2023.

Partnered with the **Western Australian Biodiversity and Science Institute** (WABSI) to collaborate on the delivery of the **Gonneville Project Biodiversity Strategy**.

Commenced work on Chalice's first biodiversity initiative – the **Gonneville Restoration Project** designed to rehabilitate areas of vegetation on Chalice-owned farmland.

Second year of comprehensive **baseline environmental surveys** conducted for the Gonneville Project, including ground water, surface water, flora, fauna and dieback.

Successful implementation of low-impact exploration drilling techniques in the Julimar State Forest, demonstrating **industry leading practice**.



Cultural Heritage

Active engagement with Whadjuk and Yued Traditional Owners to understand and protect cultural heritage values across exploration areas.

Cultural heritage surveying and monitoring of exploration drilling within the Julimar State Forest.

More than 70 Traditional Owners

have participated in this work for Chalice since 2021.



Governance

Compliance with **34 out of 35 principles** outlined in the ASX Corporate Governance Principles 4th Edition.

Delivered our Sustainability Strategy in accordance with the FY21-FY23 roadmap.

Scenario planning and risk analysis undertaken in line with **with the Taskforce on Climate-related Financial Disclosures** (TCFD) roadmap.

Developed our **Climate Change Policy, Human Rights Policy and Paid Parental Leave Policy**.



Community

~\$122,000

in funding awarded to local initiatives through the Chalice Community Investment Program for the Gonneville Project, focussed on the Shires of Toodyay, Chittering and Northam.

\$3.35M

~\$1.35 million in local spend by Chalice in the Shires surrounding the Gonneville Project, plus **~\$2 million** local spend by Chalice's contractors.

First **Local Voices Community Survey** completed for the Gonneville Project to better understand the surrounding community needs and priorities, with results informing Chalice's stakeholder engagement approach and future decision making.



Our People, Health and Safety

Zero lost time injuries, fatalities or high potential safety events.

45% of our overall workforce is female - plus 29% of our Board of Directors.

38% of new hires in FY2023 were female.

Chalice continues to prioritise **locally based employees** at the Gonneville Project.





Letter from the Managing Director & CEO and Chair

Dear Shareholders,

On behalf of the Chalice Board of Directors, we are delighted to present our 2023 Annual Report.

It has been another productive year for Chalice, with strong progress made towards our Company Purpose - to find the green metals needed to decarbonise the world.

In the past year we have demonstrated that our 100%-owned Gonneville Nickel-Copper-Platinum Group Element (PGE) Project in Western Australia is one of the western world's leading future sources of the green

metals; nickel, copper, cobalt, palladium and platinum.

We also continue to explore the potential of the West Yilgarn Nickel-Copper-PGE Province to deliver more world-class discoveries.

The world's current supply of green metals is forecast to fall well short of what is required to decarbonise the global economy. The continued urbanisation of the world's population also adds further demand for these metals that are critical to modern life.

In addition, the number of new discoveries being made and new mines being built in the western world is rapidly



declining. This has highlighted for us the growing importance of geopolitics and awareness of supply chain risks in western economies. We are encouraged by the renewed focus on critical minerals by state and federal governments and we are excited by the growth prospects in the industry, particularly in relation to downstream processing.

The strategic value of a new large-scale project like Gonneville, in one of the world's most stable and supportive mining jurisdictions, is obvious when considering this macro-economic environment. Gonneville is not only the first major platinum group element (PGE) discovery in Australia, it is also one of the few recent large-scale magmatic nickel-copper-PGE discoveries in the western world – a rare, tier-1 scale mineral resource that has the potential to create significant long-term value for Chalice shareholders and stakeholders.

Given this background and the quality of the assets in our portfolio, we remain optimistic about the outlook for the sector and continue to invest purposefully to achieve our aspiration - to create a world-class, multi-district green metals province.

Executing our strategy

Since the discovery of the Gonneville Deposit in March 2020, Chalice has worked tirelessly to capitalise on the opportunity and understand the full potential of the new mineral province we have uncovered. We have adopted an aggressive exploration and evaluation approach that has delivered exceptional results at Gonneville, whilst also evaluating the significant potential of the new mineral province surrounding the discovery.

We have finessed our corporate strategy to focus on six key strategic pillars; discovery of major new green metals deposits, definition and characterisation of new mineral resources, definition and de-risking of the optimal development pathway for Gonneville, developing and growing our business, funding the strategy whilst maintaining control and optionality, and focussing on people and stakeholders.

To execute this strategy, we have continued to broaden and deepen the capabilities within the Chalice team, including the appointment of highly-regarded mining



executive Mr Mike Nelson to the newly created role of General Manager – Project Development. Given the ever-increasing scale of the Gonneville Project, and in response to continued strong strategic interest, Chalice commenced a formal strategic partnering process for our flagship Project earlier this year.

Subsequent to year-end, expressions of interest were received from tier-1 organisations to support the continued definition and potential development of Gonneville, and whilst there can be no assurance at this stage that the strategic partnering process will result in a transaction or any specific outcome, we look forward to progressing these discussions. The strength and rarity of our tier-1 scale Gonneville Project positions our Company well, and we will be vigilant in this partner selection process. Our ultimate goal remains to define the optimal development pathway for Gonneville, and in turn to maximise shareholder value.

Highlights from FY2023

Our key achievements in FY2023 included the delivery of a second and third Mineral Resource Estimate (Resource) upgrade for Gonneville – resulting in a 50% increase in contained nickel equivalent metal to three million tonnes. This Resource growth has been delivered through a significant and ongoing program of resource definition drilling and studies.

Subsequent to the end of FY2023, we released the Scoping Study (Study) for the Gonneville Project, which has demonstrated the potential for Gonneville to become a long life, low-cost, low-carbon green metals mine. The Study has positioned Gonneville as a rare western investment opportunity in the sector with the potential to deliver strong financial returns for shareholders.

There are very few comparable projects to Gonneville in terms of scale and metals mix, which gives the Project a high degree of optionality. Given the broad range of development options, early stage nature of optimisation work and current commodity price weakness, we have seen recent share price weakness. It may take some time

for equity markets to understand the Project's full potential, given the early stage nature of studies to date. An optimised development strategy for Gonneville is continuing to be assessed through our Pre-Feasibility Study and beyond.

Importantly, the Scoping Study outlines the exceptional sustainability metrics and possible wider economic contribution of the Project, with a significantly lower carbon intensity than nickel laterite peers and a significant direct benefit to surrounding economies.

We are committed to the highest sustainability standards in the development of Gonneville, with a best practice approach to environmental, social and cultural heritage management.

Ongoing wide-spaced step-out drilling at the Project continues to define upside beyond the modelled life in the Study. Early underground mining could be a viable option to consider in parallel with open pit mining and work is ongoing to fully evaluate this potential.

We continue to be excited at the scale of the mineral system at Gonneville and even after 3+ years of drilling, the high-grade zones discovered to date remain open. We continue to drill deeper at Gonneville to understand the grade profile and variation within the system and to find the source of the magmatic sulphide mineralisation – it is often the source that yields the highest-grade parts of these types of systems.

Delivering growth through exploration

Three years on from the initial magmatic sulphide discovery at Gonneville, our continually growing regional exploration team remains focussed on the hunt for the next big discovery in the new West Yilgarn Province.

Chalice has a truly unique 'first-mover' advantage in this exciting search space, with a largely 100%-owned >9,600km² licence holding and the competitive advantage of having deep understanding of the Gonneville mineral system and 'fingerprint'.

Systematic exploration programs are ongoing with a focus on major new greenfield nickel-copper-PGE discoveries. We have a pipeline of more than 10 high-priority targets that will be progressively drill tested over the coming months, which is an exciting prospect for FY2024.

Sustainability

Chalice recognises the need to develop the Gonneville Project in a sustainable and responsible manner, with a best practice approach to environmental, social and cultural heritage management, and a commitment to make a long-lasting positive contribution to local economies.

The Company has developed the Gonneville Biodiversity Strategy with a commitment to deliver a science-based no net loss of species or habitat diversity as a result of our operations. An innovative program of work is planned to commence in FY2024 to rehabilitate areas of remnant vegetation, form ecological corridors and reduce habitat fragmentation.

To help us better understand the priorities of local communities surrounding the Gonneville Project, Chalice recently launched the Local Voices survey program to provide community members with the opportunity to provide feedback through an independent and confidential survey program.

Results from the survey confirmed the majority of respondents support the potential development of a mine on Chalice-owned farmland at Gonneville, particularly in light of the significant benefits it could generate for local communities and the state. Community consultation is important in our decision making, and we will provide multiple opportunities for comprehensive input, particularly during the permitting process in 2024.

Chalice continues to build strong relationship with the Whadjuk and Yued Traditional Owners, and we are proud of what we have achieved together to date. Since 2021, Yued and Whadjuk Traditional Owners have conducted cultural heritage surveys and monitoring for Chalice, with over 70 Traditional Owners participating in this work to date.

The outlook for Chalice

Chalice remains in a strong financial position with \$145 million in cash at the end of FY2023, following our \$76 million capital raising in May.

As such, we are well-funded into FY2024 where we intend to continue our Gonneville Pre-Feasibility Study, assess early underground and flowsheet optimisation opportunities, complete the strategic partnering process and ramp up regional exploration drilling across the exciting West Yilgarn Province.

All of these workstreams are being advanced concurrently, which points to an exciting year ahead. There can be no doubt that the future is green and Chalice is positioned accordingly. The commodities that we are seeking to



produce from our world-class Gonneville Project are vital inputs in many green technologies, and we are entering a truly transformational period ahead.

In closing, we would like to acknowledge the efforts of the entire Chalice team – fellow directors and management, all of our staff and contractors – who have gone above and beyond over the course of the year. We have an extraordinary, hard-working team that share a deep commitment to achieving our goals and we would like to sincerely thank everyone for their efforts.

To all of our stakeholders – a sincere thank you for your contribution and support of Chalice. In particular, our shareholders for their ongoing loyalty. While our share price remains subject to prevailing macro-economic factors and market conditions, there are many compelling catalysts in the year ahead that give us great cause for excitement.

We look forward to delivering on this opportunity in FY2024 and in the years ahead.

Yours sincerely,

Alex Dorsch, Managing Director & CEO and Derek La Ferla, Non-executive Chair

Our Leadership

Board of Directors

Derek La Ferla

Non-Executive Chair

- » Qualifications: B.Arts, B.Juris, B.Law, FAICD
- » Appointed 1 October 2021 and Chair on 24 November 2021

Mr La Ferla is a highly regarded ASX200 chair and company director, with an extensive national network in business, capital markets, government, and industry, backed by over 30 years of experience as a corporate lawyer.

Derek has a wide range of board experience, including as former Chair of Sandfire Resources Limited (ASX: SFR), where Derek was instrumental throughout the feasibility, development and operational phases of the major DeGrussa Project. Derek is currently the Chair of Poseidon Nickel Limited (ASX: POS), Green Peak Energy Pty Ltd and Foodbank WA. He is also on the national board of the Australian Institute of Company Directors.

Alex Dorsch

Managing Director and Chief Executive Officer

- » Qualifications: B.Eng (Hons), B.Fin
- » Appointed 13 November 2018

Mr Dorsch has lead Chalice through an exceptional and transformational growth period following the Gonneville discovery. Alex was recognised as the 'Emerging Leader of the Year' by MiningNews and 'CEO of the Year' by Kitco in 2020. He also received the Young Mining Professionals 'Peter Munk Award' in 2022.

Alex has diverse experience in leadership roles across the resources sector, as a management consultant, engineer, project manager and corporate advisor. Prior roles included a Specialist Consultant with McKinsey & Company. He commenced his engineering career with resources giant BHP, and then spent over six years as an engineer in oil and gas exploration. He is currently a Non-Executive Director for Falcon Metals Limited (ASX: FAL).

Morgan Ball

Non-Executive Director

- » Qualifications: B.Com, CA, F Fin
- » Appointed 24 June 2016

Mr Ball is a Chartered Accountant with more than 30 years of Australian and international experience in the resources, logistics and finance industries. Morgan is currently the Chief Financial Officer for Genesis Minerals Limited (ASX: GMD).

Morgan was formerly the Chief Financial Officer of ASX 50 gold producer, Northern Star Resources Limited (ASX: NST) and prior to that, the Chief Financial Officer of Saracen Mineral Holdings Limited (ASX: SAR). Other roles also included as Managing Director of ASX-listed BCI Minerals Ltd (ASX: BCI) from 2013 to 2016. Morgan was the Lead Independent Director of Chalice from June 2016 to December 2021. He is currently a Non-Executive Director for Dacian Gold Limited (ASX: DCN).

Garret Dixon

Non-Executive Director

- » Qualifications: B.Eng (Hons), MBA
- » Appointed 21 August 2020

Mr Dixon has extensive experience in the resources and mining contracting sectors in Australia and overseas. His work in both private and ASX-listed companies spans more than three decades, having worked in senior executive roles for major mine owners, mine operators and contractors.

Garret recently held the position of Executive VP Alcoa & President Bauxite where he was responsible for the global bauxite mining business for the NYSE listed Alcoa Corporation. His career also includes the role of Executive General Manager at civil construction and contract mining group Henry Walker Eltin Ltd and Managing Director of ASX-listed Gindalbie Metals Ltd (ASX: GBG).



Pictured (L-R): Linda Kenyon, Stephen McIntosh, Alex Dorsch, Morgan Ball, Derek La Ferla, Garret Dixon and Jo Gaines.

Stephen McIntosh
Independent Non-Executive Director

- » Qualifications: B.Sc, MSc (Hons)
- » Appointed 20 February 2021

Mr McIntosh is an internationally recognised figure in the mining industry, with a global career spanning over 33 years. Most recently he was a member of the Executive Committee for Rio Tinto (ASX: RIO) and held the position of Group Executive, Growth & Innovation and Health, Safety, Environment & Security. Prior to this, Stephen was Rio Tinto's global Head of Exploration. Stephen has been involved in the discovery, evaluation and development of multiple projects across a diverse range of commodities globally. He currently serves on the board of the Australian Renewable Energy Agency (ARENA) and is Chair of Datarock Holdings Pty Ltd which is a machine learning/AI start-up.

Linda Kenyon
Independent Non-Executive Director

- » Qualifications: LLB, B.Juris FGIA FCG
- » Appointed 24 August 2021

Ms Kenyon is a highly experienced corporate lawyer, governance professional and former senior executive with a career spanning 32 years at Wesfarmers Limited. Linda was a member of Wesfarmers Executive Leadership Team and was Wesfarmers Company Secretary for 17 years. During this time, she played a meaningful role in mergers and acquisitions, capital raisings and other significant commercial and property transactions. Linda holds a Bachelor of Laws and Bachelor of Jurisprudence degrees from the University of Western Australia. Linda is a Fellow of the Governance Institute of Australia and a member of the Australian Institute of Company Directors.

Jo Gaines
Independent Non-Executive Director

- » Qualifications: B.Arts, GradDipOHS
- » Appointed 17 August 2022

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. Prior to this position, Jo served as Branch Assistant Secretary for the Community and Public Sector Union/Civil Service Association for over ten years. Jo is currently Chair of the Government Employees Superannuation Board (GESB), Director of DevelopmentWA and a Non-executive Director of Technology Metals Australia Limited (ASX: TMT). Jo is a graduate of the Australian Institute of Company Directors.

Executive Management



Richard Hacker

General Manager – Strategy and Commercial

Qualifications: B.Com, AGIA ACG

Mr Hacker is a highly accomplished professional, holding the titles of Chartered Accountant and Chartered Secretary with over 25 years of professional and corporate experience in the energy and resources sector in Australia and the United Kingdom.

Richard has previously worked in senior finance roles with global energy companies including Woodside Petroleum Ltd and Centrica Plc. Prior to this, Richard was in private practice with major accounting practices. Prior roles have included as the Chief Financial Officer of Liontown Resources Ltd (ASX: LTR), now an ASX100 listed company.

He is currently a Non-Executive Director of DevEx Resources Ltd (ASX: DEV). Richard joined Chalice in 2005 and held the role of CFO until March 2023.



Kevin Frost

General Manager – Discovery and Growth

Qualifications: B.Sc (Hons) PhD, MAIG

Dr Frost is an exploration geologist with over 25 years' experience, having held senior roles in both junior explorers and international mining houses. His expertise spans economic geology covering project generation and exploration project evaluation, from grass roots to mining.

Kevin is a joint-winner of the prestigious 2023 PDAC Thayer Lindsley Award and a dual winner of the 2022 AMEC Prospectors Award for the discovery of the Gonneville Project, and previously in 2009 for the Spotted Quoll nickel deposit. Kevin was responsible for Western Area Limited's significant Flying Fox nickel discovery, propelling them into a dominant role in the nickel sulphide market. He is also a member of the Australian Institute of Geologists. Kevin joined Chalice in 2016.



Bruce Kendall

General Manager – Exploration

Qualifications: B.Sc (Hons), MAIG

Mr Kendall has over 20 years of technical and executive experience in the exploration industry, having worked with companies such as AngloGold Ashanti, Independence Group, Jabiru Metals and Blackham Resources. Bruce possesses expertise across the mineral exploration value-chain, from greenfield exploration to mining feasibility, and carries substantial strategic, business development and project evaluation experience.

Bruce has been involved in several discoveries including the world class Tropicana gold deposit in Western Australia, for which he was the joint recipient of AMEC's Prospector of the Year Award in 2012. Bruce joined Chalice in 2019 and he took on the role of General Manager - Exploration in 2022, contributing significantly to the company's continued success and growth.



Soolim Carney

General Manager – Environment and Community

Qualifications: B.NatRes (Hons) PhD

Dr Carney has over 20 years' experience specialising in environment, health and safety, Aboriginal engagement, government relations and community investment, and is a proven industry leader. Soo previously held the role of Regional Environment Manager at Alcoa, where she oversaw environmental standards and risk management across operations nationally and contributed to the Company's global environment and sustainability strategies as part of the corporate environment leadership group. During her career Soo has held senior leadership roles at BHP's iron ore operations and Woodside Energy's LNG projects, including the \$15B Pluto LNG Project. Soo holds a PhD in Ecology and Evolutionary Biology and a Bachelor of Natural Resources with Honours, achieved under a full Research Council of Australia scholarship. Soo joined Chalice in 2021.



Mike Nelson

General Manager - Project Development

Qualifications: B.Sc (Hons), MAppFin, GradDipMgt

Mr Nelson is a highly experienced mining executive and project director, with over 30 years' experience in operational and project leadership. He has played pivotal roles in major projects, including Reko Diq, a copper-gold project operated by Barrick Gold Corporation and Quebrada Blanca Phase II, a copper project operated by Teck Resources. His metallurgy, engineering and project management expertise in large-scale precious and base metals operations and his proven ability to deliver significant projects make him uniquely qualified to lead the Gonneville Project.

Mike holds a Bachelor of Science (Hons) from the University of Western Australia, Master of Applied Finance from KAPLAN and Post Graduate Diploma in Management from Deakin University. Mike joined Chalice in February 2023.



Chris MacKinnon

Chief Financial Officer

Qualifications: LLB, CPA, GradDipAppFin

Mr MacKinnon is a qualified accountant and lawyer with over 15 years of professional and corporate experience in the energy and resources industry. Chris has previously worked in corporate finance and legal roles in Carnarvon Petroleum and Australis Oil and Gas. Prior to that, he was an Associate Director at boutique investment bank, Miro Advisors, and was in legal private practice in a major national law firm.

Chris is a Certified Practising Accountant who holds a Bachelor of Laws from the University of Western Australia and a Diploma of Applied Finance from KAPLAN. Chris joined Chalice in July 2020, and previously held the role of Business Development and Legal Manager until March 2023.





Introduction

Company Overview

Our major greenfield discovery in early 2020, the Gonneville Project in Western Australia, hosts a rare mix of critical green metals required for decarbonisation and urbanisation including nickel, copper, cobalt, palladium and platinum.

Gonneville has a tier-1 scale Mineral Resource Estimate² (Resource) containing approximately 16 million ounces of platinum group elements (PGEs), 860 thousand tonnes of nickel, 520 thousand tonnes of copper and 83 thousand tonnes of cobalt, making it one of the largest recent nickel sulphide discoveries worldwide, and the largest PGE discovery in Australian history.

Chalice is now advancing this world class green metals resource towards development. The Gonneville Scoping Study, which was released subsequent to year-end, outlines a new long-life, low-cost, low-carbon green metals mine in Western Australia, with significant upside to be investigated in the next stage of studies.

The Gonneville discovery has opened up a new, largely unexplored mineral province, the West Yilgarn Ni-Cu-PGE Province, where Chalice holds an unrivalled >9,600km² land position. Chalice has a first-mover advantage in this exciting new nickel sulphide province and is concurrently progressing exploration activities across the region.

Chalice's Gonneville discovery has been recognised by multiple awards, including the Prospectors and Developers Association of Canada, with the discovery team receiving the prestigious 2023 Thayer Lindsley Award for best international minerals discovery.

Who we are



Globally recognised name in minerals exploration following the Gonneville discovery in 2020



Team with a track record of finding mines and rewarding shareholders



High-performance, results driven and values based company culture

² For tonnes and grade by confidence category and metal equivalent assumptions, refer to the Mineral Resource Statement within this Annual Report.

Our Portfolio

Gonneville Ni-Cu-PGE Project

Chalice is advancing a new world class green metals resource in Western Australia towards development.

West Yilgarn Ni-Cu-PGE Province

Chalice is the first-mover in one of the most exciting new nickel sulphide provinces worldwide.



The Chalice Way

Purpose

To find the metals needed to decarbonise the world

Aspiration

To create a world class, multi-district green metals province

Values



Integrity
Do the right thing



Ownership
Think like an owner



Alignment
If Chalice succeeds,
we all succeed



Urgency
Act today, not tomorrow



Advancement
Improve every day

Strategic Goals

Sustainability

- » Build community and Traditional Owner support for mining and exploration across the Wheatbelt region of Western Australia
- » Best-in-class sustainability performance
- » Attract and retain world class mine-finding and mine-defining capability

Development

- » Determine feasibility of a Gonneville starter mine which balances value, risk and optionality
- » Secure regulatory approvals for the Gonneville starter mine
- » Secure value-add and capability-add strategic partnership(s) at scoping/feasibility stage

Exploration

- » Discover two new major (>US\$1 Bn NPV) green metals deposits within the West Yilgarn Province

Funding

- » Maintain balance sheet strength and flexibility
- » Secure project level funding through strategic partnership(s) at scoping/feasibility stage



Our Strategy

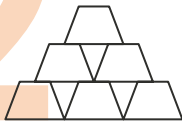
1



Generate New Discoveries

- » Conceptualise, define and prioritise new targets for potential major discoveries.
- » Cultivate our 'discovery DNA' and leverage our intellectual property.

2



Define New Resources

- » Make new major discoveries and turn them into material resources and reserves.
- » Define and characterise the mineral systems.

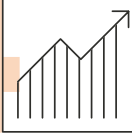
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De-risk Development

- » Define project scope and advance approvals, maximising value and optionality whilst minimising risk.
- » Secure value-add and capability-add strategic partnership(s).

4



Develop our Business and Market

- » Understand and influence the market for Chalice's basket of resources.
- » Enhance and manage our portfolio of projects to maximise value for shareholders.

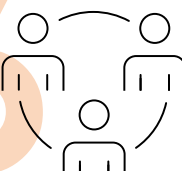
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Fund the Strategy and Protect our Data

- » Maintain financial flexibility and optionality to fund our strategy.
- » Strengthen our controls and processes.

6



Focus on People and Stakeholders

- » Build our sustainability brand, reputation and social licence.
- » Attract and retain the best people.
- » Execute safely.





Green Metals – Both Critical and Strategic

Green metals are required to decarbonise the global economy and address the global challenge of climate change. These metals are essential to modern life, however sustainable new sources of these metals in the western world are becoming increasingly rare.

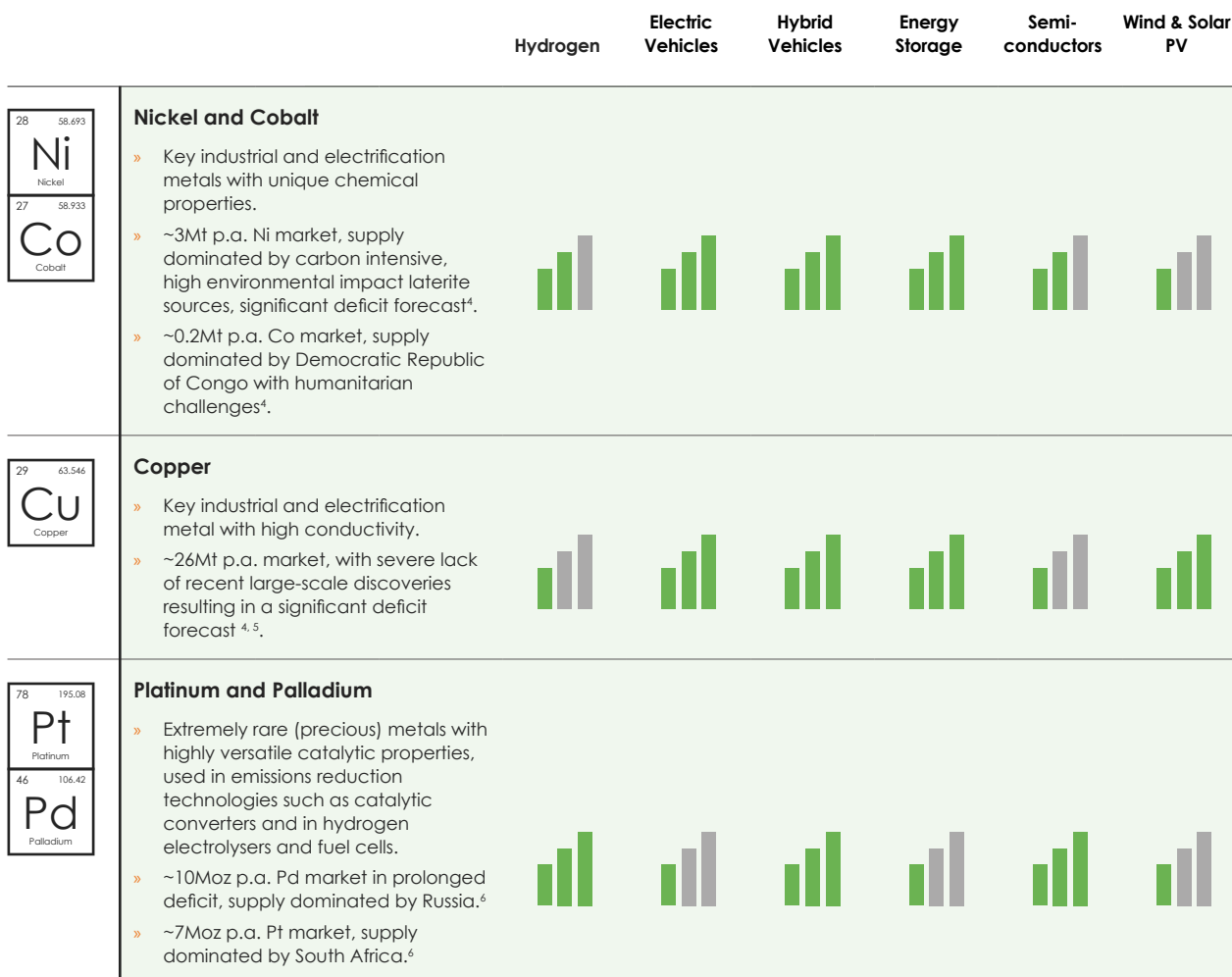
As the world pledges to meet greenhouse gas emission targets, demand for these metals is projected to surge over the coming years. The International Energy Agency forecasts that mineral demand from clean energy technologies is set to quadruple by 2050 in both the Announced Pledges and Net Zero Scenarios³.

Large deposits of these metals are rare and the Gonneville Deposit is one of the largest and most significant discoveries in recent history.

The Gonneville Project has the potential to provide significant quantities of green metals like nickel, copper, cobalt, palladium and platinum. These green metals are used in technologies like electric and hybrid vehicles, wind and solar energy, energy storage and green hydrogen.

Applications and Uses

The need to decarbonise the global economy will underpin long-term demand for the green metals at Gonneville.

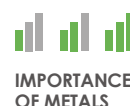


³ International Energy Agency - World Energy Outlook 2022 Report.

⁴ IEA "The Role of Critical World Energy Outlook Special Report Minerals in Clean Energy Transitions" March 2022;

⁵ S&P Global, CBS Reports, Jan 2023;

⁶ Johnson Matthey, 'PGM market report', May 2023



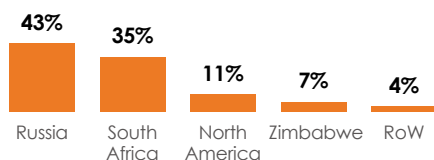
Gonneville is positioned to become a strategic asset for Australia.

- » Gonneville is the **first major PGE discovery in Australia** and one of the few recent large-scale magmatic Ni-Cu-PGE discoveries in the western world.
- » **Nickel, Cobalt, Palladium and Platinum** are classified as **'critical minerals'** by most western governments; case is also growing for Copper.
- » The western world is **extremely reliant on Russian Palladium supply** (~43% of global supply).
- » Gonneville is located in one of the world's **most stable and friendly mining jurisdictions** with a commitment to sustainable development.
- » The Australian Government has committed >\$1 billion to **accelerate strategically significant projects** and strengthen internal critical mineral security and supply chains⁷.
- » Strategic partnering process for the Gonneville Project underway⁸, buoyed by the **US Inflation Reduction Act**.

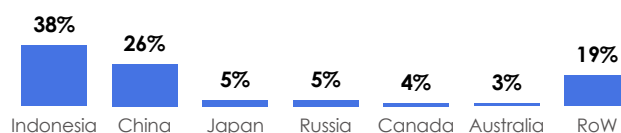
Global Palladium and Nickel Primary Supply Market Share (2022)⁹



2022 Palladium Supply



2022 Nickel Supply



⁷ '2023-2030 Critical Minerals Strategy' Department of Industry, Science, Energy and Resources, Australian Government, June 2023

⁸ Discussions with potential partners are preliminary in nature, a formal partnering process is underway.

⁹ AME as at 10 May 2023, Market research.

Operating & Financial Review





Gonneville Nickel-Copper PGE Project

| | |
|---------------------------|--------------------------------------|
| Location | ~70km NE of Perth, Western Australia |
| Development stage | Resource; Feasibility and Permitting |
| Acquired ownership | Exploration licenses staked in 2018 |
| Ownership | 100% |

Overview

The Gonneville Nickel-Copper-Platinum Group Element (Ni-Cu-PGE) (Gonneville or the Project) is a pre-development project located on Chalice-owned farmland, in Western Australia. The Project is centred on the Gonneville Deposit – a significant greenfield mineral discovery by Chalice’s geologists in early 2020.

The Gonneville Resource hosts a rare mix of critical green metals required for decarbonisation and urbanisation, such as nickel, copper, cobalt, palladium and platinum. Large-scale deposits like Gonneville are very rare and therefore have high strategic value, as current production of PGE metals is dominated by Russia and South Africa.

Gonneville has a tier-1 scale Mineral Resource Estimate (Resource) and is defined as the second largest undeveloped nickel sulphide Resource in Australia and one of the largest globally.

The Company recently completed a Scoping Study for the Gonneville Project, which outlined a new long-life, low-cost, low-carbon green metals mine in Western Australia with the potential to deliver strong financial returns and regional benefits, plus significant upside. In response to continued strong strategic interest in the Gonneville Project, Chalice commenced a formal strategic partnering process in 2023. Chalice anticipates that a strategic partner (or partners) with complementary technical, marketing and financial capability may assist with the development of Gonneville, and influence the optimal development strategy to maximise shareholder value. Subsequent to year-end, expressions of interest were received from tier-1 organisations, and whilst there can be no assurance at this stage that the strategic partnering process will result in a transaction or any specific outcome, we look forward to progressing these discussions.

Chalice recognises the need to develop the Gonneville Project sustainably and responsibly, with a best practice approach to environmental, social and cultural heritage management. Chalice is currently continuing exploration and resource definition drilling as well as studies to determine the feasibility of the Project.

Location

The 100%-owned Gonneville Ni-Cu-PGE Project is located on Chalice-owned farmland ~70km north-east of Perth, Western Australia (Figure 1). Following a further property acquisition this year, Chalice now owns approximately 26km² of farmland at and around the Gonneville Project.

Being proximal to Perth, the region has excellent nearby infrastructure including high-voltage power, rail, sealed highways and deep-water ports, plus access to a significant highly skilled workforce.

The Gonneville discovery has opened up a new unexplored mineral province, the West Yilgarn Ni-Cu-PGE Province in Western Australia. Chalice has a first-mover advantage in the new province and is progressing exploration activities across the West Yilgarn concurrently with pre-development activities at Gonneville.

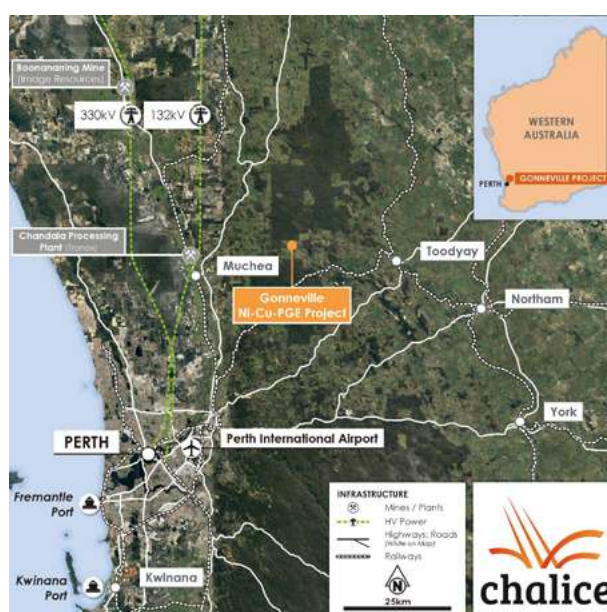


Figure 1. Location and surrounding infrastructure of the Gonneville Project.

Geology & Exploration

The Gonneville Deposit (Deposit) is located at the southern end of a newly recognised >30km long geological belt, the Julimar Complex. The mafic-ultramafic intrusive belt is prospective for magmatic sulphide mineralisation.

The Gonneville Deposit has a rare chonolith-like geometry, which is similar to other major mafic-ultramafic orthomagmatic systems worldwide that host some of the world's largest nickel copper+/-PGE deposits, including Norilsk-Talnakh and Jinchuan (Barnes et al, 2016¹⁰).

The Deposit has been drilled to ~1,200m below surface. Primary Ni-Cu-PGE sulphide mineralisation occurs principally within the ultramafic domains of the Gonneville Intrusion

and to a lesser extent in gabbro subunits. Mineralisation occurs as a series of sub-parallel sulphide-rich zones (>20% sulphides), typically 5m to 40m wide, that occur within broader intervals (100m to 150m wide) of weakly disseminated sulphides.

Resource

Following an update to the Mineral Resource Estimate in July 2022, Chalice delivered a further update in March 2023 to incorporate an additional 260 drill holes. The additional drilling and re-modelling resulted in a ~50% increase in the contained nickel equivalent metal relative to the July 2022 estimate.

Gonneville Project Mineral Resource Estimate – March 23¹¹

560Mt @ 0.88g/t Pd+Pt+Au (3E), 0.16% Ni, 0.09% Cu, 0.015% Co (~0.54% NiEq or ~1.7g/t PdEq);

Containing 16Moz 3E, 860kt Ni, 520kt Cu and 83kt Co (~3.0Mt NiEq or ~30Moz PdEq).

Including a higher-grade sulphide component of the Resource (>0.6%NiEq cut-off) of:

120Mt @ 1.6g/t 3E, 0.20% Ni, 0.18% Cu, 0.017% Co (~0.9% NiEq or ~2.7g/t PdEq);

Containing 5.8Moz 3E, 230kt Ni, 210kt Cu, 20kt Co (~1Mt NiEq or ~10Moz PdEq).

¹¹ Mineral Resource Estimates are as at 28 March 2023 (reviewed 30 June 2023) and are based on the ASX announcement titled "Gonneville Resource Increases By Approx. 50% to 3Mt NiEq" dated 28 March 2023, available at www.asx.com.au ASX code "CHN".

For tonnes and grade by confidence category and metal equivalent assumptions, refer to the Mineral Resource Statement within this Report.

For the higher-grade component, refer to the ASX announcement referenced above dated 28 March 2023.



The substantial growth in the Resource is attributable to increasing the contained metal by ~18% in-pit and ~16% in the underground category. An additional ~14% increase stems from the application of a slightly reduced open-pit cut-off grade (reflecting updated metallurgical and economic parameters).

The higher-grade sulphide component of the Resource (>0.6% NiEq cut-off) has increased the contained nickel equivalent tonnes by ~27% to 120Mt @ 1.6g/t 3E, 0.20% Ni, 0.18% Cu, 0.017% Co ~0.9% NiEq or ~2.7g/t PdEq) containing 5.8Moz 3E, 230kt Ni, 210kt Cu, 20kt Co (~1.0Mt NiEq or ~10Moz PdEq).

This higher-grade component affords the Project significant optionality in development as it commences at a shallow depth of ~30m and extends to ~800m. The Resource remains open at depth and recent step-out drill results up to ~600m beyond the Resource boundary highlight the potential for considerable further growth.

¹⁰ Barnes SJ, Cruden A.R, Arndt, A & Saumur, B., 2016. The mineral system approach to magmatic Ni-Cu-PGE sulphide deposits. Ore Geology Reviews 76, 296-316

Resource Growth Potential

Step-out drilling at Gonneville is continuing on a ~160-320m spacing and is expected to continue for the foreseeable future, subject to results. This very wide-spaced drilling is targeting the host Gonneville Intrusion at depths of ~400-1,200m, based on interpreted geology from 2D seismic surveys.

Recent deep step-out drill holes down-plunge of the high-grade sulphide zones continue to demonstrate the considerable scale of the Gonneville Deposit, as well as the considerable high grade underground potential well beyond the ~600m deep Resource pit shell.

Diamond hole JD369W3, drilled ~900m down-plunge of the Resource, intersected an exceptional high-grade interval of:

- » 54.2m @ 3.6g/t 3E, 0.21% Ni, 0.39% Cu, 0.02% Co (1.7% NiEq) from 1132.8m (JD369W3), incl:
- » 49m @ 3.9g/t 3E, 0.22% Ni, 0.43% Cu, 0.02% Co (1.8% NiEq) from 1135m, incl:
- » 9m @ 10.0g/t 3E, 0.24% Ni, 1.2% Cu, 0.02% Co (4.3% NiEq) from 1153m.

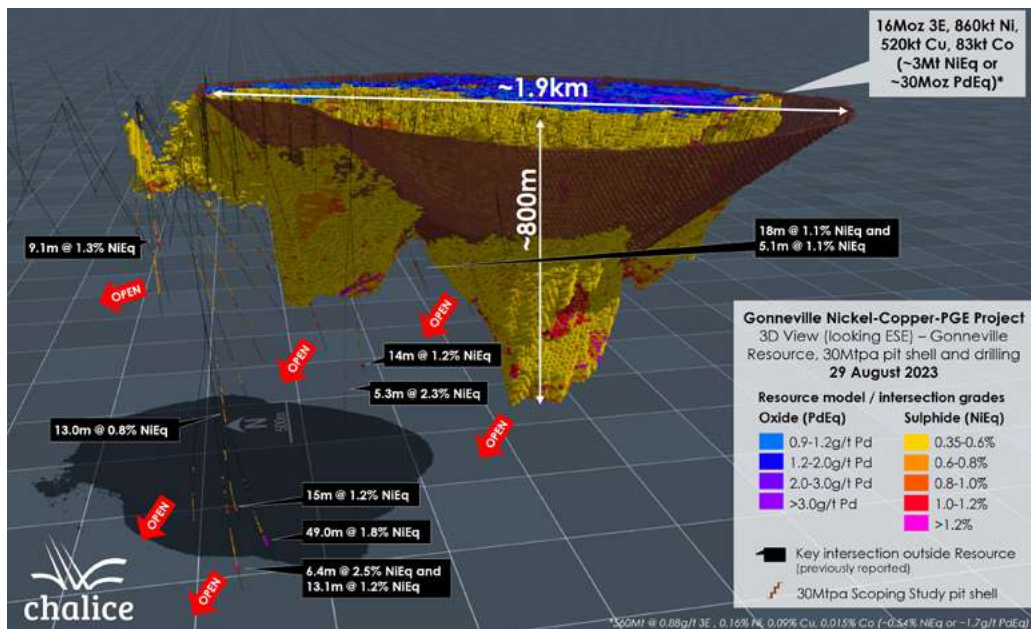


Figure 2. 3D view (looking ENE) of Gonneville block model (all domains) and Resource pit shell.

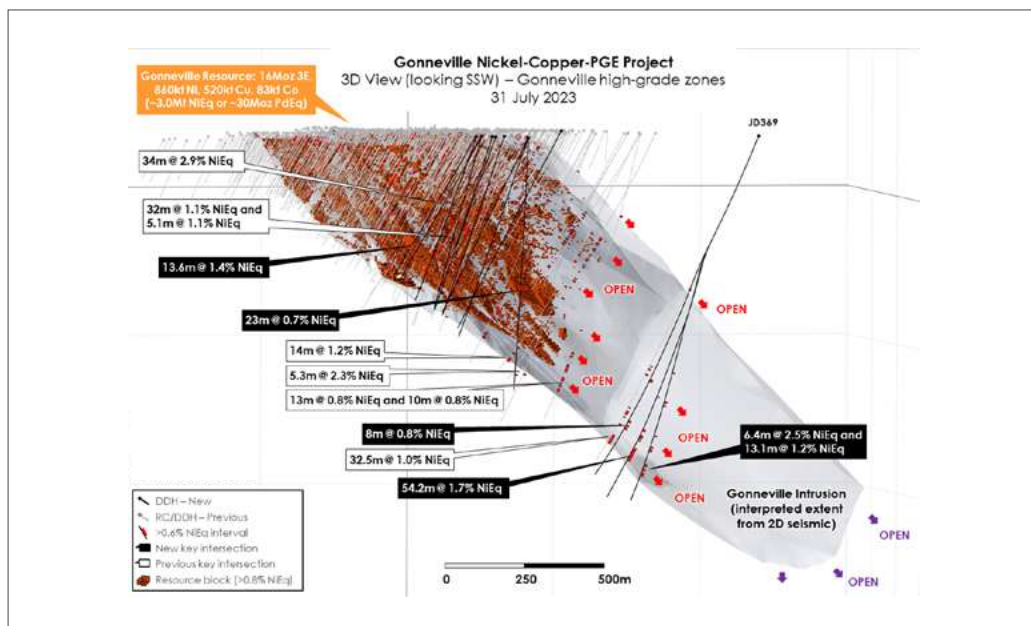


Figure 3. 3D view (looking SSW) of Gonneville Intrusion, >0.8% NiEq Resource blocks and drilling.

Development Studies

In August 2023, Chalice completed a Scoping Study (Study) for the Gonneville Project, which outlined a new long-life, low-cost, low-carbon green metals mine in Western Australia with the potential to deliver strong financial returns and regional benefits, plus significant upside.

The Study outlined a tier-1 scale development project in a world-class jurisdiction:

- » Two open-pit cases modelled reflecting significant development optionality – with early underground options in parallel with open-pit mining to be investigated in future.
- » ~240Mt and ~440Mt open-pit resources processed (45-80% of the Gonneville Resource) for the 15Mtpa and 30Mtpa cases respectively, generating a tier-1 production profile:

| Case | 3E (Pd+Pt+Au) (kozpa) | Ni (ktpa) | Cu (ktpa) | Co (ktpa) | Modelled life (yrs) |
|--------|-----------------------|-----------|-----------|-----------|---------------------|
| 15Mtpa | ~280 | ~9 | ~10 | ~0.8 | ~19 |
| 30Mtpa | ~470 | ~16 | ~16 | ~1.4 | ~18 |

Based on the assumptions utilised, the Study highlighted strong returns on investment and a competitive cost profile for the Gonneville Project:

- » Scoped to be 2nd quartile on the current 4E (Pd+Pt+Au+Rh) PGE industry cost curve, and the lowest cost producer of PGEs in the western world, based on 2022 total cash costs and base metal by-product credits (Figure 4).

Compelling returns generated over modelled life with a short two-year payback period¹²:

| Case | Free cash (post tax) (A\$Bn) | Pre-Prod CapEx (A\$Bn) | NPV _{6.5%} (A\$Bn) | IRR (%) | VIR (x) | Payback f/ COP (yrs) |
|--------|------------------------------|------------------------|-----------------------------|---------|---------|----------------------|
| 15Mtpa | ~6.6 | ~1.6 | ~2.8 | ~26 | ~1.8 | ~2 |
| 30Mtpa | ~9.9 | ~2.3 | ~4.2 | ~26 | ~1.8 | ~2 |

- » Indicative NPV ignores residual value beyond modelled life or any exploration upside and hence is not considered to reflect the full potential value of the asset.
- » Long-life, tier-1 scale production profile provides significant leverage to green metals which are in strong demand from global decarbonisation and urbanisation trends.

Chalice has commenced the Pre-Feasibility Study (PFS) for the Project, targeted for completion in mid-2025, which will assess several development cases with the aim of determining the preferred case to progress to a Feasibility Study.

The large scale, shallow polymetallic Gonneville Resource has inherent development optionality which requires ongoing detailed optimisation work as part of the PFS. Importantly, Chalice is well funded to complete the PFS, with a cash balance of ~\$145M as of 30 June 2023.

¹² The production targets and forecast financial information above is based on economic assumptions extracted from the ASX announcement dated 29 August 2023, titled "Gonneville Nickel-Copper-PGE Project Scoping Study" available www.asx.com.au ASX code "CHN". Refer to the Cautionary Statement within this Annual Report.





PGE Industry Cost Curve – Net Total Cash Costs per 4E oz (after by-product credits), CY2022, US\$/oz

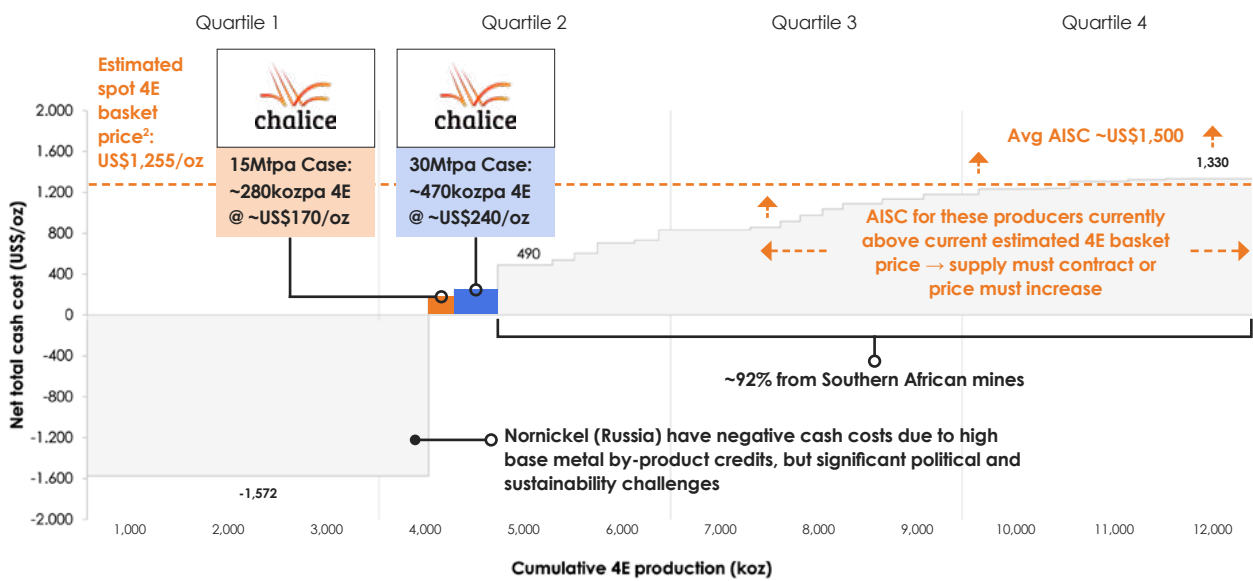


Figure 4. 2022 PGE industry cost curve and indicative Gonneville positioning.¹³

Mineralogy and metallurgical test work have continued in parallel to the exploration and development activities, with metallurgical composite samples sourced as the Resource was defined. To date, over 25 sulphide composites and five oxide composites have been tested.

The planned PFS metallurgical test work programme will incorporate additional samples to ensure representivity of the samples and composites across the Resource defined to date. The programme has a particular focus on metallurgical variability of low-grade samples and composites, and also aims to improve understanding of metallurgical domains within the Resource.

The Study assumes that Gonneville is currently scoped to produce a copper smelter concentrate (Cu-Pd-Pt-Au) for sale to a copper smelter, a Mixed Hydroxide Precipitate (Ni-Co) for sale to a precursor cathode active material (PCAM) refinery and potentially a PGE-Au doré for sale to a PGM refinery.

Chalice also expects to commence the regulatory approvals process for the Project in H1 2024, based on the development envelope presented within the Scoping Study, which is located entirely on Chalice-owned farmland.

Baseline surveys of ground water, surface water, flora, fauna and dieback continued to advance this year as part of the long-term baseline and monitoring program, designed to support engineering studies and environmental assessments.

¹³ Source: 2022 SFA (Oxford) Ltd collated costs and revenues used for 4E cost curve data. 4E cost curve positioning assumes average 2022 by-product commodity prices of: Copper US\$10,105/t, Nickel US\$25,000/t, Iridium US\$4,400/oz, Ruthenium US\$50/oz, Chrome 42% CIF US\$300/t. AME forecast Cobalt price of US\$46,407/t has been assumed given not disclosed in SFA data. Above cash costs will differ to that presented elsewhere given the difference in commodity prices assumed for by-products calculation.

Sustainability

Chalice recognises the need to develop the Gonneville Project sustainably and responsibly, with a best practice approach to environmental, social and cultural heritage management, and to contribute to local economic development.

As part of this commitment, Chalice has developed the Gonneville Biodiversity Strategy which sets a goal to ensure a science-based no net loss of species or habitat diversity as a result of our operations. An innovative program of work is planned to rehabilitate areas of remnant vegetation, form ecological corridors and reduce habitat fragmentation.

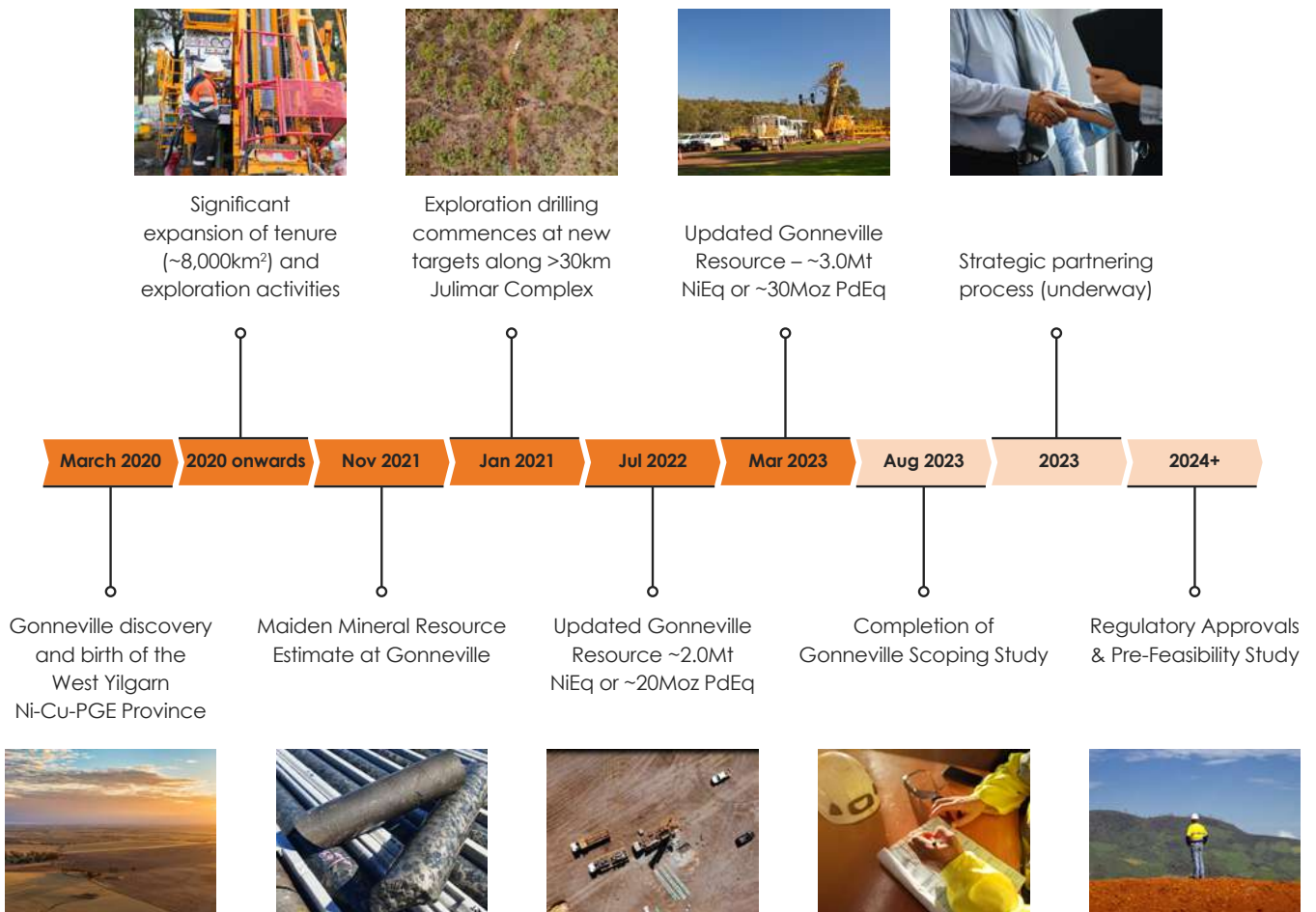
Chalice is proud to be part of the communities surrounding the Gonneville Project, and is committed to prioritising local employment, supporting local businesses and investing locally to create long lasting benefits.

Chalice has built a strong relationship with Traditional Owners and continues work to understand the cultural values of the Gonneville Project area. The Company has also collaborated with Whadjuk representatives on our ongoing baseline fauna surveys.

Refer to our Sustainability Report within this Annual Report for further details on this work.

Forward Plan

Chalice's multi-track value creation strategy at the Gonneville Project is to advance development studies and progress regulatory approvals for a potential mine at Gonneville (located on Chalice-owned farmland), continue exploration in the surrounding region to determine the full scale of the mineral system, and attract a strategic partner who adds technical, financial and marketing capabilities.



Refer to full Mineral Resource Statement within this Report. Timeline is indicative and subject to exploration and study outcomes

Generative Exploration and Strategic Investments

The West Yilgarn Nickel-Copper-PGE Province

Chalice holds an unrivalled >9,600km² licence area in the West Yilgarn Nickel-Copper-PGE Province. Defined by Chalice geologists in 2020 following the Gonnevillie discovery, the province is almost completely unexplored and is considered one of the most exciting new nickel sulphide provinces globally.

Chalice is systematically exploring the region targeting greenfield high-grade Ni-Cu-PGE discoveries. The West Yilgarn portfolio is largely 100% owned, but also includes several earn-in joint ventures.

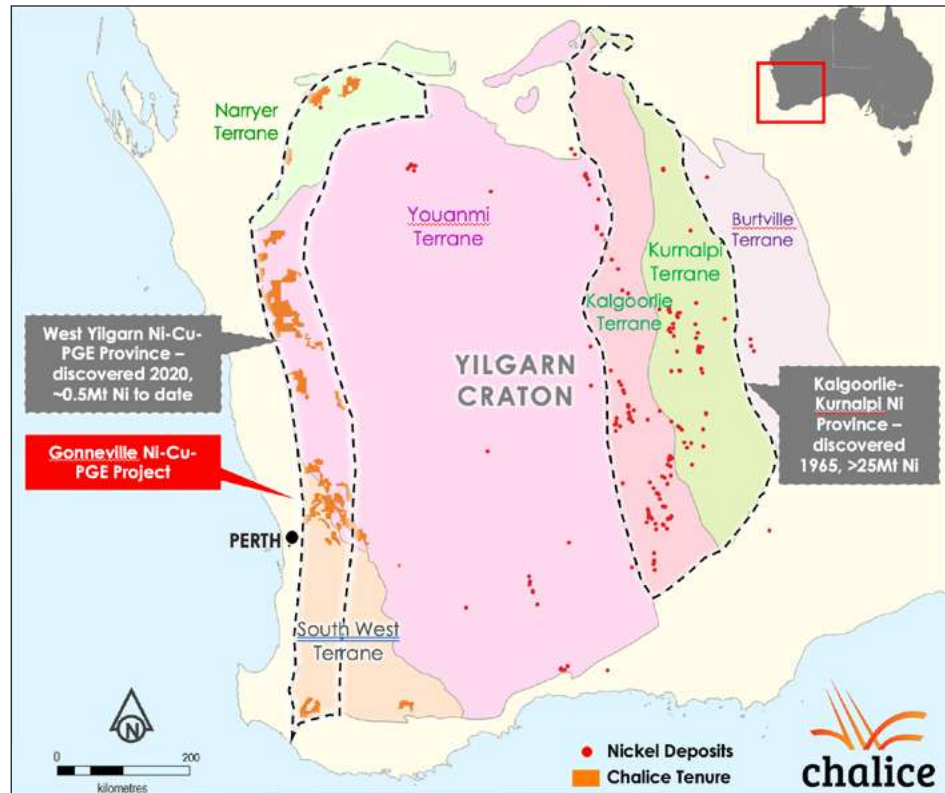


Figure 5. Chalice tenure in the West Yilgarn Ni-Cu-PGE province of Western Australia, and surrounding nickel deposits.



Julimar Nickel-Copper-PGE Exploration Project, WA

| | |
|----------------------|---|
| Location | Western Wheatbelt Region, Western Australia |
| Project stage | Early Exploration |
| Acquired | Exploration licences staked in 2018-2020 |
| Ownership | 90-100% |
| Project area | ~350km ² |

Overview

The Julimar Nickel-Copper-Platinum Group Element (Ni-Cu-PGE) Exploration Project forms part of Chalice's large-scale exploration portfolio in the West Yilgarn Province. The Company is utilising low-impact and innovative, leading practice exploration techniques, recognising the environmental sensitivities of the region.

Exploration at the Julimar Project is being progressed separately from the Gonneville Project.

Location

The Julimar Ni-Cu-PGE Exploration Project is located in the Western Wheatbelt region, north-east of Perth, Western Australia (Figure 6). The exploration licence holding surrounds the Gonneville Project, and includes areas of farmland and State Forest.



Figure 6. Julimar Nickel-Copper-PGE Exploration Project location.





Exploration

The updated Resource for Gonneville is interpreted to cover just ~7% of the >30km long Julimar Complex strike length. Broad-spaced drilling along the Julimar Complex has targeted the discovery of new high-grade Ni-Cu-PGE sulphide deposits which could add considerable value to a potential mine at Gonneville (Figure 7).

During the year, 105 drill holes were completed along the Hartog-Hooley-Dampier target areas across ~10km of strike length, with all holes drilled into the Julimar Complex

to date intersecting sulphide mineralisation. Of particular note, wide-spaced reconnaissance and step-out drilling at the Hooley Prospect (Figure 8), located ~5km north of Gonneville, has 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.

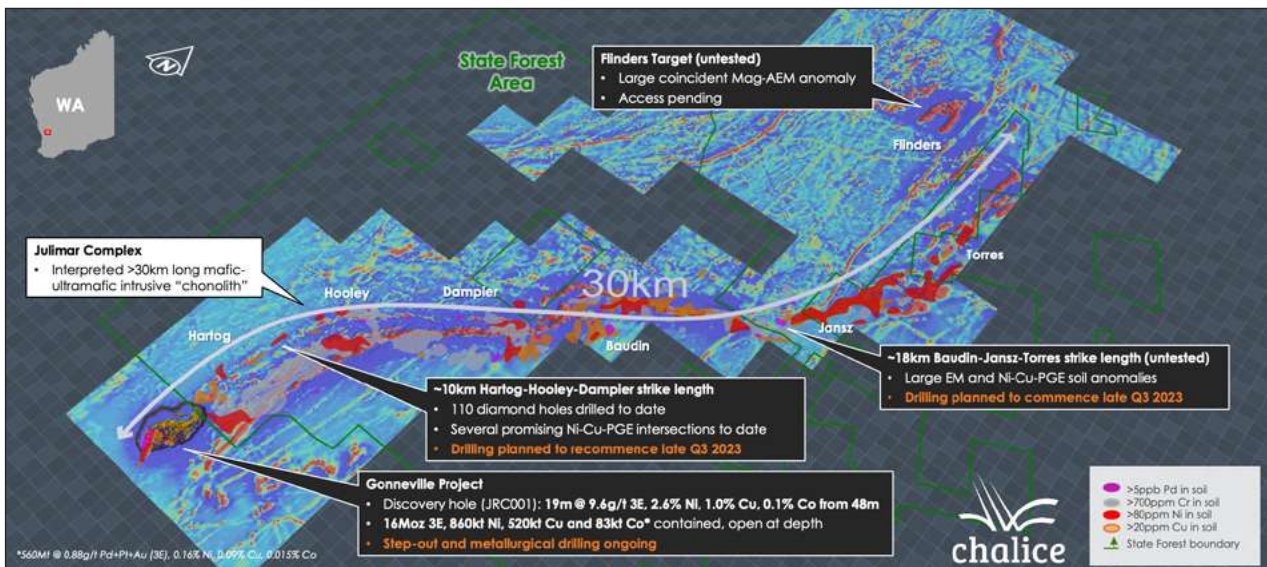


Figure 7. 3D view (looking NW) of the Julimar Complex, Gonneville Deposit, regional targets, soil geochemistry over magnetics.

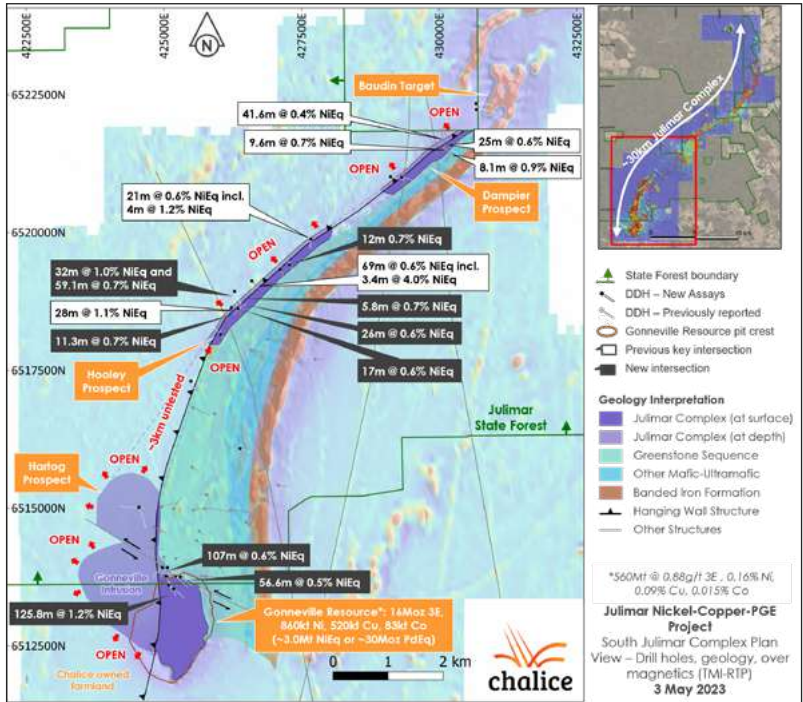


Figure 8. South Julimar Complex Plan View – drill holes, geology over airborne magnetics.

Sustainability

Recognising the sensitivities of the region, Chalice is utilising innovative, low-impact exploration techniques in vegetated areas. Our exploration covers a small portion of the Julimar State Forest, which is strictly governed by a Conservation Management Plan – approved by the Western Australian State Government and developed in conjunction with the Department of Biodiversity, Conservation and Attractions.

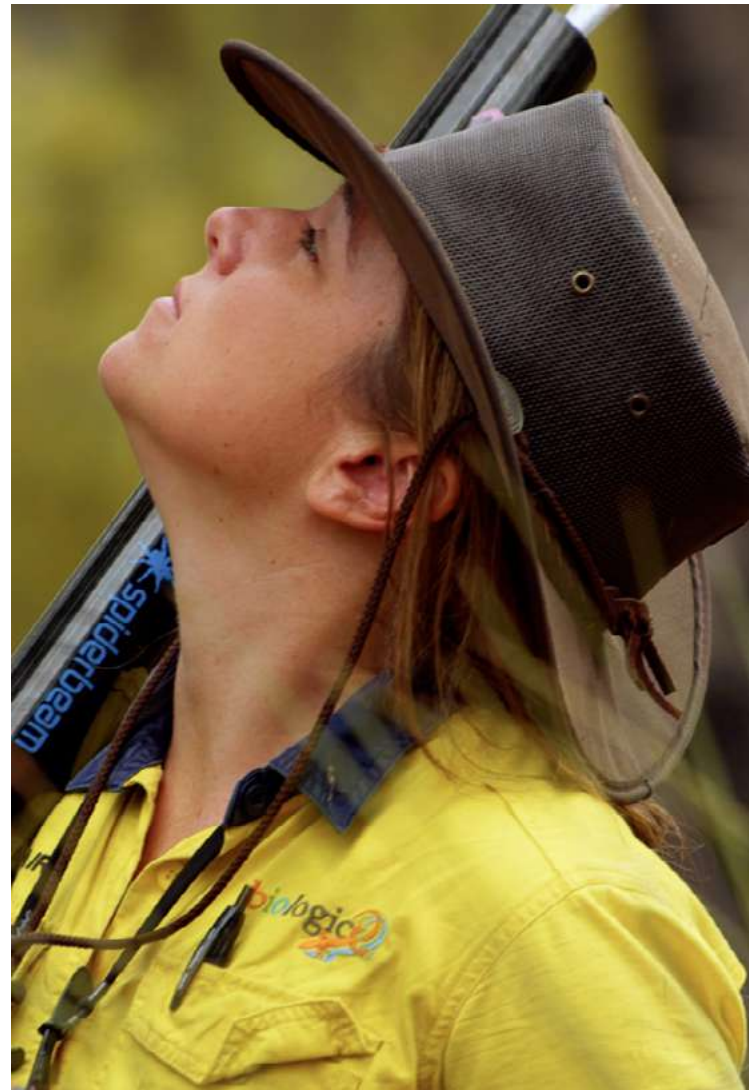
Exploration is staged, starting with a desktop review of existing datasets and followed by soil sampling and geophysical surveys. This allows large areas to be screened for potential drill targets without any environmental impact. Chalice is also conducting exploration drilling within existing disturbed areas where possible, including drilling on an extensive network of recreational access tracks in the State Forest.

Other innovations include the use of small, track-mounted diamond drill rigs with telescopic masts and above-ground drilling fluids systems in all vegetated areas, which avoids trees and removes the need for any mechanised clearing of vegetation.

Comprehensive baseline flora and fauna surveys have been conducted across 6,000 hectares by teams of specialist botanists and zoologists. The intent of these surveys is to gather information specific to the region, to avoid and mitigate impacts on the conservation values of the State Forest and farmland during drilling activities.

Chalice has engaged Yued and Whadjuk Traditional Owners to conduct cultural heritage surveys to better understand the cultural values of the area. Drilling activities in the State Forest are monitored by Traditional Owner representatives, with ~70 Yued and Whadjuk members participating in this work since 2021.

Refer to our Sustainability Report for further details on this work.





Kings Nickel-Copper-PGE Project WA (70-100%)

The Kings Project covers an area of ~1,450km² and is located north-east of Perth in the highly prospective West Yilgarn Ni-Cu-PGE Province. Chalice is targeting magmatic nickel-copper-PGE deposits, however there is also potential for other deposit types within the largely unexplored mineral province.

Exploration activities continued during the year including the collection of 4,500 auger samples and geological reconnaissance at seven new early-stage targets identified through previous AEM/ground EM surveys and roadside geochemical sampling. Planning is underway for initial drill testing of priority targets at the end of the cropping season in late 2023.

A 13-hole, ~2,300m RC drill program was completed at the Bejoording Target (~35km NE of Gonneville) in early 2023. Prospective harzburgite-pyroxenite rock types were intersected, however there were no significant Ni-Cu-PGE sulphide zones intersected. The program highlighted the prospective nature of untested targets immediately along strike to the north, at the Bolgart Target, where a program of three diamond holes is underway.



Northam Resources Nickel-Copper-PGE JV Project WA (earn-in up to 70%)

Subsequent to year-end, Chalice executed an earn-in agreement with Northam Resources Limited (Northam), whereby Chalice may earn up to a 70% joint venture interest in Northam's ~1,600km² tenement holding, ~35km east of the Gonneville Project. Under the agreement, Chalice may 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). Upon entering the earn-in, Chalice also paid Northam \$2.45 million in Chalice shares by way of reimbursement for Northam's Ni-Cu-PGE exploration expenditure to date.

The large-scale tenement holding is contiguous with Chalice's existing West Yilgarn tenure. Three untested coincident geochemical-EM anomalies will be the focus of regional exploration to commence in the coming months, with initial drilling targeted in late 2023 / early 2024.



Barrabarra Nickel-Copper-PGE Project WA (80-100%)

The Barrabarra Project covers an area of ~4,200km² and is located east of Geraldton, within the highly prospective West Yilgarn Ni-Cu-PGE Province. Chalice is targeting magmatic nickel-copper-PGE deposits, however there is also potential for other deposit types within the largely unexplored mineral province.

The Project includes several unexplored interpreted mafic-ultramafic intrusions, with anomalous Ni-Cu-Cr+/-PGE in soils.

Results have been received from a 4,000-line km HeliTEM survey completed in late 2022, with a number of bedrock anomalies identified. A program of field checking and soil sampling has been undertaken over these targets and outcropping ultramafic rocks have been identified, which has elevated the AEM anomalies to priority drill targets.

Land access consents have been obtained to facilitate a planned program of RC drilling to test these targets, which is planned to commence in late 2023.

The Barrabarra Project includes an earn-in and joint venture agreement on the Koojan Project with Koojan Exploration Pty Ltd (Chalice earning up to 80% JV interest).



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

The South West Project covers an area of ~700km² and is located near Yornup, within the highly prospective West Yilgarn Ni-Cu-PGE Province. The Project is centred on a 'Julimar Complex lookalike', the Thor Ni-Cu-PGE Target – a ~20km long mafic-ultramafic complex with a strong magnetic signature and historical massive sulphide occurrences.

Results were received during the year from a HeliTEM airborne survey completed over E70/5421 (Chalice earning 70%) and E70/5685 (Chalice 100%) with one strong bedrock anomaly identified. The Company has lodged an application for on-ground exploration with the WA Government as a follow-up to the AEM anomaly. Results have been received from a surface geochemical program completed over JV tenements (E70/4837, 5067) and Chalice-owned tenements (E70/5685). The survey has identified two new priority Ni-Cu-PGE anomalies on the tenements to date. Drilling to test these new targets is planned in Q4 2023 once approvals are received.

The South West Project includes an earn-in agreement with Venture Minerals (ASX: VMS) – Chalice has already earned a 51% interest in these tenements and may earn a further 19% interest by spending \$2.5 million over two years.



Narryer Nickel-Copper-PGE Project WA (75-100%)

The Narryer Project covers an area of 1,240km² and is located in the Murchison district, within the highly prospective West Yilgarn Ni-Cu-PGE Province.

Results have been returned from a 1,325-line km HeliTEM airborne survey which has identified six bedrock conductors within an area containing previously identified mafic-ultramafic intrusive rock types. A site reconnaissance trip was completed to undertake rock chip sampling and orientation surface geochemical sampling in preparation for more extensive surface geochemical sampling programs.

An earn-in and JV agreement with Platina Resources (ASX: PGM) was executed during the year over the Mt Narryer Project. Chalice has the right to earn a 51% interest in this tenement by spending \$0.6M within two years with a minimum commitment of \$0.15M in the first year. Chalice may increase its interest to 75% by spending an additional \$1.8M within a further two years.



Auralia Nickel-Copper-PGE Project WA (SensOre Limited earning 70%)

The Auralia Project covers an area of ~990km² and is located ~500km east of Kalgoorlie, within the Madura Province. Limited historical exploration drilling below the Eucla Basin in this area intersected ultramafic to mafic intrusive rocks associated with a ~80km long magnetic anomaly.

A request for a heritage survey was lodged with the Central Desert Native Title Services to facilitate a ground gravity program over high priority targets within the prospective Loongana mafic-ultramafic intrusion. The planned ground gravity survey is expected to be undertaken in 2H 2023.

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.



Nulla South Gold Project WA (20%)

The Nulla South Project covers an area of 160km² and is located ~40km south-west of Southern Cross, within the Westonia greenstone belt.

Ramelius Resources (ASX: RMS) continue to conduct exploration drilling to test previously identified gold anomalies (Ramelius earning 75%). Ramelius completed a program of 2,511m AC drilling (56 holes) at the Hitchings and Bennett Road targets as a follow-up test of previously identified drill anomalism. An additional five AC holes for 236m was completed during the year and all assay results are pending.



Warrego North Copper-Gold Project NT (NT Bullion earning 75%)

The Warrego North Project covers an area of 180km² and is located ~20km north-west of the historical Warrego copper-gold mine, within the Tennant Creek Mineral Field.

Warrego was the largest deposit mined in the area with historical production of ~1.6Moz of gold and ~175,000 tonnes of copper, in a classic iron oxide copper gold ("IOCG") geological setting.

Under an earn-in and joint venture agreement with NT Bullion Limited, NT Bullion may earn up to a 75% interest in the Project. No work was undertaken on the Project during the year.

Strategic Investments and Divestments

Caspin Resources Limited (ASX: CPN)

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

The Company holds a 8.74% interest in Caspin which is valued at approximately \$1.8 million at 30 June 2023.

Divestment - Hawkstone Nickel-Copper-Cobalt Project

Subsequent to year-end, Chalice sold the Hawkstone Project in the Kimberley region, Western Australia, to Stavely Minerals Limited (ASX: SVY). Consideration payable by Stavely to Chalice is up to \$1.05 million in Stavely shares, with \$0.65 million paid upon settlement, and the remainder payable before February 2024 upon tenure extensions for a couple of key tenements in the Project (E04/2299, E04/2325).

Financial Performance

The loss for the year ended 30 June 2023 of \$65.6 million was higher than the net loss of \$18.3 million for the year ended 30 June 2022, largely due to the net gain realised of \$47 million from the demerger of Falcon Metals Limited (ASX: FAL) in the prior year. Exploration and evaluation expenditure increased by 6.7% from \$57.9 million to \$61.8 million, as a result of an increase in spend at the Gonneville Project (see below table).

Finance income increased by \$2.7 million due to an increase in interest rates applied to term deposits during the financial year.

Corporate and administration costs increased from \$5.8 million to \$6.3 million primarily due to an increase in the scale of the Company's activities over the period.

Exploration and Evaluation Expenditure by Project.

| | 2023 \$'000 | 2022 \$'000 |
|--------------------------------------|----------------|----------------|
| Gonneville, Western Australia | 46,891 | 45,352 |
| Gonneville – development/ studies | 6,501 | 6,086 |
| West Yilgarn, Western Australia | 8,092 | 5,413 |
| Other generative projects | 349 | 731 |
| Pyramid Hill, Victoria | - | 351 |
| | 61,833 | 57,993 |

Financial Position

At 30 June 2023, the Company remains well funded to execute its corporate strategy outlined on page 18. The Group had net assets of \$187.1 million (2022: \$176.3 million) and an excess of current assets over current liabilities of \$141.2 million (2022: \$129.9 million).

Current assets increased by 9.3% to \$151.5 million (2022: \$138.6 million) primarily due to an increase in cash on hand following the completion of a placement and Share Purchase Plan (SPP) to raise over \$76.4 million during the year (before costs). Refer to the statement of cash flows discussed below for further details regarding the movement in cash equivalents during the year ended 30 June 2023.

Current liabilities at 30 June 2023 increased by 19.5% from \$8.7 million in 2022 to \$10.4 million at 30 June 2023. The increase in liabilities is primarily due to an increase in payables at 30 June 2023.

Statement of Cash Flows

Cash and cash equivalents at 30 June 2023 were \$145.2 million (2022: \$131.7 million). The increase in cash of \$13.5 million is predominately due to a placement and SPP, raising \$76.4 million (before costs), offset by an increase in exploration and evaluation activities at the Group's Gonneville Project.





Mineral Resource Statement

The Company may report Mineral Resources at a date other than 30 June. However, the Company reviews its Mineral Resources annually in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) 2012 Edition. The date of review is 30 June each year, to coincide with the Company's end of financial year.

The Company declared an updated Mineral Resource Estimate for the Gonneville Project, on 28 March 2023. This Mineral Resource Estimate was reviewed as at 30 June 2023. No material changes have occurred since the declaration date of 28 March 2023 to 30 June 2023. The current Mineral Resource Estimate is reported below:

Gonneville Mineral Resource Estimate (JORC Code 2012), 28 March 2023.

| Domain | Cut-off Grade | Category | Mass | Grade | | | | | | | Contained Metal | | | | | | | | |
|-------------------------|---------------|-----------------|------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-----------------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|
| | | | | (Mt) | 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) |
| Oxide | 0.9g/t Pd | Measured | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Indicated | 7.3 | 1.9 | - | 0.06 | - | - | - | - | 2.0 | 0.45 | - | 0.01 | - | - | - | - | 0.47 |
| | | Inferred | 0.2 | 1.9 | - | 0.07 | - | - | - | - | 2.0 | 0.01 | - | 0.00 | - | - | - | - | 0.02 |
| | | Subtotal | 7.5 | 1.9 | - | 0.06 | - | - | - | - | 2.0 | 0.47 | - | 0.01 | - | - | - | - | 0.49 |
| Sulphide (Transitional) | 0.35% NIeq | Measured | 0.38 | 0.82 | 0.17 | 0.03 | 0.19 | 0.17 | 0.020 | 0.70 | 2.2 | 0.01 | - | - | 0.72 | 0.63 | 0.07 | 2.7 | 0.03 |
| | | Indicated | 14 | 0.66 | 0.15 | 0.03 | 0.16 | 0.10 | 0.018 | 0.54 | 1.7 | 0.30 | 0.07 | 0.01 | 22 | 14 | 2.5 | 77 | 0.77 |
| | | Inferred | 0.27 | 0.60 | 0.16 | 0.03 | 0.15 | 0.12 | 0.015 | 0.54 | 1.7 | 0.01 | - | - | 0.42 | 0.32 | 0.04 | 1.5 | 0.01 |
| | | Subtotal | 15 | 0.66 | 0.15 | 0.03 | 0.16 | 0.10 | 0.018 | 0.55 | 1.7 | 0.31 | 0.07 | 0.01 | 23 | 15 | 2.6 | 81 | 0.81 |
| Sulphide (Fresh) | 0.35% NIeq | Measured | 2.3 | 1.1 | 0.26 | 0.03 | 0.24 | 0.18 | 0.019 | 0.87 | 2.7 | 0.08 | 0.02 | - | 5.4 | 4.2 | 0.43 | 20 | 0.20 |
| | | Indicated | 280 | 0.67 | 0.15 | 0.03 | 0.16 | 0.09 | 0.015 | 0.53 | 1.7 | 6.0 | 1.3 | 0.23 | 440 | 260 | 43 | 1500 | 15 |
| | | Inferred | 200 | 0.67 | 0.15 | 0.03 | 0.15 | 0.09 | 0.015 | 0.53 | 1.6 | 4.4 | 0.96 | 0.16 | 310 | 180 | 29 | 1100 | 11 |
| | | Subtotal | 480 | 0.67 | 0.15 | 0.03 | 0.16 | 0.09 | 0.015 | 0.53 | 1.7 | 10 | 2.3 | 0.39 | 750 | 440 | 72 | 2600 | 26 |
| Underground | 0.40% NIeq | Measured | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Indicated | 1.7 | 0.75 | 0.21 | 0.06 | 0.14 | 0.08 | 0.013 | 0.55 | 1.7 | 0.04 | 0.01 | - | 2.4 | 1.4 | 0.23 | 9.5 | 0.10 |
| | | Inferred | 52 | 0.78 | 0.17 | 0.03 | 0.16 | 0.11 | 0.015 | 0.59 | 1.8 | 1.3 | 0.28 | 0.05 | 83 | 56 | 7.7 | 310 | 3.1 |
| | | Subtotal | 54 | 0.78 | 0.17 | 0.03 | 0.16 | 0.11 | 0.015 | 0.59 | 1.8 | 1.3 | 0.29 | 0.06 | 86 | 57 | 7.9 | 320 | 3.2 |
| All | | Measured | 2.7 | 1.1 | 0.24 | 0.03 | 0.23 | 0.18 | 0.019 | 0.85 | 2.6 | 0.09 | 0.02 | - | 6.2 | 4.9 | 0.51 | 23 | 0.23 |
| | | Indicated | 300 | 0.70 | 0.15 | 0.03 | 0.16 | 0.09 | 0.015 | 0.54 | 1.7 | 6.8 | 1.4 | 0.26 | 460 | 280 | 45 | 1600 | 16 |
| | | Inferred | 250 | 0.70 | 0.15 | 0.03 | 0.15 | 0.09 | 0.015 | 0.54 | 1.7 | 5.7 | 1.2 | 0.22 | 390 | 230 | 37 | 1400 | 14 |
| | | Total | 560 | 0.70 | 0.15 | 0.03 | 0.16 | 0.09 | 0.015 | 0.54 | 1.7 | 13 | 2.7 | 0.48 | 860 | 520 | 83 | 3000 | 30 |

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 (%) + 0.32x Pd(g/t) + 0.21x Pt(g/t) + 0.38x Au(g/t) + 0.83x Cu(%) + 3.00x Co(%)

PdEq sulphide (Palladium Equivalent g/t) = Pd (g/t) + 0.67x Pt(g/t) + 1.17 x Au(g/t) + 3.11x Ni(%) + 2.57x Cu(%) + 9.33x Co(%)

Underground resources are outside the pit above a 0.40% NIeq cut offcut-off grade based on sub-level caving mining method

Includes drill holes drilled up to and including 11 December 2022

Mineral Resource Comparison to Prior Reporting Period

| Domain | Category | Mass | Grade | | | | | | Contained Metal | | | | | |
|----------------------------|-----------|------------|-------------|-------------|-------------|-------------|-------------|--------------|-----------------|------------|-------------|------------|------------|-----------|
| | | | (Mt) | Pd (g/t) | Pt (g/t) | Au (g/t) | Ni (%) | Cu (%) | Co (%) | Pd (Moz) | Pt (Moz) | Au (Moz) | Ni (kt) | Cu (kt) |
| 30 June 2022 ¹⁴ | Indicated | 240 | 0.78 | 0.16 | 0.03 | 0.16 | 0.10 | 0.015 | 6.0 | 1.2 | 0.22 | 380 | 240 | 37 |
| | Inferred | 110 | 0.74 | 0.16 | 0.03 | 0.16 | 0.11 | 0.015 | 2.6 | 0.57 | 0.11 | 180 | 120 | 17 |
| | Total | 350 | 0.77 | 0.16 | 0.03 | 0.16 | 0.10 | 0.015 | 8.6 | 1.8 | 0.33 | 560 | 360 | 54 |
| 30 June 2023 | Measured | 2.7 | 1.1 | 0.24 | 0.03 | 0.23 | 0.18 | 0.019 | 0.09 | 0.02 | - | 6.2 | 4.9 | 0.51 |
| | Indicated | 300 | 0.70 | 0.15 | 0.03 | 0.16 | 0.09 | 0.015 | 6.8 | 1.4 | 0.26 | 460 | 280 | 45 |
| | Inferred | 250 | 0.70 | 0.15 | 0.03 | 0.15 | 0.09 | 0.015 | 5.7 | 1.2 | 0.22 | 390 | 230 | 37 |
| | | 560 | 0.70 | 0.15 | 0.03 | 0.16 | 0.09 | 0.015 | 13 | 2.7 | 0.48 | 860 | 520 | 83 |

¹⁴ Represents the Mineral Resource Estimate reported 8 July 2022 as a consequence of the review completed for the year ended 30 June 2022

The increase in Mineral Resources at Gonneville is due to:

- » Extensional drilling defining new mineralisation along strike and down-dip of the previous Mineral Resource pit shell.
- » The Mineral Resource pit shell increasing in size in the northern portion of the deposit as a result of infill and extensional drilling defining additional mineralisation.
- » Pit optimisation parameters being updated to incorporate revised long-term metal prices as well as new metallurgical testwork on lower-grade disseminated sulphide mineralisation, and revised processing and mining costs resulting in a slight reduction in the Resource cut-off grade from 0.40% NiEq to 0.35% NiEq. This has also reduced the strip ratio to ~1.6 (previously >2).
- » The inclusion of additional mineralisation in the underground category, based on the potential for bulk underground mining (i.e. sub-level caving). The 8 July 2022 Resource only included high-grade underground areas within Mineable Stope Optimiser (MSO) shapes.

The Mineral Resource is an Estimate, and in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralisation or geological conditions may be different from those predicted. No assurance can be given that Mineral Resources constitute or will be converted into Ore Reserves.

Metal Equivalentents

The Gonneville 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 – 90%.
- » Metal prices used are consistent with those used in the pit optimisation:
 - » 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:

- » $NiEq\% = Ni(\%) + 0.32x Pd(g/t) + 0.21x Pt(g/t) + 0.38x Au(g/t) + 0.83x Cu(\%) + 3.00x Co(\%)$;
- » $PdEq(g/t) = Pd(g/t) + 0.67x Pt(g/t) + 1.17x Au(g/t) + 3.11x Ni(\%) + 2.57x Cu(\%) + 9.33x Co(\%)$.

Metal recoveries used in the metal equivalent calculations are based on rounded average Resource grades for the sulphide domain (>0.35% NiEq cut-off):

- » Pd – 60%, Pt – 60%, Au – 70%, Ni – 45%, Cu – 85%, Co – 45%.

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

- » US\$1,800/oz Pd, US\$1,200/oz Pt, US\$1,800/oz Au, US\$24,000/t Ni, US\$10,500/t Cu and US\$72,000/t Co.

Governance Arrangements and Internal Controls

Chalice reports its Mineral Resource in accordance with the JORC Code (2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) and the ASX Listing Rules.

The Company has ensured that the Mineral Resources reported are subject to thorough governance arrangements and internal controls including sign off by senior technical staff on inputs used in the preparation of the estimates. The 28 March 2023 Mineral Resource Estimate for Gonnevile was prepared by independent mining consulting group Cube Consulting Pty Ltd with the pit optimisation used to constrain the Mineral Resource completed by AMC Consultants.

The Company's reporting governance for Mineral Resource Estimates consists of several assurance measures, including:

- » Peer review by external consultants and senior technical staff before being presented to the Company's Board for approval and subsequent public reporting.
- » The Competent Persons responsible for the estimate are current members of professional organisations recognised by the JORC Code:
 - » Mr Michael Millad is a Director and Principal Geologist/Geostatistician at Cube Consulting, and a Member in good standing of the Australian Institute of Geoscientists. Mr Michael Job is a Director and Principal Geologist/Geostatistician at Cube Consulting and a Fellow in good standing of the Australasian Institute of Mining and Metallurgy. Both Mr Millad and Mr Job have sufficient relevant experience to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves.
- » The Company received prior written consent from the Competent Persons to issue the Mineral Resource Statement in the form and context in which they appear in this Annual Report.
- » The Company has received supporting documentation for the estimates to a level consistent with standard industry practice.





Sustainability Report







Letter from the Chair of the Risk and Sustainability Committee

Dear Shareholders,

Welcome to Chalice Mining's 2023 Sustainability Report.

I am delighted to report that the Company has maintained its strong commitment to sustainability throughout the 2023 Financial Year, undertaking our work programs in a safe and responsible way and with an unwavering focus on team wellbeing, good governance and sound social and environmental stewardship.

Looking at the company we are today, we have much to be proud of – sustainability is firmly embedded within our corporate culture and strategy, and we have a clear vision to build on these strong foundations for the future.

At the same time, we are building a development roadmap for our world-class, green metals Gonneville Project that will help us to sustainably deliver the raw materials the world needs for decarbonisation. Importantly, as we transition to sustainable development of the Gonneville Project, we are taking a scientific approach today to ensure that we are well prepared for the future.

During the past year, we made strong progress on our Gonneville Biodiversity Strategy (which was first announced in last year's report), with work now underway on the first component of the program – the Gonneville Restoration Project.

Partnering with leading experts at the Western Australian Biodiversity Science Institute and Syrinx Environmental, the Gonneville Restoration Project is focused on the restoration of biodiversity on Chalice-owned farmland. This work provides a unique opportunity to enhance the diversity of habitats and species and strengthen ecological corridors between areas of remnant vegetation in the vicinity of the Gonneville Project area. You can find more detail on this important program in a case study in the 'Strong Environmental Stewardship' section of this Report.

In addition, we completed a Local Voices survey to better understand the needs and priorities of the local communities surrounding the Gonneville Project. This survey returned encouraging results, with the majority of respondents supporting the potential development of a mine on Chalice-owned farmland in light of the significant benefits it could generate for local communities.

The survey also highlighted further opportunities for Chalice to increase stakeholder knowledge and understanding of our exploration activities and the potential development pathways for the Gonneville Project; maintain procedural fairness by increasing direct engagement; and expand our reach through targeted communication channels.

Community consultation is integral to Chalice's approach, and we are committed to being open and transparent with the local community at all times. We will continue to work closely with our local stakeholders as we progress the Gonneville Project through feasibility studies and towards development.

We continue to build our relationship with our exploration area's Traditional Owners, the Whadjuk and Yued peoples, with an ongoing commitment to active and constructive engagement with Traditional Owners on the ground and through cross-cultural awareness training. Chalice aims to establish respectful, collaborative and long-lasting relationships with all Traditional Owners on whose country we work, from which we can mutually benefit.

Importantly, all of these initiatives support the Company's most fundamental sustainability opportunity – which forms our Company Purpose – to find the green metals needed to decarbonise the world.



The raw materials that we plan to produce from Gonneville – nickel, copper and Platinum Group Elements (PGEs) – are all vital inputs for green technologies, providing Chalice with an opportunity to deliver lasting benefits for generations to come.

I sincerely hope you enjoy reading through this report, which provides a comprehensive overview on each of our sustainability pillars and an update on all material topics.

The coming year is set to be a busy one for the Chalice team and we look forward to providing you with updates as we continue to progress towards our sustainability goals.

Yours sincerely,
Garret Dixon, Chair of Risk and Sustainability Committee

Our Approach to Sustainability

Our approach to sustainability remains central to value creation, enabling Chalice to realise opportunities, effectively manage risk and contribute to sustainable development. Our focus on sustainability is integral to fulfilling our Company Purpose:

Purpose

To find the metals needed to decarbonise the world

Chalice set its corporate sustainability strategy in 2021, and it is now integral to the business strategy more broadly, forming one of our four key strategic goals. The strategy was reviewed in 2022 and remains strongly aligned to our purpose, corporate strategy and material sustainability issues.

Chalice's approach to sustainability is based on four pillars, or focus areas, that encompass our material sustainability issues and drive our performance across our activities via ten, clearly defined long-term goals and targets. In essence, we seek to minimise our environmental footprint through strong environmental stewardship, provide a healthy and safe workplace for our employees and contractors, create value for our stakeholders, and contribute to the decarbonisation of the global economy and a low emissions future.

This report is structured in six sections that link to our four sustainability pillars and cover our ten material topics.

Our Sustainability Vision and Pillars

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

Strong Environmental Stewardship



Manage Climate Change Risk



Create Value for Stakeholders



Healthy and Safe Workforce





Strong Environmental Stewardship

Chalice is committed to rigorous standards and governing frameworks to ensure responsible environmental practices are followed in all our activities. We take our environmental responsibilities seriously. We are committed to achieving excellence in environmental management through understanding the sensitivities of the areas where we operate and applying the mitigation hierarchy, to avoid, minimise, mitigate, and where appropriate, offset our impacts to the environment.

Material Topics: Biodiversity • Land Rehabilitation • Water Stewardship

Manage Climate Change Risk

Chalice believes in being part of the solution to climate change by responsibly discovering and developing new mineral deposits that provide the key metals which are critical to decarbonisation. Supporting a low carbon emissions future is central to our purpose and strategy as an organisation.

Material Topics: • Climate Change • Our Carbon Footprint ; *along with* Taskforce on Climate-Related Financial Disclosures (TCFD)

Create Value for Stakeholders

As a Western Australian-based Company, Chalice is proud to be a part of the local communities where we work. We have actively and transparently engaged with local communities and Traditional Owners to build respectful and collaborative relationships, with a goal of earning trust and achieving lasting social and economic benefits. This also helps us better understand the potential social, environmental, and economic impacts of our activities in the communities where we are based.

Material Topics: Community Engagement and Investment • Cultural Heritage

Healthy and Safe Workforce

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

Material Topics: • Health and Safety

People and Culture

Chalice is focussed on promoting wellbeing, supporting mental health and embracing diversity and inclusiveness to create a brighter and better workforce. As an exploration and development company, our permanent workforce is small, so it is critical to invest in and develop our people and attract the best talent.

Material Topics: • Inclusion and Diversity; *along with* Organisation Culture

Operating Responsibly

Conducting our business ethically and with integrity is one of Chalice's core values, and is embedded in our Code of Business Conduct, Whistleblower Protection Policy, and Anti-Bribery and Anti-Corruption Policy. Chalice is committed to applying ethical business practices and sound systems of corporate governance and transparency.

Material Topics: • Financial Performance • Business Ethics and Anti-corruption; *along with* Governance and Risk Management

Our Reporting

We have used the Global Reporting Initiative (GRI) standard - 101 Foundations and 102 General Disclosures - and other internationally recognised standards as a guide to the principles and disclosures for sustainability reporting. We will continue to align our reporting in accordance with the GRI standards over future reporting periods, as our organisation matures from our current exploration phase into a potential mine development and future operations.

Chalice has also adopted the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations for addressing climate-related risks and opportunities. Implementation of TCFD will be undertaken progressively and our planned activities are outlined in the 'Manage Climate Change Risk' section of this Report.

The 2023 Sustainability Report covers the sustainability goals, activities and performance of our wholly owned and operated exploration and development projects in Western Australia. These are activities over which Chalice had operational control in the 2023 financial year and that materially contributed to our sustainability performance.



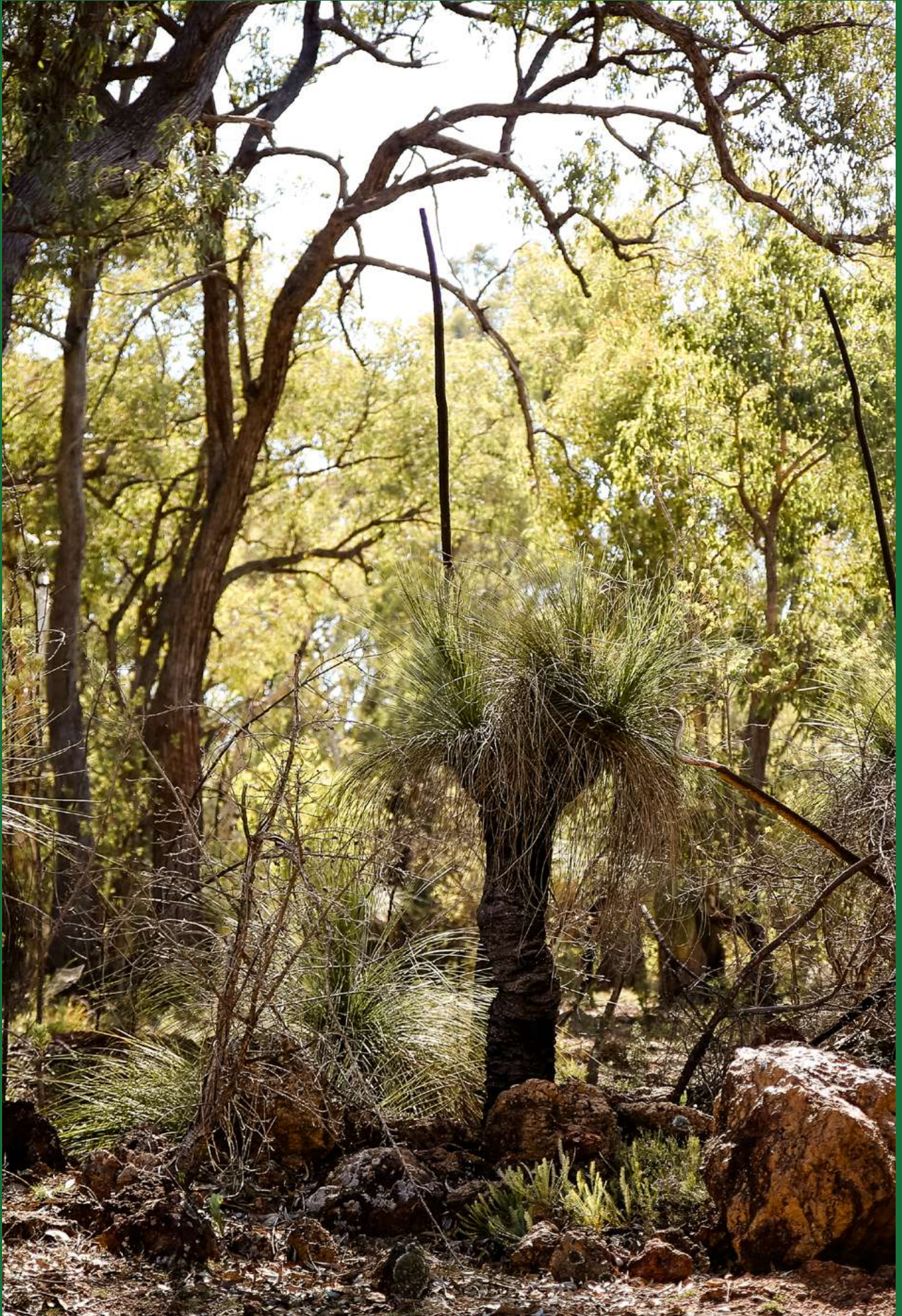
UN Sustainable Development Goals

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

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

As we grow and mature as a Company, we will seek to identify other areas for focus, applying the appropriate performance and measurement metrics to ensure they form an integral part of our approach and overall business strategy.





Stakeholders and Materiality

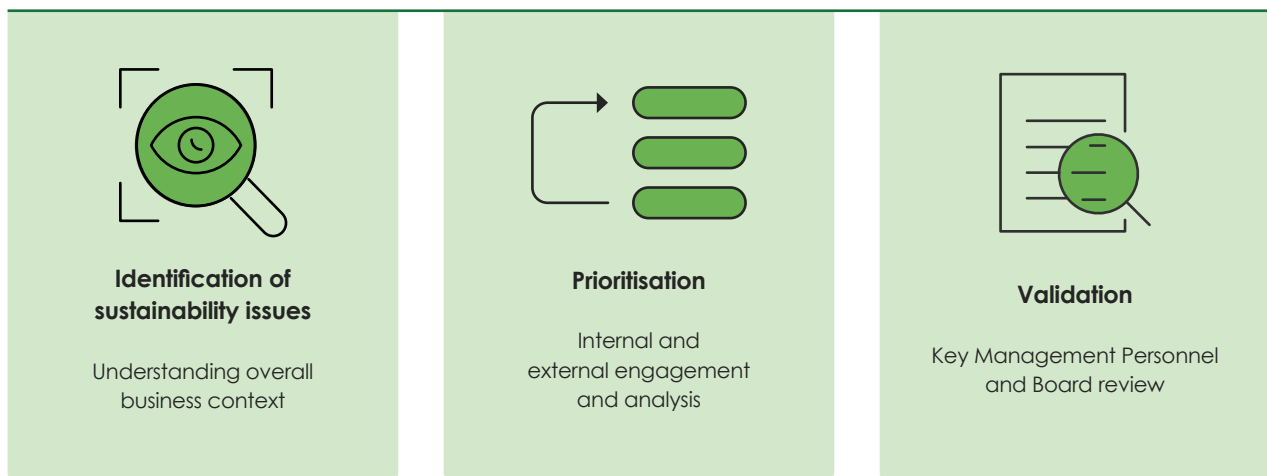
Chalice conducted a complete materiality assessment in FY2022 underpinned by the GRI's principles, to inform the scope and level of sustainability disclosures and make informed decisions on our sustainability strategy.

This process included a review of current and emerging issues facing the mining industry, stakeholder and investor feedback, industry benchmarking, shifts in government policy and regulatory settings, material company risks. Issues were then prioritised by internal and external stakeholders

(such as industry associations, government and non-government organisations and investors) and subject matter experts via surveys and focussed discussions.

Finally, issues were evaluated by the Key Management Personnel (KMP) and Board to ensure they were aligned to business and stakeholder priorities. The issues shown in the figure opposite and disclosed in this Report focus on environmental, social and governance topics that were identified as being critical for the current stage of the Company's projects. These are the issues that we believe substantially impact our business performance and the decisions we make.

Process to Establish Sustainability Materiality



In FY2023, we undertook a materiality refresh through a third party to determine whether the ten material issues previously identified still reflect Chalice's most material sustainability topics. After reviewing Chalice's existing stakeholder list and taking into account the Local Voices survey (see 'Create Value for Stakeholders' section) conducted in FY2023; investors and new executive team members were selected as relevant stakeholders to be engaged in the materiality refresh.









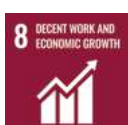


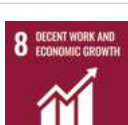





The engagement consisted of individual interviews with the intention of understanding the importance of the existing material topics to each stakeholder. This included scoring the existing ten material topics and seeking input on any other topics that might be material. All ten material topics identified in Chalice's FY2022 materiality assessment remain relevant and important to stakeholders. No additional topics were identified during the interviews as being material for FY2023 reporting. Materiality assessments will be conducted

in future as the organisation transitions through project development and to operations. As such, this list is not static and may change in the future years.

In addition to formal materiality assessments, Chalice actively engages with stakeholders and local communities to understand the potential social, environmental, and economic impacts of our activities in the communities where we operate, as outlined in the 'Create Value for Stakeholders' section of this Report. Chalice will continue an increased program of communication and stakeholder engagement over FY2024.

While both tailings and waste management were identified by stakeholders as important, as with our previous year's reporting these issues are not included in this report because Chalice does not currently produce any tailings material or noxious or toxic wastes that require disposal. These issues are being carefully considered as part of engineering studies for the Gonville Project.

Top 10 Material Topics as Identified by Chalice Stakeholders

| Theme | Material Topic | Material Topic - Description | Relevant Sustainable Development Goals |
|-------------|-------------------------------------|---|---|
| Environment | Biodiversity | We manage potential impacts to biodiversity and natural habitats, and we are committed to making a positive contribution to regional biodiversity values. |   |
| | Land Rehabilitation | We are committed to rehabilitation and remediation, and ensuring our exploration activities are progressively rehabilitated. We plan for future mine closure. |   |
| | Water Stewardship | We are implementing measures to ensure that our current and future activities do not adversely impact local water supplies and water quality. |   |
| | Climate Change | We are transparent in our exposure to climate-related risks and opportunities, and our plans and commitments to reduce our emissions in line with the objectives of the Paris Agreement - to limit global warming to well below 2°C and to pursue efforts to limit the temperature increase to 1.5°C. |   |
| Social | Community Engagement and Investment | We actively engage and consult with local communities and Traditional Owners to ensure that their issues are understood by Chalice, that they have a say in how we respond to these issues, and that we contribute to regional economic development and provide opportunities for local communities. |   |
| | Cultural Heritage | We are engaging with Traditional Owners to understand and appropriately manage cultural heritage values. |  |
| | Health and Safety | Our highest priority is the safety of our workforce and the communities where we are active. |  |
| | Inclusion and Diversity | We are committed to creating an inclusive and diverse workplace that attracts the best talent and leads to improved company performance. |   |
| Governance | Financial Performance | Our commitment to sound business practices and strong financial disciplines underpin our goal to deliver returns for shareholders. |  |
| | Business Ethics and Anti-corruption | We manage and monitor ethics and integrity issues effectively. |   |



Strong Environmental Stewardship

Chalice is committed to rigorous standards and governing frameworks to ensure responsible environmental practices are followed in all our activities. We take our environmental responsibilities seriously. We are committed to achieving excellence in environmental management through understanding the sensitivities of the areas where we are active and applying the mitigation hierarchy to avoid, minimise, mitigate, and, where appropriate, offset our impacts to the environment.

At Chalice we believe that meeting the global challenge of decarbonisation should not come at the cost of unacceptable local impacts. We fundamentally believe that mining can be done sustainably and responsibly, and that mining development can coexist with conservation and community values.

Included in this section:

Biodiversity

Land Rehabilitation

Water Stewardship

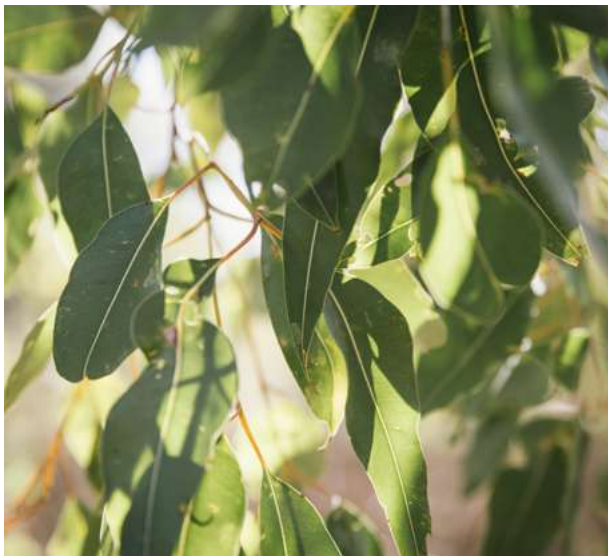
FY23 at a glance

- » Continued baseline environmental studies for the Gonneville Project.
- » Implementation plan for the Gonneville Biodiversity Strategy developed.
- » Continued progressive rehabilitation of all exploration activities.
- » Establishment of a MoU with the Western Australian Biodiversity Science Institute (WABSI).
- » Expansion of the Gonneville groundwater and surface water monitoring program.

FY24 focus

- » Commencement of the Gonneville Restoration Project.
- » Referral of the Gonneville Project for WA and Commonwealth environmental approvals.
- » Expansion of the Chuditch radio-tracking study.
- » Ongoing progressive rehabilitation of exploration activities.

As the world pledges to meet greenhouse gas emission targets, demand for the metals needed to decarbonise the world is projected to surge. These green metals are essential to our everyday living and are critical in powering the technology and infrastructure needed for a decarbonised future. Large-scale deposits of green metals are rare, and the Gonneville Deposit is one of the largest and most significant discoveries in recent history.



Environmental Management

Environmental management measures are applied proactively across all our exploration programs through procedures and standards established within our ISO14001 aligned HSEC Management System. Implementing and maintaining an environmental management system that aligns with the ISO14001 standard enables identification and effective management of potential environmental risks, impacts and opportunities across all our activities.

All environmental management is undertaken in accordance with our [Environment Policy](#) which commits us to achieving excellence in environmental management to minimise the potential short and long-term impacts of our activities on the environment and local communities.

In addition to Chalice's internal environmental governance, all of Chalice's exploration activities are governed by regulatory permits that contain stringent conditions to protect the environment such as Conservation Management Plans, Native Vegetation Clearing Permits (NVCP) and Programmes of Work (PoW).

During FY2023, the Company complied with all relevant environmental laws and the obligations under applicable legislation and permits. Chalice has not had to pay any fines or penalties for environmental or ecological matters.

Performance and FY2024 Targets

| | FY2021 | FY2022 | FY2023 | FY2024 Target |
|--|--------------|--------------|--------------|--------------------|
| Significant Environmental Incidents | 0 | 0 | 0 | 0 |
| Progressive Rehabilitation of Exploration Drilling Activities | 0.73/0.06 ha | 1.23/0.99 ha | 9.32/8.39 ha | 1:1 ratio annually |

Biodiversity

Gonneville Biodiversity Strategy

To ensure science-based no net loss of species or habitat diversity as a result of mining operations



Delivering the Biodiversity Strategy and Offsets

On-the-ground restoration work has begun to support fauna habitats and connect remnant areas of vegetation regionally.



Connectivity

Establish ecological corridors



Restoration

Implement restoration initiatives that address habitat fragmentation



Regeneration

Improve carbon sequestration



Chalice recognises the importance of understanding and managing land and biodiversity risks, and in contributing to a resilient environment in the areas surrounding our potential future operations. The Gonneville Project is situated adjacent to areas of biodiversity value including State Forest, conservation areas and areas of remnant woodland on agricultural land. Effectively managing biodiversity, rehabilitation and closure is therefore part

of our commitment to responsible development and is integral to meeting community expectations and regulatory requirements.

Chalice's Biodiversity Strategy covers potential future mining operations at Gonneville, including the direct and indirect footprint associated with mining, processing, and associated infrastructure. The Strategy will span the life of the mine and beyond to ensure sustainable post-mining closure and land uses. Central to the Strategy are two biodiversity goals:

- » To ensure science-based no net loss of species or habitat diversity as a result of any mining operations.
- » To strive towards a net positive legacy for significant species and our local community.

The Strategy and goals will be achieved through restoration initiatives that address habitat fragmentation, establish ecological corridors and improve carbon sequestration. Chalice has developed a detailed implementation plan for the Biodiversity Strategy over the past year and will progress on-the-ground restoration work at a site adjacent to Julimar State Forest over the next year (see following case study).

Chalice, together with Syrinx Environmental consultants, plans to work in partnership with the Traditional Owners and a number of restoration experts (WA Biodiversity Science Institute, University of Western Australia, Curtin University and others – pictured opposite), to prepare and manage the site for and after restoration and ensure its long-term resilience.



Baseline Environmental Surveys

A comprehensive program of baseline environmental surveys has been underway at the Gonneville Project and more regionally since 2021. This work is conducted by teams of specialist botanists and zoologists covering a range of environmental factors including, terrestrial and aquatic fauna, flora and vegetation, invertebrates, Black Cockatoos and Chuditch. The intent of these surveys is to gather information specific to the region to avoid and mitigate potential environmental impacts associated with the Gonneville Project and our exploration activities.

Surveys undertaken across the year include but are not limited to the following activities:

Flora and vegetation including:

- » Dieback occurrence.
- » Targeted surveys for conservation-significant flora and vegetation communities.
- » Detailed surveys to characterise the flora, delineate vegetation communities and assess vegetation condition.

Fauna including:

- » Fauna monitoring prior to drill rig mobilisations.
- » Surveys to gather broad fauna information and map fauna habitat.
- » Aquatic fauna surveys in dams and waterways.
- » Targeted Black Cockatoo surveys and habitat assessments.
- » Targeted mammal surveys for species like the Chuditch.

Whadjuk and Yued representatives have participated in baseline fauna surveys, alongside a team of zoologists. Whilst these engagements are crucial to environment and heritage, they also present a great two-way learning opportunity for both Chalice staff and Noongar as they work side by side and learn about each other's roles.

All survey methodology is consistent with relevant WA Environmental Protection Authority (EPA) and Commonwealth Government technical guidance for environmental impact assessment, and the Index of Biodiversity Surveys for Assessments data standards.

The environmental baseline information will be utilised in future Gonneville Project studies to minimise and avoid impact to significant environmental values.



Case Study:

Fauna Surveys – chuditch radio-tracking study

The Chalice environmental team continued baseline studies to support State and Commonwealth environmental approvals for the Gonnevile Project, including surveys focussing on significant fauna in the region. Fauna survey work during the year included a GPS radio-collaring study to better understand Chuditch (*Dasyurus geoffroii*) movements both within the Gonnevile Project, area and the broader Julimar region.

Data collected during the program will help support future environmental approvals and inform the implementation of appropriate management strategies for the Gonnevile Project. Data will also be used to inform where rehabilitation and creation of wildlife corridors, within and adjacent to the Gonnevile Project would most benefit species dispersal and population linkages. This will be key to Chalice's implementation of the Gonnevile Biodiversity Strategy, which will use traditional scientific research methodology in combination with citizen science and Indigenous and local knowledge to achieve key biodiversity outcomes.

More broadly, the program will provide invaluable regional information that may address current knowledge gaps, including; identification of key habitat requirements, the extent to which vegetation is used versus other land types (i.e. farmland), and how habitats are utilised in relation to foraging, dispersal, and breeding. Chalice has a role to play in the environmental stewardship of the region and looks forward to contributing to the knowledge base of key species like the Chuditch.

Land Rehabilitation

Rehabilitation is considered from the very first stages of exploration planning, such as choosing sites which require minimal vegetation and ground disturbance where possible. Chalice's low-impact exploration in vegetated areas also avoids the need for mechanised clearing, which has obvious advantages for rehabilitation. By not clearing trees the impact on existing root stock, topsoil and the seed bank is minimised.

All rehabilitation sites in vegetated areas are photographed and documented regularly, occurring every three to six months depending on the location. Photographs are compared between each monitoring event to ensure:

- » No increase or introduction of weeds.
- » No observable erosion has occurred.

- » Hole capping is sufficient and has not created a hazard for animals.
- » Natural regeneration of vegetation is occurring.

If the monitoring identifies an issue with the rehabilitation, rectification activities are implemented until the issue is addressed.

In FY2023, Chalice undertook 9.32 hectares of ground disturbance, with 8.39 hectares rehabilitated across all our operations. Rehabilitation in the Julimar State Forest is conducted directly after drilling is completed. In compliance with our Conservation Management Plan (CMP) for the Forest area, no mechanised clearing of vegetation has taken place. The remaining areas on Chalice-owned farmland will be rehabilitated once drilling activities are complete. Disturbed areas are progressively rehabilitated to ensure they are physically safe, stable, non-polluting and capable of sustaining the pre-exploration land use.



Case Study:

Syrinx vegetation mapping

Clearing and agricultural activities within farmland properties at the Gonneville Project site have resulted in fragmented, remnant ecosystems with low levels of biodiversity, and altered vegetation form and structure. The Gonneville Restoration Project work is focussed on the restoration of these degraded areas and provides a unique opportunity to enhance the diversity of habitats and species, and strengthen fauna ecological links between the Julimar State Forest and the Moondyne Nature Reserve.

In mid-2023, the Syrinx Environmental team was engaged by Chalice to investigate plant species diversity, abundance and frequency from a number of remnant vegetation patches on Chalice-owned farmland. This data, together with information on the propagation biology of the local plant species, is being used to build a restoration database for different landforms and vegetation communities. Further baseline carbon studies (soil and biomass) and detailed mapping of vegetation are planned, alongside the finalisation of the restoration plan and seed collection within Chalice-owned properties.

The study results will be initially used to inform a pilot trial restoration project, directly adjacent to the southern boundary of the Julimar State Forest. The aim is to restore habitat diversity and connectivity to enhance biodiversity and support significant fauna. The pilot trial will test different restoration techniques, develop success measures, evaluate performance and inform large-scale restoration efforts.

Initial results of the study have provided insights into the key areas and species required for restoration, allowing the team to plan initial seed collection in readiness for the upcoming seeding and planting season.

Given the expanse of the cleared farmland surrounding the Gonneville Project, the opportunities to extend restoration, collaboration and knowledge sharing abound, and we look forward to making a positive difference to the environment and the community.



Water Stewardship

Groundwater and Surface Water

Chalice recognises that water is a critical shared resource that must be managed efficiently and responsibly. Whilst our current water usage in the exploration phase is minimal, we are conducting studies to understand the potential water usage of a mining operation at Gonneville.

Our goal is to ensure that our activities do not compromise environmental values or have adverse impact on other local users.

To deliver on this, and to better understand the groundwater and surface water systems at the Gonneville Project site, Chalice has been regularly sampling both groundwater and surface water since 2021. Chalice expanded the groundwater and surface water monitoring program in FY2023, with another thirteen groundwater monitoring bores added to the network.

The baseline groundwater and surface water sampling program will continue throughout the Gonneville Project development phase. Additional groundwater and surface water monitoring locations are being investigated at a regional scale.

Together, the groundwater and surface water monitoring assists Chalice in better understanding the water cycle in the project area and will inform our assessment of potential impacts a potential future mine development and operation could have.

All of Chalice's water sampling is undertaken by the environmental team, in line with relevant Australian Standards techniques. The water samples are sent through to a National Association of Testing Authorities, Australia (NATA) laboratory for independent analysis.

Waste

All waste from our work sites (including hydrocarbon contaminated waste) is collected from site by a licensed contractor and disposed of offsite at licensed facilities.

Total waste generated in FY2023 amounted to 582 tonnes, compared to 1334 tonnes in FY2022. Approximately 97% of this was sent to offsite waste disposal facilities with 3% diverted for recycling. Most waste comprises of general waste like putrescible waste (40%) and sewage (48%).

We will look for opportunities in FY2024 to improve waste management at our work sites such as increasing the amount of waste diverted from landfill for alternative treatment such as recycling.

As an exploration company, Chalice does not have any tailings material, noxious or toxic wastes that require disposal.





Manage Climate Change Risks

Chalice believes in being part of the solution to manage climate change by responsibly discovering and developing new mineral deposits that provide the green metals which are critical to decarbonisation. Supporting a low carbon emissions future is central to our purpose and strategy as an organisation.

Included in this section:

Climate Change

Taskforce on Climate-related Financial Disclosures (TCFD)

Our Carbon Footprint

FY23 at a glance

- » Completed Initial carbon intensity study of Gonneville Project nickel products.
- » Developed and progressed implementation of TCFD Roadmap.
- » Publication of Climate Change Policy.
- » Assessment of climate change risks and opportunities.

FY24 focus

- » Further work to assess climate change risks and develop controls.
- » Define benchmark carbon targets in engineering design for the Gonneville Project.
- » Continue implementation of TCFD Roadmap.



Climate Change

Chalice's Position on Climate Change

Chalice believes in being part of the solution to manage climate change by responsibly discovering and developing new mineral deposits that provide the key metals which are critical to decarbonisation. Supporting a low carbon emissions future, including through our operations, is central to our purpose and strategy as an organisation.

Chalice acknowledges the scientific consensus and the position expressed by the Intergovernmental Panel on Climate Change (IPCC). There is an urgent need to limit global warming to well below 2°C and to pursue efforts to limit the temperature increase to 1.5°C.

We recognise that climate change is a material issue for Chalice and anticipate that our strategy and operations will be influenced by climate-related issues in the short, medium and long term.

Chalice's Climate Change Policy formalises and makes public the Company's commitment to:

- » Finding and developing new mineral deposits of the metals that are critical to the transition to a low carbon economy.
- » Identifying climate-related risks and developing plans to mitigate those risks.
- » Investigating opportunities to decarbonise our future mining to achieve net zero emissions by 2050.
- » Pursuing viable solutions for energy efficiency, electrification and renewable energy.
- » Increasing maturity of the application of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), so that the impacts of climate-related risks and opportunities are integrated into Chalice's strategy and financial planning.
- » Transparent reporting and disclosure of Chalice's greenhouse gas emissions, climate change mitigation and adaptation plans and progress.

Taskforce on Climate-related Financial Disclosures (TCFD)

Chalice issued its first TCFD disclosures in FY2022 and made a commitment to develop and start implementing a Roadmap in FY2023 to ensure progressive alignment with the TCFD recommendations.

The TCFD Roadmap and implementation plan were developed through engagement with members of Chalice’s Risk and Sustainability Committee and key management personnel, and endorsed by the Risk and Sustainability Committee. The Committee has responsibility for oversight of the Roadmap and management is responsible for its implementation.

The following key actions were taken in FY2023 to implement the TCFD Roadmap:

- » Board and executive training session on strategic response to climate change and TCFD.
- » Development and endorsement of Climate Change Policy.
- » Gap analysis and identification of relevant climate-related risks and opportunities for integration into the risk management system.
- » Initial exercise in scenario analysis.



Chalice will continue to progress with the implementation of the TCFD Roadmap in FY2024 as shown in the figure below.

| | FY2022 | FY2023 | FY2024 and beyond |
|---------------------|---|--|---|
| Governance | Commit to develop and implement TCFD Roadmap | Strengthen climate governance to explicitly address climate risks and opportunities | Designate accountability of relevant executives for climate risks and opportunities |
| Strategy | Identify physical and transition risks and opportunities at general level | Set strategic direction in Climate Change Policy and undertake initial exploratory scenario analysis | Develop more granular assessment of risks, opportunities and impacts with more detailed scenario analysis |
| Risk Management | Implement revised Risk Management Framework and electronic risk management platform | Complete gap analysis and start preparation of climate risks and opportunities register | Integrate climate risks and opportunities into risk management system |
| Metrics and Targets | Prepare and publish organisational carbon footprint for FY2022 | Undertake initial assessment of carbon intensity of potential product | Define benchmark carbon targets in engineering design |

TCFD Disclosures

Governance

In FY2023 Chalice refined its governance system to explicitly address climate-related issues. This work included a capacity-building session conducted with the Board and executive team to examine directors' duties in relation to managing climate-related risks and disclosure obligations. Chalice's strategic response to climate change was further developed through the adoption by the Board of a Climate Change Policy in FY2023.

The Board has ultimate responsibility for the oversight of Chalice's strategic response to climate change and the associated risks and opportunities.

The Risk and Sustainability Committee reports to the Board and is responsible for the oversight of risk management including climate change risks, in accordance with Chalice's Risk Management Framework and the Risk and Sustainability Committee Charter. The Charter was updated in FY2023 to stipulate that the Committee's key responsibilities include the oversight of management's identification, assessment and management of climate change risks and opportunities, in accordance with Chalice's Risk Management Framework and the implementation of Chalice's Climate Change Policy.

Management is responsible for the implementation of the Climate Change Policy, identifying, assessing and managing climate change risks and opportunities in accordance with Chalice's Risk Management Framework. Chalice's Managing Director and CEO holds core accountability for oversight, strategic leadership, and implementation of these commitments. In turn, the Managing Director and CEO delegates specific responsibilities to the General Manager – Environment and Community. The General Manager – Environment and Community has day to day responsibility to understand and manage sustainability risks including climate change. The General Manager reports to the Risk and Sustainability Committee and provides regular reports to the Board.

As further progress is made in the study and design phases for Gonneville, specific responsibilities will also be delegated to the General Manager – Project Development for sustainability issues that arise in respect of the engineering design, including the physical and transition risks and opportunities of climate change.

Strategy

Climate Change is one of the four pillars of Chalice's Sustainability Strategy and identified as a material issue.

Chalice is focussed on the key challenges of climate change and anticipates that the Company's strategy and operations will be influenced by climate-related issues in the short, medium and long term. This focus led to the development of Chalice's first Climate Change Policy which was endorsed by the Board in FY2023.

The Climate Change Policy will be reviewed and further refined as Chalice continues to mature its alignment with the TCFD recommendations and as the Company evolves from explorer to developer.

Risks and Opportunities for the Gonneville Project

As part of Chalice's progress through the TCFD Roadmap, in FY2023 Chalice took actions to identify and assess the climate-related risks and opportunities relevant to the Gonneville Project.

With support from sustainability consultants Perspektiv, a draft risk and opportunity register was prepared in the appropriate format for integration with Chalice's electronic risk management platform (CGR).

The Chalice executive team undertook a workshop to review the descriptions of risks and opportunities provisionally included in the draft register.

In order to explore potential impacts of risks and opportunities, the workshop involved a high-level qualitative scenario analysis. Scenario analysis and planning is a central recommendation of the TCFD. The workshop used scenarios to explore different, plausible futures and some of the key variables in those scenarios that have relevance to the development and operation of the Gonneville Project.

One scenario was used to explore relevant physical risks of climate change based on the IPCC's RCP 8.5¹⁵ and complemented by projections taken from the Climate Change in Australia website. IPCC's RCP 8.5 was used because it is a high emissions scenario with significant physical risks.

An additional scenario was used to explore relevant transition risks in a carbon-constrained future, based on the International Energy Association's Announced Pledges Scenario. This enabled an exploration of significant transition risks in a policy environment that limits global warming to 2°C by 2100.

¹⁵ Under a high emissions scenario (RCP8.5), Perth can expect an average annual temperature increase of 0.9oC by 2030, 1.7oC by 2050 and 3.5oC by 2029oC relative to 1986-2005 average.

Risks, opportunities and impacts were analysed on a qualitative basis over short and mid-term horizons to 2030 and 2050, applying assumptions about the potential lifespan of the Gonneville Project.

The transition risks considered in the workshop included:

- » Impacts of carbon pricing
- » Increased electricity costs and constrained supply associated with transition to renewable energy
- » Availability and affordability of solutions for decarbonising operations
- » Increasing operating costs and constraints due to more stringent conditions and government regulation

The physical risks considered included:

- » Increased water stress and constrained water supply
- » Impacts of extreme weather events on operations and value chain

Significant opportunities arise for Gonneville:

- » Increasing demand for green metals
- » Potential price premium for low carbon products
- » Favourable investment trends
- » Adoption of energy efficient technology
- » Government incentives to develop low carbon markets and technologies

Chalice's next steps will include more detailed assessment of risks and opportunities and increasing sophistication in the use of scenario analysis and planning.

Risk Management

Chalice's Risk Management Framework sets the overall structures and processes for the identification and management of enterprise and operational risks. It designates specific responsibilities for the oversight of risks by the Board, the Risk and Sustainability Committee, senior management and supervisors.

Climate-related risks are specifically addressed in Chalice's risk management system. In FY2023, the Risk Management Policy was updated and now includes an explicit recognition that effective risk management mitigates material exposure to climate change and other sustainability risks. The Risk and Sustainability Committee Charter was also amended in FY2023 to confirm that the Committee's key responsibilities include oversight of management's identification, assessment and management of climate change risks and opportunities in accordance with Chalice's Risk Management Framework and the implementation of Chalice's Climate Change Policy.

In accordance with the Risk Management Framework, risks are evaluated by workshops with senior management (for enterprise risks) and workshops with senior management and supervisors (for operational risks). Risks are identified and ranked, and control actions and ownership allocated.

Reviews are conducted semi-annually and material outcomes are presented to the Risk and Sustainability Committee which reports to the Chalice Board.

Chalice uses an electronic risk management platform (CGR), which contains enterprise and operational risk registers. In FY2023 a draft climate-related risk and opportunity register was prepared and has been entered provisionally in the CGR. The risk and opportunity descriptions relevant to Gonneville were workshopped by Chalice's executive team.

In FY2024 further work will be undertaken to assess risks, apply risk ratings, designate risk owners and develop controls. Progress will be reported to the Risk and Sustainability Committee.

Metrics and Targets

Setting a goal to assess and benchmark the carbon intensity of Chalice's products remains an objective of the Sustainability Strategy. In FY2023, Chalice engaged external consultants Perspektiv to prepare a study of the potential carbon intensity of nickel products from the Gonneville Project.

Chalice intends to define benchmark carbon targets in the basis of design for a mine at Gonneville and is planning further work to develop this in FY2024. Chalice is now in its third year of assessment of the organisational carbon footprint and details are provided in the following 'Our Carbon Footprint' section.

Our Carbon Footprint

Chalice engaged the expertise of Life Cycle Assessment Certified Practitioners from Perspektiv to conduct an organisational carbon assessment of the Company's activities. The review assessed Chalice's operations, centred on its head office and the Gonneville Project site in Western Australia, alongside a number of exploration projects throughout Australia.

The assessment of Scope 1, 2 and 3 emissions adhered to several international and national standards, including the Greenhouse Gas (GHG) Protocol, the Australian Standard for Organisation Level Quantification and reporting of Greenhouse Gas Emissions AS ISO 14064.1-2006 (reconfirmed 2018), the National Greenhouse and Energy Reporting (NGER), and the National Greenhouse Accounts Factors (NGA 2022). The assessment also aligns with greenhouse gas reporting requirements of the Task Force on Climate-Related Financial Disclosures (TCFD).

As per the Greenhouse Gas (GHG) Protocol's guidance, Scope 1, 2 and 3 GHG emissions have been investigated across a range of activities:

- » Scope 1: direct emissions under Chalice's operational control, including emissions from combustion of fuel and

natural gas. This includes energy uses invoiced directly to Chalice. It excludes indirect emissions from energy uses operated by contractors and suppliers.

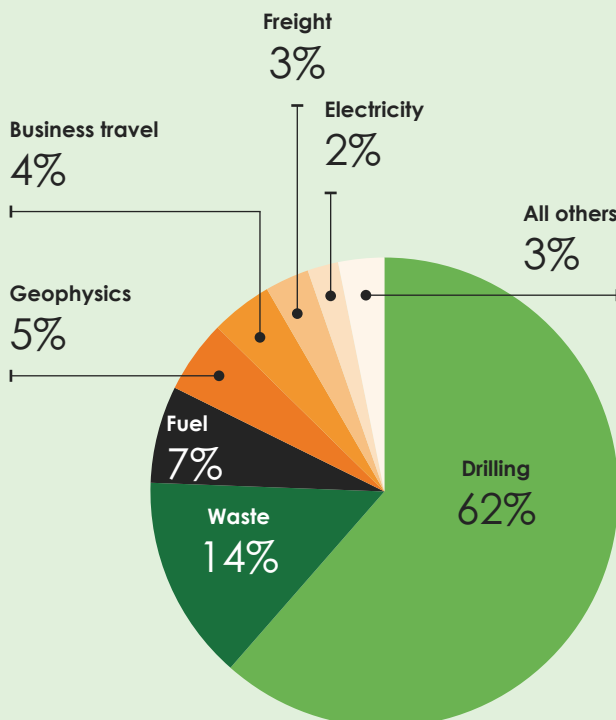
- » Scope 2: indirect emissions associated with the generation of electricity consumed by assets owned, operated, or occupied by Chalice.
- » Scope 3: emissions resulting from upstream supply chain and downstream demand chain which also includes contractor activities (drilling, earthworks, etc.) on Chalice assets, as well as offsite activities such as freight, business travel, and waste disposal.

Calculation of all GHG emissions was done on basis of Chalice's financial accounts data and organisational control. Perspektiv conducted the GHG inventory, assessed all quantifiable sources using industry practice calculation methods, and reviewed the relevance of other non-quantified emissions sources.

Chalice's total organisational greenhouse gas emissions for FY2023 amount to 4,122 tCO₂-e. For context, in 2021, the Australian average household emitted 15 to 20 tonnes of CO₂-equivalent gas (Chalice's total emissions this financial year would therefore be equal to emissions from up to 275 average Australian households). Scope 3 indirect emissions form the majority of emissions at 91%. More specifically, drilling and waste are top contributors, amounting to 62% (2,532 tCO₂e) and 14% (584 tCO₂e) of total impacts, respectively.

All direct Scope 1 emissions and indirect Scope 2 emissions associated with electricity use have been quantified in line with the National Greenhouse and Energy Reporting (NGER) guidelines. Major Scope 3 emissions have also been quantified, however, emissions associated with farm operations, fixed assets, leased equipment and vehicles, goods and services, staff commute, refrigerants and catering have been excluded.

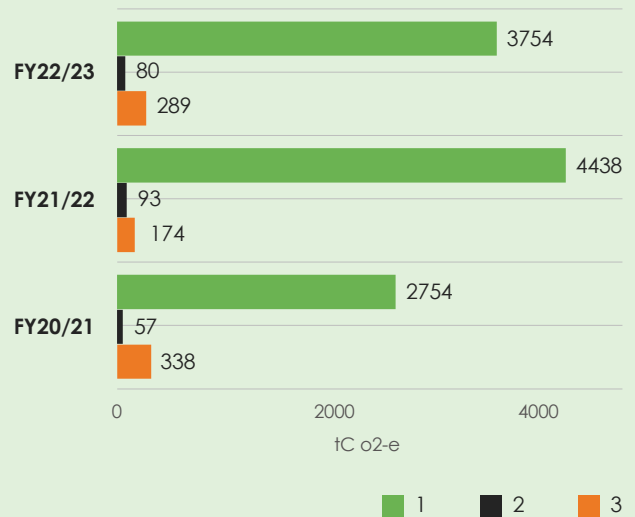
FY2023 Scope 1,2 and 3 emissions by activity



Overall, the FY2023 footprint has decreased in comparison to FY2022 by 12%. Electricity emissions have been switched from a location-based to a market-based approach. This change enables Chalice to consider initiatives such as renewable electricity sources which could not be included under the location-based approach. Consequently, emissions for FY20/21 and FY21/22 emissions were rebaselined, now amounting to 3,149 tCO₂-e and 4,695 tCO₂-e, respectively.

FY2022 recorded the highest emissions since assessments commenced in FY2021. The most significant decrease is observed for Scope 3 emissions, which decreased from 4,438 tCO₂-e in FY21/22 to 3,754 tCO₂-e in FY22/23 (15% reduction). This reflects the level of drilling activity from one year to another.

Year-on-year Trend of Emissions by Scope (tCO₂-e)



Energy

In FY2023 direct energy consumption by Chalice amounted to 3,683 GJ. The majority, or 83%, of this energy use stems from fuel consumption. The remainder comprises of electricity (11%) and gas (6%) use. This covers all sites for which energy is billed directly to Chalice. Grid electricity consumption includes 19% renewable energy as per the Large-scale Renewable Energy Target (LRET).

Overall, between FY2022 and FY2023, energy use has increased by 23%. The highest increase is observed for fuel energy, which increased by 33% from FY2022 to FY2023. This reflects an increase in exploration activities in the Julimar region over this period.

Like the last reporting period, total energy generation from two solar PV systems at Avalon Homestead produced approximately 15,000 kWh of energy, with approximately 6884 kWh of this exported back to the grid.



Create Value for Stakeholders

As a Western Australian-based Company, Chalice is proud to be a part of the local communities where we work. We have actively and transparently engaged with local communities and Traditional Owners to build respectful and collaborative relationships, with a goal of earning trust and achieving lasting social and economic benefits. It also helps us better understand the potential social, environmental, and economic impacts of our activities in the communities where we are based.

Included in this section:

Community Engagement and Investment

Cultural Heritage

FY23 at a glance

- » Opened an office in Toodyay to increase direct engagement with the local community
- » Launched the 3-year Local Voices community survey program
- » Established HoA for Community Fund with the Shire of Toodyay
- » Engaged Aboriginal suppliers for office supplies, medical equipment and training
- » Increased direct and in-kind contributions to support local community groups

FY24 focus

- » Commence development of the Local Content Plan for the Gonneville Project
- » Commence Social Impact Assessment process for the Gonneville Project
- » Undertake cultural heritage surveys with Traditional Owners across Chalice owned farmlands
- » Continue cultural heritage monitoring program with Traditional Owners
- » Establish further opportunities to engage with Aboriginal businesses and suppliers



Community Engagement

From the beginning of the Gonneville Project in 2020, Chalice has recognised that community engagement is critical. Chalice will continue an increased program of communication and engagement over FY2024.

Chalice considers the communities in the Shires of Toodyay and Chittering as our key regional stakeholders, alongside neighbouring communities such as Northam, Goomalling and Victoria Plains proximal to our Gonneville Project.

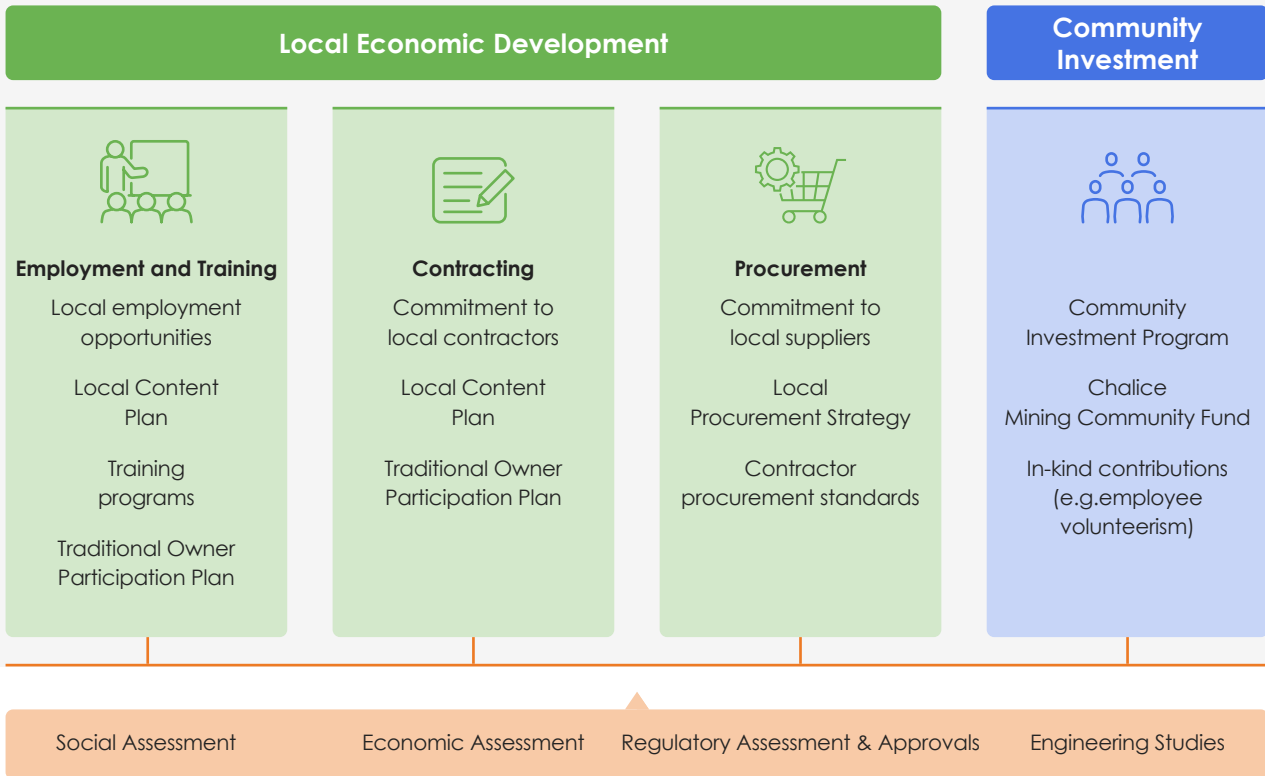
As a member of these communities, local employment, procurement and sponsorships are among the best ways Chalice can contribute today.

To ensure we deliver on these commitments, Chalice has developed a Community Engagement Framework to apply a best practice approach in all areas of our business. This framework outlines our targets for community engagement and the supporting initiatives we are implementing to achieve this.

Chalice Values, Vision and Strategy

Community Engagement

Local Community Development and Investment Framework



As the Gonneville Project has evolved, the level of engagement has also increased, and Chalice continues to use a range of platforms to effectively communicate and distribute information to our host communities. Regular communications include the Gonneville Project Community Newsletter, local advertising, information sheets as well as formal and informal meetings.

During the year, Chalice opened an office in Toodyay to support our engagement activities, allowing us to build better and broader relationships through face-to-face and direct communication. Managed by our dedicated Community Relations Advisor, this on-the-ground location helps us to better understand community issues and desired outcomes, as well as proactively address potential issues in a timely manner.

A key focus for the Community Engagement Framework is the contribution to local economic development – or simply, to buy local and support local. Chalice has prioritised local employment where possible, which has been achieved through advertising opportunities in local papers and through existing local connections. Since the

Project discovery, up to 22% of Chalice's workforce at the Gonneville Project is locally based.

This supports Chalice's Community and Heritage Policy which outlines our commitment to making a positive difference to both the social and economic development in the areas in which we operate.

Chalice has also supported further economic development through local procurement and contracts. In FY2023 Chalice contributed ~\$122,000 in funding awarded to local initiatives through the Chalice Community Investment Program, plus ~\$1.35 million in direct local spend and investment by Chalice in the local shires surrounding the Gonneville Project. An additional ~\$2 million was contributed to local spend by Chalice's contractors. We currently have ~80 local contractors and suppliers working with us in the Shires of Toodyay, Chittering, and Northam, providing services and products such as food, fuel, consumables and earthworks. Our site office and our field base at Avalon in West Toodyay are also supplied and serviced by local businesses.

Traditional Owners

Chalice continues to engage with the Traditional Owners proximal to our exploration areas through a collaborative approach, which has led to employment and an effective working relationship with Yued and Whadjuk representatives. This work and our achievements to date are covered in more detail in the Traditional Owner Engagement and Cultural Heritage section of this Report.

Government

Our engagement with local, state and federal government increased throughout the year and was mainly facilitated via face-to-face briefings, with the purpose of providing a sound understanding of the project status, upcoming activities and required future approvals.

Chalice consistently ensures government stakeholders are informed and updated; providing open and timely communication, responding to questions or issues promptly, and ensuring there is a two-way dialogue.

Stakeholder Engagement System

Chalice has implemented a robust stakeholder engagement system in which all engagements, including complaints are recorded, reviewed, and dealt with in a constructive and timely manner. Our key stakeholders, their interests, and how we engage with them are summarised right.



How we engaged with stakeholders in FY2023

Chalice has engaged early, actively and transparently to build respectful and collaborative relationships with stakeholders

Distribution of information to our host communities – Regular Community Newsletter, local advertising, information sheets and meetings

Dedicated Chalice office –

A community hub for questions and information and an opportunity to engage direct with our team

Prioritised local employment with up to **~22%** of our workforce locally based since the Gonneville discovery in 2020

Chalice is committed to achieving lasting social and economic benefits for the communities in which we operate

Chalice and contractors have contributed **\$8.2 million** to the local communities surrounding Gonneville (FY21-23)

Establishment of Chalice Mining Community Fund – agreement signed with Shire of Toodyay to deliver significant long-term benefits

Local Voices community survey, a series of independent surveys to understand the priorities of the community. Results from the first survey received, providing an important input for future decision making and engagement

Gonneville could deliver significant jobs, skills and economic diversification to the Wheatbelt region of WA

Major long-term economic contribution to WA - ~\$18Bn forecast contribution to gross state product, royalties and direct economic contributions to the region

Potential to create hundreds of new jobs for the Wheatbelt and outer-Perth region - **~1,200 jobs during peak construction and 500 jobs in operations forecast (15Mtpa)**

Attractive semi-rural setting lifestyle or Drive-in-Drive-Out commute, with increased real wages contributing directly to the regional economy



Case Study:

Local Voices Survey

Chalice understands that community consultation will play a key role in all our planning, particularly as we consider a potential future mine at the Gonneville Project. To help us better understand the needs, concerns and priorities of the communities neighbouring our project, Chalice has engaged Voconiq to seek feedback through a third party and confidential survey program called Local Voices.

Local Voices is a unique community engagement program developed over 10 years within Australia's national science agency, CSIRO. As part of this program, a series of surveys will be conducted over the next three years to help Chalice better understand what matters most to community members, helping Chalice to inform decision making processes.

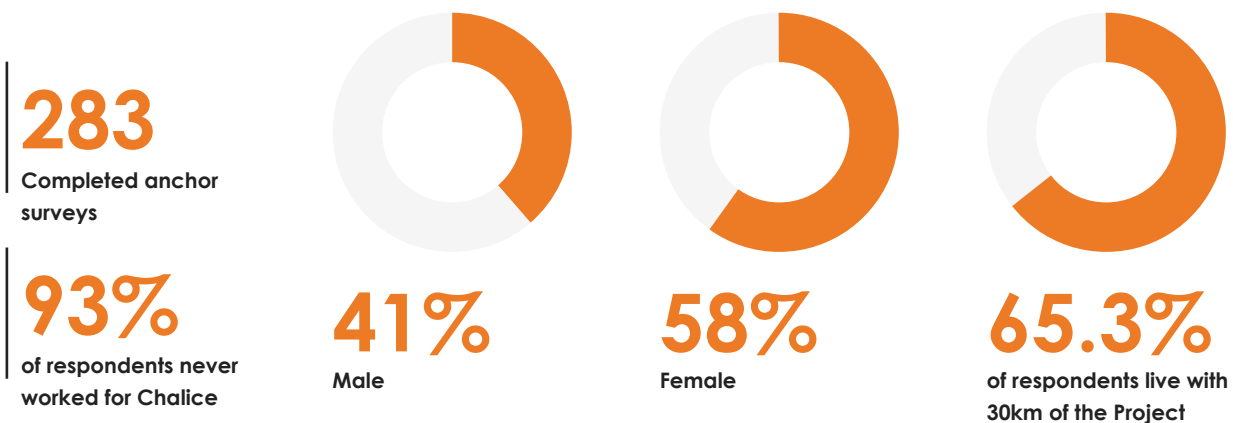
Responses for our first anchor survey were gathered during March-April 2023 with the bulk of respondents located in the Toodyay, Chittering and Northam Shires. All survey responses were collated and analysed by Voconiq in a confidential manner and no personal information was shared with Chalice.

Case Study:

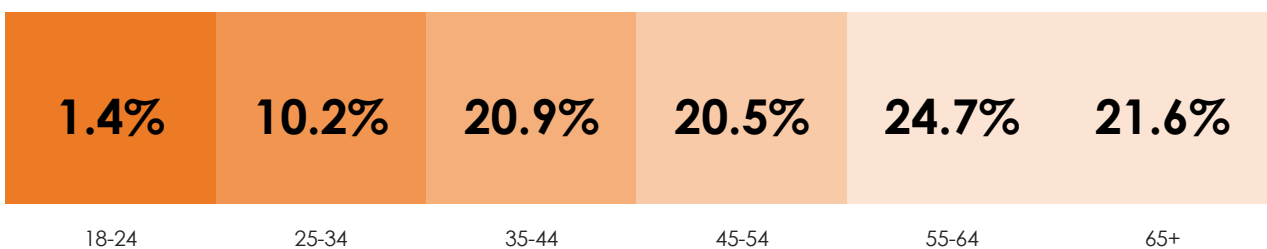
Chalice Pop-Up Office in Toodyay

As part of our commitment to keeping the local community informed, the Company opened the 'Chalice Pop-Up Office' in the township of Toodyay. The office acts as a community hub for Gonneville Project-related questions and information, and provides an opportunity for local residents to engage directly and easily with our team. The office is currently opened once a week, and has been well frequented, with the bulk of questions relating to employment, project timing and future logistics.

Local Voices Survey Demographics



Respondents covered a broad age spectrum



Here's a summary of what the community told us was important:



Listen and Respond

Feeling heard, respected and that the company is responsive to community concerns



Community

A commitment from Chalice to community health and the future of the region



Environmentally Responsible

A commitment from Chalice to act in an environmentally responsible way and have measures in place to protect the environment



Regulations

Confidence that Chalice adheres to external regulations and has strong internal standards to ensure the company does the right thing

A large number of the respondents to the survey see the Project providing economic opportunity for local communities, including job creation and investment in local infrastructure. The majority of respondents also support a potential future mine development on Chalice-owned farmland. Key issues for the community are potential impacts to biodiversity and local water resources, noise levels and impacts to local roads.

What we're doing with the feedback

The survey feedback provides valuable insights into what is important to the local community. Chalice has shared these survey results across our business to ensure we understand and use this community feedback in our planning and decision making.

Results from Local Voices will inform Chalice's ongoing community engagement and investment programs and will be an important input to social impact assessment and environmental approval processes through PFS and DFS phases of the Project.

How the community benefits

As a thank you for completing the survey, participants were able to nominate a community group of their choice to receive a \$10 donation through the Local Voices Rewards program.

\$2,476* of donations were unlocked for local community groups from the first survey.

*some participants chose to opt out of the rewards and not allocate funds.



Community Investment

Established in 2020, Chalice developed a Community Investment Program to deliver positive long-term benefits through supporting local community-based initiatives.

Chalice continues to prioritise three areas for community investment:

1 Education - initiatives that advance and improve regional educational opportunities

- » Sharing of knowledge and capabilities for the benefit of the local community
- » Support innovation and advancement for local residents

2 Environment - initiatives that protect and rehabilitate the environment

- » Support the connection between community and the natural environment
- » Restore our natural environment and protect our ecosystems and endangered species

3 Community Connection - supporting local opportunities, events and groups to strengthen the community connection within the region

- » Facilitate and support greater engagement between community members
- » Respect and recognise local heritage and culture

The Chalice Community Investment Framework and our focus on local community partnering initiatives are consistent with three of our core values; Integrity, Alignment and Advancement.

Last year, Chalice introduced two submission periods, beginning each February and August, and an improved application form. This year we continued to support these improvements with increased promotion of the Community Investment Program, which has seen a steady increase in application numbers and wider scope of local groups applying.



Our community contribution to date includes:

Performance

| | FY2021 | FY2022 | FY2023 |
|---|--------------------|--------------------|--------------------|
| Chalice Community Investment contribution | \$40,000 | \$70,000 | \$122,000 |
| Chalice - local procurement | \$530,000 | \$1,215,000 | \$1,344,000 |
| Direct contractors – local procurement | \$1,522,000 | \$1,567,000 | \$2,005,000 |
| Total | \$2,092,000 | \$2,852,000 | \$3,471,000 |

In FY2023 Chalice’s Community Investment Program invested ~\$122,000 directly into supporting local groups, including the following organisations:

- Avon Valley Shotokan
- Bindoon and District Agricultural Society
- Bindoon Bowls Club
- Bindoon Farmers Market
- Bindoon Netball Association
- Bindoon Mountain Bike and Adventure Park
- Bindoon Primary School
- Chittering Wildlife Carers Inc.
- Marsupial Mamma's and Pappas Wildlife Care

- Northam and Districts Little Athletics Club
- Northam Federal Football Club
- Northam Hockey Club
- Northam Primary School
- Northam Toy Library
- Toodyay Agricultural Society
- Toodyay Christmas Street Party
- Toodyay Cricket Club
- Toodyay Football Club
- Toodyay Junior Football Club
- Toodyay Miniature Railway
- Toodyay Volunteer Fire and Rescue Service

Chalice Mining Community Fund

During the year, the Company signed a landmark Heads of Agreement (HOA) with the Shire of Toodyay for the future establishment of the Chalice Mining Community Fund. The agreement reflects a shared objective to deliver long-term benefits to the local community from a potential mine.

Under the terms of the HOA, Chalice has agreed to provide funding for the delivery of community projects and programs that have been identified by the Shire of Toodyay and that align with Chalice's eligibility criteria.

Eligible projects will demonstrate community development and social investment priorities that are aligned with and preserve and promote the Shire of Toodyay's Council Plan, with a focus on local employment and training outcomes as well as other initiatives that contribute to community sustainability.

This framework will also form the basis for Chalice to establish similar community funds with other neighbouring Shires in the region.

The HOA has helped to formalise the Company's strong commitment to community development and provided guidelines for Chalice to work with the Shire of Toodyay to ensure community spending delivers long-term benefits for local residents.

Toodyay Shire President, Cr Rosemary Madacsi said: "The signing of the Heads of Agreement is an important milestone in our journey to consolidate our community's future. We appreciate being able to work collaboratively with Chalice, in a way that is unprecedented in our state, to ensure that direct benefits flow to our community in the event of a mine being established in our Shire."

The completion of a formal agreement and the establishment of the Community Fund are contingent on the Chalice Board making a Final Investment Decision (FID) in favour of proceeding with a development at the Gonnevillle Project, and the project achieving all the necessary approvals and funding requirements.



Case Study:

Newcastle Park parkrun

Chalice provided funding to support the launch of the inaugural Newcastle Park parkrun event in Toodyay. Parkrun is a free community event in which participants walk, jog or run a 5km route every Saturday to foster community inclusiveness and wellbeing.

A tireless team of community volunteers supported this initiative alongside the Shire of Toodyay to plan and set up a route through Toodyay. One of the more scenic parkrun routes, the Newcastle Park parkrun takes participants over waterways, through parks and bush. Several runners have come from other parkrun clubs as far as Albany, Moora and Rockingham to join the group and some local and interstate participants have also joined in when in town.

Since their first event in February 2023 the Newcastle Park parkrun and their team of 69 committed volunteers have continued to make the event happen each week. With an average of 52 finishers each time and participants ranging from 4-79 years of age, the event has helped to build a new sense of community and connection.

The local community has embraced the event, with feedback that parkrun promotes a healthy lifestyle, and provides an opportunity to connect with like-minded people while enjoying the scenic nature track.



Cultural Heritage and Traditional Owner Engagement



Traditional Owners have unique rights and interests to those of other stakeholders. Chalice recognises their rights, acknowledges their connection and responsibilities to their lands and waters, and respects their obligation to maintain culture, traditions and customs, and care for their country. We aim to establish collaborative and long-lasting relationships with all Traditional Owners on whose country we work, from which we can mutually benefit.

Our [Community and Heritage Policy](#) sets out our commitment to building respectful, trust-based and inclusive relationships with Aboriginal communities.

Heritage Agreements

The Gonneville Project is located within the South West Native Title Settlement area. The Whadjuk and the Yued peoples are the Traditional Owners of the lands of the Julimar region, which is subject to two Indigenous Land Use Agreements.

Chalice entered into heritage agreements with Yued and Whadjuk in 2018, in the form of two separate Noongar Standard Heritage Agreements. These agreements require Chalice to engage with the South West Aboriginal Land and

Sea Council (SWALSC) before undertaking physical works or operations which may trigger the requirement for a cultural heritage survey to be conducted.

In FY2023 Chalice's regional exploration expanded into Ballardong, Yamatji Nation and Wajarri Yamaji country. We have begun engagement with these groups through their representative Regional Corporations and as required under our heritage agreements. Chalice has Standard Heritage Agreements in place with Traditional Owner groups across all active tenements in Western Australia.

Collaboration with Yued and Whadjuk

Chalice has been working 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. In 2021 Yued and Whadjuk Traditional Owners conducted cultural heritage surveys across all proposed exploration areas in the Julimar State Forest.

These ethnographic and archaeological surveys led to the development of cultural heritage management plans by Yued and Whadjuk that set out both groups' expectations of Chalice for the protection and management of their cultural heritage. This includes processes to avoid impacts to cultural heritage material, build cultural competency of Chalice employees and contractors, ensure the cultural safety of Traditional Owners, and requirements for monitoring of exploration activities in the Julimar State Forest by Whadjuk and Yued.

Cultural Heritage Monitoring

Yued and Whadjuk Traditional Owners, through their cultural heritage management plans, continued to lead the monitoring and protection of cultural heritage for the Gonneville Project and exploration activities in Julimar State Forest.

This included monitoring conducted by Yued and Whadjuk representatives before a drill rig can be mobilised to an area. The role of the monitors is to confirm that all drilling activities are taking place within areas that do not contain any cultural heritage sites, and that all exploration activities are within areas that Whadjuk and Yued have conducted heritage surveys over.

The monitoring of each drill site is in addition to broader cultural heritage surveys conducted across the exploration areas in Julimar State Forest in 2021.



Case Study:

Yued Moora certificate presentation

Chalice proudly hosted a certificate presentation to acknowledge the work of Yued heritage monitors who participated in the Phase 1 Julimar Project exploration program.

Held on Yued country in Moora, the event acknowledged 25 monitors who worked on the program under the leadership of the Monitoring Program Manager, Beverley Port-Louis. The event was hosted by Chalice Managing Director and CEO Alex Dorsch, and GM Environment and Community, Soo Carney, and included Yued community members, local business leaders, government representatives and staff from Wallis Drilling.

The role of the monitors is to confirm that our drilling activities do not impact cultural heritage. The monitoring program was an important two-way learning opportunity for both Chalice staff and Yued representatives to work side by side and share their unique knowledge and skills.

"It was two-way learning for our Yued people and for the Chalice people to understand the land and the significant places on our land, and to learn how exploration and mining works.

“ This was more than just a monitoring program, it was an excellent experience for the Yued and an important learning opportunity for our people to see how the process works and build skills for the future.

Monitoring Program Manager,
Beverly Port-Louis

"We are very grateful to be involved in the program with Chalice" said Bev.

Since 2022, Chalice has engaged over 70 Yued and Whadjuk members to participate in this work. Chalice is committed to continuing to build strong relationships with Traditional Owners and grow the cultural competency of our Company.

Case Study:

Traditional Owner participation in environmental surveys

Chalice acknowledges the enormous and ongoing contribution of Indigenous knowledge to the scientific community and invites Traditional Owners to participate in environmental survey work where possible.

Whadjuk and Yued representatives were involved in a variety of environmental studies work throughout the year, including aquatic and vertebrate fauna surveys, flora surveys and surface water monitoring.

"Being involved in the environmental surveys was a real eye opener for me," said traditional Yued person Diane Yappo. "This work is a must for our young people to experience all the different kinds of work Chalice does, not just the drilling."



Case Study:

Cultural Awareness Training

Cultural awareness training is a key commitment in Chalice's cultural heritage management plans, which relate to activities within the Julimar State Forest on Whadjuk and Yued country. Chalice and contractor personnel work directly with members of the Whadjuk and Yued heritage monitoring teams, so it is critical that our staff and contractors have the practical tools to enable them to confidently engage and build meaningful working relationships with Traditional Owners.

Whadjuk woman Charne Hayden said, "I love sharing my culture and heritage with people. The training that we run for Chalice gives us an opportunity to share who we are and where we come from."

The training provides an opportunity for Chalice personnel and our contractors to develop a greater understanding and appreciation of local Aboriginal culture and history, encouraging shared understanding and respect through listening and practical learning. Chalice will continue to provide all personnel on our projects the opportunity to receive cultural education from Traditional Owners.





Case Study:

Mining and the Lands Camp

Chalice hosted a group of students at the Gonneville Project site for a Mining and The Lands (MATL) Camp in April 2023. MATL is an initiative supported and facilitated by Curtin University and the Association of Independent Schools of Western Australia that provides an opportunity for Indigenous girls from years 10,11 and 12 to participate in a week of hands-on workshops, and visits to operational mining and exploration sites.

Students came from as far as the east coast to gain an insight to the different careers and opportunities that STEM (Science, Technology, Engineering, Mathematics) education can lead to. At the Chalice site, students and their group leaders were hosted by our environment and geology teams, who talked the students through each of their roles and opened their eyes to some of the extensive uses for various metals in everyday life.

Students went on a tour of the exploration site including viewing a diamond drill rig in action and the opportunity to assist with water monitoring. Our environment team explained their roles including the importance of baseline surveys of flora and fauna and monitoring that is conducted on site. At the core yard our geologists explained the process of geological logging and interpretation, drill hole design and planning.

As the first stop on a week of site visits in the mining industry, the students were able to get an understanding of how it all begins with exploration. With inquisitive minds and plenty of questions Chalice were happy to contribute to the further education and hands on experience of some promising students.



Healthy and Safe Workforce

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

Included in this section:

[Health and Safety](#)

FY23 at a glance

- » Emergency response and scenario planning
- » Embedding our critical risk management processes and verification
- » Statutory supervisor training and development
- » Commenced external auditing of our Health and Safety Management System
- » Roll-out of on-line contractor onboarding portal

FY24 focus

- » Implementation of the Psychosocial Risk Management Plan
- » Continue embedding critical risk control verification processes
- » Implementation of expanded Health and Hygiene Management Plan
- » Implementation of the Principal Mining Hazards Plan



Health and Safety

Chalice is committed to ensuring occupational health and safety standards are implemented and owned by the workforce. Our Health, Safety, Environment and Community (HSEC) Management System governs our day-to-day activities, ensuring appropriate standards are adopted and hazards are identified, controlled, managed and monitored appropriately. The system aligns with ISO 45001 (occupational health and safety management systems), ISO 14001 (environmental management systems) and ISO 9001 (quality management).

The Chalice HSEC Management System and processes are continually reviewed to ensure we have the ability to adapt to a growing exploration and project development portfolio. The system is comprised of four elements:

1. Corporate Policies, Charters and Frameworks
2. Company-wide HSEC Standards, Plans and Procedures
3. Site-level HSEC Procedures
4. HSEC Databases and Systems

This system links directly to the Risk Management Framework, under which KMP regularly review critical enterprise and operational risks. These elements help us understand, mitigate and manage risks to the business, employees, contractors, stakeholders and the environment across all of our activities, as well as track our overall performance.

Through FY2023 further improvements to our HSEC Management System have included the development of a Principal Mining Hazard Management Plan, which outlines our principal mining hazards and how we will manage them with critical controls. We also rolled-out the Altona contractor management online portal which enables contractor HSEC pre-qualification and personnel onboarding and training.

The Western Australian Work Health and Safety Regulations (Mines) 2022 requires the mining industry to comply with the minimum requirements of a Mine Safety Management System (MSMS). Over the past year we have reviewed the Chalice HSEC Management System against the Code of Practice for MSMS and governing Regulations to ensure that we align to these requirements.

Our [Health and Safety Policy](#) outlines our commitment to implementing policies, systems, and procedures that assist with hazard identification, risk assessment and control, to ensure a safe system of work and mitigate the risk of health and safety incidents.

Performance and FY2024 Targets (includes contractors)

| | FY2021 | FY2022 | FY2023 | FY2024 Target |
|---|--------|--------|--------|---------------|
| Fatalities | 0 | 0 | 0 | 0 |
| Lost Time Injury Frequency Rate (LTIFR) | 0 | 0 | 0 | <3.0* |
| High potential near misses | 0 | 1 | 0 | 0 |
| Number of workers exposed above OEL** | 0 | 0 | 0 | 0 |

*sum of (Total Recordable Injury Cases (resulting in absence from work for 2 or more weeks)×1,000,000) / total hours worked for the year

**occupational exposure limit (OEL) for fibrous material is 0.01 fibres/milliliter

The increase in Total Recordable Injuries from FY2021 to FY2023 corresponds to an increase in activity and workhours from 133,745 hours in FY2021 to 252,187 hours in FY2023.

Currently Total Recordable Injury Frequency Rate (TRIFR) is not a metric used as a performance target due to low monthly workhours, meaning the TRIFR would not provide a meaningful indicator of safety performance and improvement focus areas.

HSEC Assurance – External Audit

In FY2023, Chalice's HSEC Management System underwent two external audits, utilising the ISO 45001 standard (Safety Systems - Occupational Health and Safety) and the WA WHS Regulation Mines (2022) as a reference. Key focus

areas included mine safety management system minimum compliance including contractor management, health and hygiene management plan, crisis and emergency management, and contractor management. Whilst the overall audit results were positive, noting a lot of improvements and positive work around the HSEC Management System, a number of initiatives were identified to further improve the system including updates to:

- » Documenting our consultation processes
- » Infield contractor auditing (continuation of the Contractor Management Framework improvements)
- » Documenting a Psychosocial Risk Management Plan
- » Executing our emergency scenario testing schedule in accordance with safety risk profile
- » Auditing the Risk Management Framework

Health and Safety Training

Over the last year Chalice has supported the ongoing development of employee health and safety competencies through the delivery of several health and safety training programs including:

- » Statutory Supervisor training
- » Operate and Maintain 4WD Training (regional exploration)
- » 4WD Recovery Techniques (regional exploration)
- » Fire extinguisher training
- » Provide First Aid
- » Remote / Advanced First Aid Training (regional exploration)
- » Fire warden training
- » Fibrous material awareness training
- » Health and safety representative training
- » Manual handling awareness training

Employee and contractor health and safety training directly contributes to our health and safety performance, by ensuring our people are provided with the instruction and training required to complete their work safely.

Pleasingly, in FY2023 Chalice and our contracting partners have continued to focus efforts where it counts in relation to reducing fatality risk potential and lost time injury risk to people. There have been zero near miss high potential and lost time injury events for the year. Unfortunately, we have noted a slight increase in total recordable injuries from 5 in FY2021 to 8 in FY2023, however this has occurred

with a corresponding increase in exploration activity, resulting in an increase in hours worked across our sites. Most common injury types have been 'hands and fingers' and 'sprain and strain' which remain a key focus area for improvement in FY2024.

Health and Hygiene

Ongoing development of our health and hygiene management processes has resulted in the implementation of an overarching Health and Hygiene Management Plan. This plan will bring together current key health and hygiene risks and identify required control measures that are most suited to the work environment. This program will be further developed through FY2024.

Psychosocial risks will be a focal point for FY2024 and beyond, as we look to further define our risks and controls and develop a Psychosocial Risk Management Plan. In support of a mentally healthy workplace, we are continuing with providing our team the ability to engage our Employee Assistance Provider BSS Psychology to ensure our people are supported, along with their immediate families.

Manual handling risk is a strong area of focus for FY2024, following recently implemented core processing improvements (refer to case study on Manual Handling Risks) which were a result of PErforM Assessment recommendations and outcomes from previous event investigations. This has had an immediate improvement in safety performance, and we will continue to identify other manual handling risk reduction measures in the core processing area.



Case Study:

Blue Tree Project and BSS Employee Assistance Program

With psychosocial risks highlighted as a key issue within the resources industry, the Chalice team have been identifying ways we can engage our workforce proactively to talk about mental health and to better support a mentally healthy workforce. The Blue Tree Project is an initiative which brings people together to spark conversations that raise awareness and educate people about mental health. By spreading the paint and spreading the message that "it's OK to not be OK", we can help break down the stigma that is attached to mental health and encourage people to speak up when battling mental health concerns.

The team at Chalice, and our key contracting partners on-site, painted a tree at the Gonneville Project site as part of the Blue Tree Project. The day was run in partnership with BSS Psychological Services who provide our confidential Employee Assistance Program, to ensure we linked the initiative with our key employee mental health support service. The initial outcomes of the initiative were achieved in terms of having an inclusive conversation with all of our site workforce on mental health and what it means, and how we can seek further assistance for ourselves, peers and direct family members via the BSS employee assistance program.



Case Study:

Core processing facility upgrades: reducing our manual handling risks

Reducing our manual handling risks at our core processing facility has been a key priority over the last two years. During the period of FY2021-2022 there were five recordable injuries and illnesses which occurred in the core processing line.

The key improvements to reduce the force loads applied during manoeuvring of the trays included new roller racking for each of the four core processing lines and new 360-degree roller racking for each core cutting station. The new upgrades have had a positive impact with zero manual handling related injuries associated with manoeuvring core trays since the improvements were made.

Other improvements to the core processing area include new levelled work surfaces, overhead shade structures and decontamination stations, which are all part of ongoing improvements to work area design.







People and Culture

Chalice is focussed on promoting wellbeing, supporting mental health and embracing diversity and inclusiveness to create a brighter and better workforce. As an exploration and development company, our permanent workforce is small, so it is critical to invest in and develop our people and attract the best talent.

Included in this section:

Organisation Culture

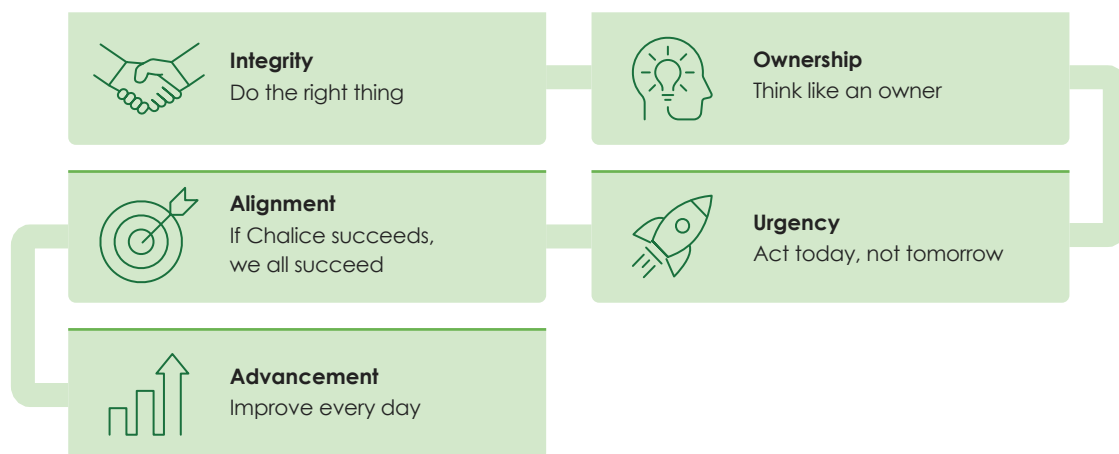
Diversity and Inclusion

Organisational Culture

At Chalice we believe in creating positive and supportive relationships with our people. Our employees play an essential role in supporting Chalice to achieve its objectives and purpose of 'finding the metals needed to decarbonise the world'.

Our Company values are at the heart of our approach to people:

Values



Talent Attraction and Retention

Our strategic goal to 'attract and retain the best people' is integral to the performance of our Company. Given the current competitive labour market, Chalice must continue to develop strategies that attract and retain talent.

Chalice continues to position itself as an employer of choice, with success in attracting new talent and retaining loyal and long-serving employees by offering:

- » Gender diversity well above industry standards - women made up **45%** of our overall workforce.
- » A commitment to explore responsibly today and develop sustainably tomorrow.
- » A globally recognised name in minerals exploration.
- » Development and leadership by an expert team of proven mine-finders.
- » Green metals assets and a diverse portfolio.
- » Chalice annual employee incentive plans.

Remuneration and Benefits

Chalice believes in investing in our people, and aligning our team incentives with the future growth of our Company. Chalice has an annual Short Term Incentive (STI) Plan which is offered to 100% of employees. The STI is

linked to performance and health and safety outcomes, with employees incentivised to drive the success of the organisation - rewarding them for their efforts in achieving the 12 month goals of the Company. In addition, Executive and senior employees participate in a Long Term Incentive (LTI) Plan over a three year measurement period, which is designed and aligned to the longer term strategic objectives of the Company and to create an ownership mindset. These employee incentive plans are an important tool in helping us to attract and retain the best people.

Mental Health

Promoting wellbeing and supporting the mental health of our employees is a priority for Chalice. With psychosocial risks identified as a key issue facing the wider resources sector in Australia, the Chalice team remain focussed on ways we can better support a mentally healthy workforce.

Last year, Chalice engaged an Employee Assistance Provider, BSS Psychological Services, to provide Chalice employees and their immediate family members a resource to seek psychological services and mental health support. We recognise that increases in level of activities may bring with it potential psychosocial related hazards, so having a program whereby our employees and their family members can seek out confidential and targeted support is of utmost importance as we continue to grow.

Paid Parental Leave

During the year, Chalice implemented a Paid Parental Leave Policy as part of our commitment to a diverse and inclusive workplace, and updating our employee benefits. The maximum benefit exceeds the statutory requirement and provides 8 weeks' paid leave, and full superannuation benefits paid over the course of their parental leave. The benefit is another important retention tool in attracting and retaining talent.

Diversity and Inclusion

Chalice recognises the importance of building a diverse and inclusive team with different individual backgrounds, skills, experiences and perspectives. True diversity extends beyond gender to a range of factors such as age, ethnicity, family status and cultural backgrounds. We believe that by bringing together many minds and viewpoints we not only create a supportive and respectful culture, but we will deliver superior business outcomes.

Our [Diversity and Inclusion Policy](#) details our current commitments, and approach towards a diverse and inclusive workforce.

At 30 June 2023, women made up 45% of our overall workforce, placing us well above industry standards - a position we are incredibly proud of. At Board level, female representation sits at 29%, following the appointment of Linda Kenyon and Jo Gaines as Non-Executive Directors in 2021 and 2022 respectively.

Diversity and inclusion will continue to be a focus for Chalice, with the promotion of diversity best achieved through our hiring and training, the fostering of flexible working practices and encouraging internal career advancements.

During the year, the Board set the following measurable objectives for Diversity:

- » To maintain no less than the current composition of 29% female representation on the Board;
- » Seek to maintain no less than 30% females employed by the entire Company (excluding the Board);
- » Provide flexible work arrangements, to the extent practically possible, taking into account the nature of work performed by an employee;
- » Develop a plan to provide opportunities for training and professional development with the objective of providing internal promotion opportunities, and
- » Undertake a gender pay equity review as part of the annual remuneration review process at the conclusion FY2024, identify gaps and actions to close.



Case Study:

WIMWA Mentoring

The Women In Mining WA (WIMWA) Mentoring Program is a professionally created and structured mentoring program designed to support women in developing skills to grow and advance their careers. During the year, Chalice was proud to support two employees to participate in this program.



Dominique Kiat-ong **Administrative Geologist**

Dom, a Chalice Geologist, initially entered the WIMWA Program without any specific career goals or expectations. Dom and her mentor engaged in fortnightly meetings to discuss various aspects of Dom's career and personal development. Their conversations extended beyond professional matters as they touched on work-life balance and stress management.

The mentorship experience has been fulfilling for Dom, and she has valued the guidance, support, and insights provided by her mentor. The program has empowered her by offering a network of like-minded women in the industry, fostering personal and professional growth.

Dom's mentoring experience has positively impacted her professional and personal life by boosting her confidence and belief in her abilities. As a result, Dom feels more self-assured and resilient in pursuing her goals now and in the future. The Chalice team are proud of Dom's development and commitment to the mentoring program.



Ella Wilson **Exploration Geologist**

Ella, a Chalice Exploration Geologist, was new to the industry prior to enrolling in the WIMWA Program. Ella and her mentor engaged through monthly meetings and maintained frequent communication. Throughout the relationship, Ella's mentor provided her with valuable insight around asking questions, separating external issues, and to learn from the experiences of those around her.

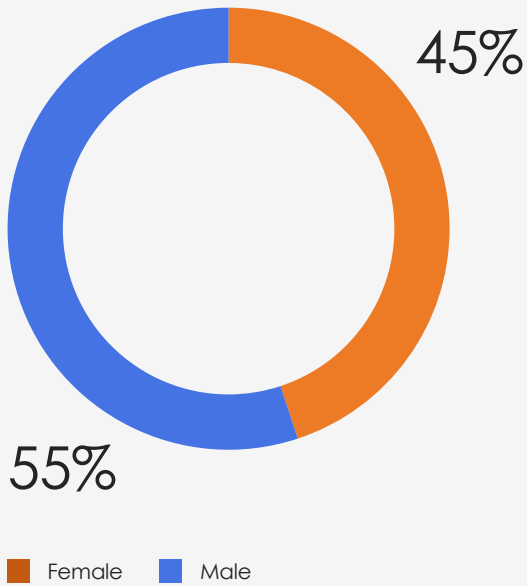
Ella thoroughly enjoyed the WIMWA mentoring experience and feels very fortunate to have connected with her mentee in a meaningful way. Ella's discussion around the future, and her career goals which initially felt confronting, became invaluable as they worked together to construct goals and develop strategies to achieve them.

The WIMWA Program has empowered Ella both personally and professionally, fostering confidence in setting boundaries and approaching sensitive situations with assurance.

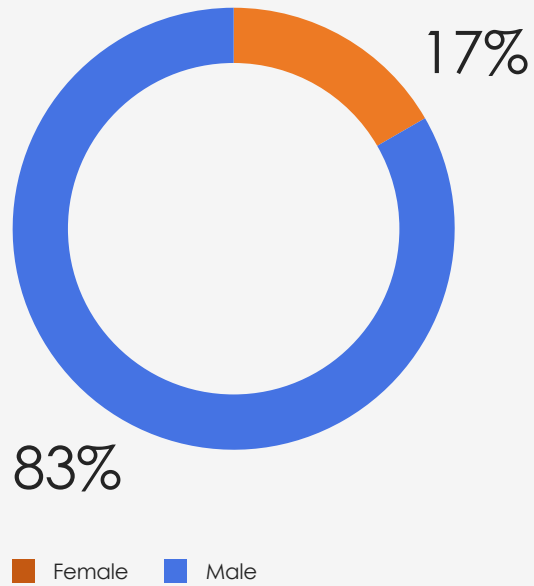
Ella has expressed her willingness to participate in the WIMWA program in future years and considers becoming a mentor herself in the future. Chalice looks forward to supporting Ella in her future endeavour as mentor and mentee.

Our Key Company Diversity Metrics

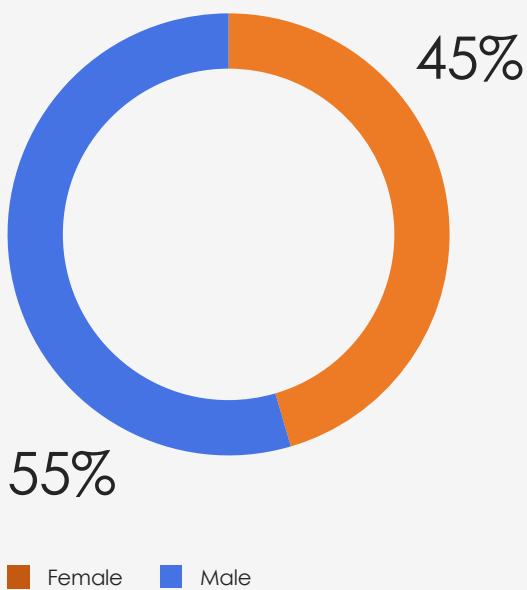
Whole Organisation



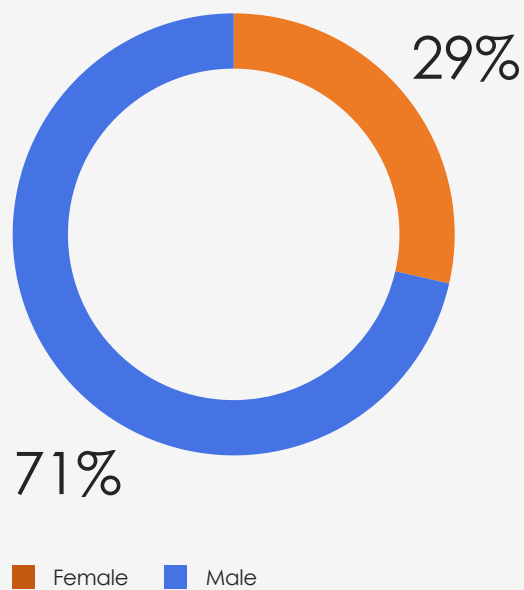
Senior Executive



Senior Manager



Board of Directors



Board of Directors - Includes Alex Dorsch, Managing Director and CEO. Senior Manager - Senior Managers are those positions that report directly to Senior Executives or Alex Dorsch, Managing Director and CEO and are those who plan, organise, direct and control an operational function. Senior Executive - Senior Executive positions for these purposes means Key Management Personnel of the Company that report directly to Alex Dorsch, Managing Director and CEO. Our Workforce Summary excludes members of the Board of Directors.

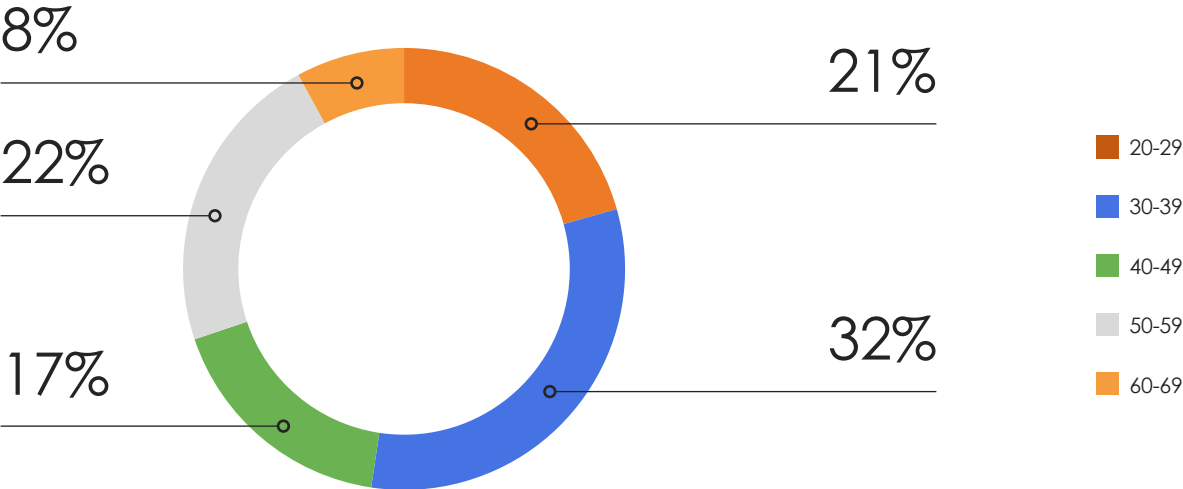
Our Workforce Summary FY2023

63
Total number of workforce employees

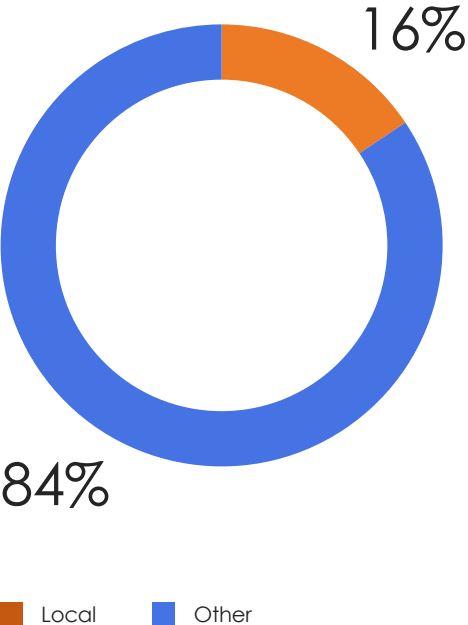
21
New employee hires, of which 38% were female

16
Employee turnover

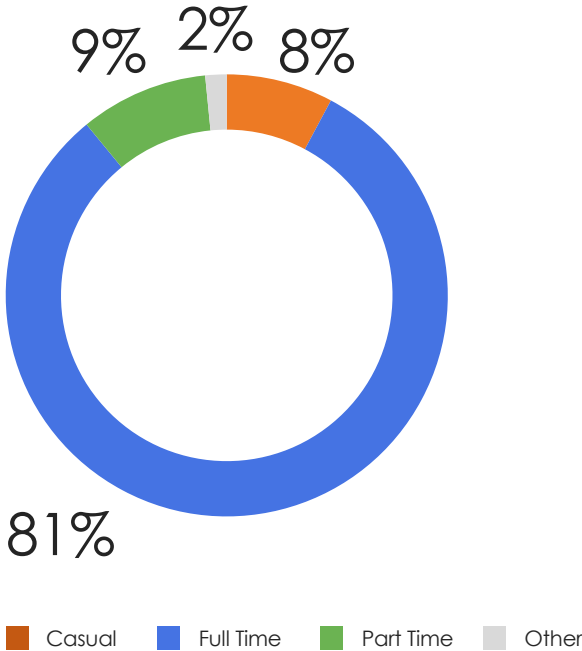
Age Demographics



Local Employment - Gonneville



Employment Type



Our employees are not unionised.



Operating Responsibly

Conducting our business ethically and with integrity is one of Chalice's core values, and is embedded in our Code of Conduct, Whistleblower Protection Policy and Anti-Bribery and Anti-Corruption Policy. Chalice is committed to applying ethical business practices and sound systems of corporate governance and transparency.

Included in this section:

Corporate Governance

Business Ethics and Anti-Corruption

Financial Performance

Risk Management

Corporate Governance

The Board acknowledges the importance of good corporate governance in striving to meet the expectations of our stakeholders whilst achieving the strategic objectives of the Company in an ethical and responsible manner. Chalice's corporate governance framework has been developed to ensure that the Company is managed effectively, within a comprehensive system of control and accountability, whilst also encouraging a corporate culture that is aligned with one of our key values "acting with integrity".

The Company is committed to aligning its governance processes with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition ("Principles and Recommendations"). Through this process the Company is currently complying with 34 of the 35 Principles and Recommendations. Our Corporate Governance Statement for the year ended 30 June 2023, detailing the key aspects of our corporate governance framework is available on our website along with information on our full suite of corporate governance practices at <https://chalicemining.com/corporate-governance>.

During the year the Board and its Committees were actively engaged in their governance responsibilities and fulfilling their role in accordance with the Board and Committee Charters. Key focus areas of the Board during the year included:

- » Appointment of an additional independent Non-executive Director and increasing gender diversity on the Board;
- » Review of the composition of Board Committees following the completion of the Board renewal undertaken over the last two years;
- » Development of initial measurable objectives for gender diversity;
- » Periodic review of the Board Charter, Committee Charters and governance policies;
- » Adoption of an inaugural Climate Change Policy and Human Rights Policy;
- » Continuing to review the Group's Risk Management Framework to ensure that it appropriately evolves with the development of the Company and emerging risks, and
- » Review of strategic initiatives adopted by the Board to deliver long-term value to shareholders.

Business Ethics and Anti-Corruption

The Board is responsible for approving Chalice's core values. Conducting our business ethically and with integrity is one of Chalice's core values, and our governance structures are designed to encourage ethical behaviour that we believe will create a corporate culture that not only improves Chalice's performance as a business, but also positively enhances the impact of the organisation on all of our stakeholders.

Code of Conduct

Our Code of Conduct (Code) guides the behaviour of our people on how to conduct themselves with integrity, honesty and fairness in all business practices and to observing the rule and spirit of the legal and regulatory environment in which the Company operates.

Our Code is supported by a range of policies including our Anti-Bribery and Anti-Corruption Policy, Whistleblower Policy, Diversity Policy and Human Rights Policy, all of which are available on our website at <https://chalicemining.com/corporate-governance>.

Key Chalice advisers, consultants and contractors are made aware of the expectations set out in the Code and the Group's policies.

Material breaches of the Code of Conduct must be reported to the Board. There were no reported breaches of the Code of Conduct during the year ended 30 June 2023.

Anti-Bribery and Anti-Corruption Policy

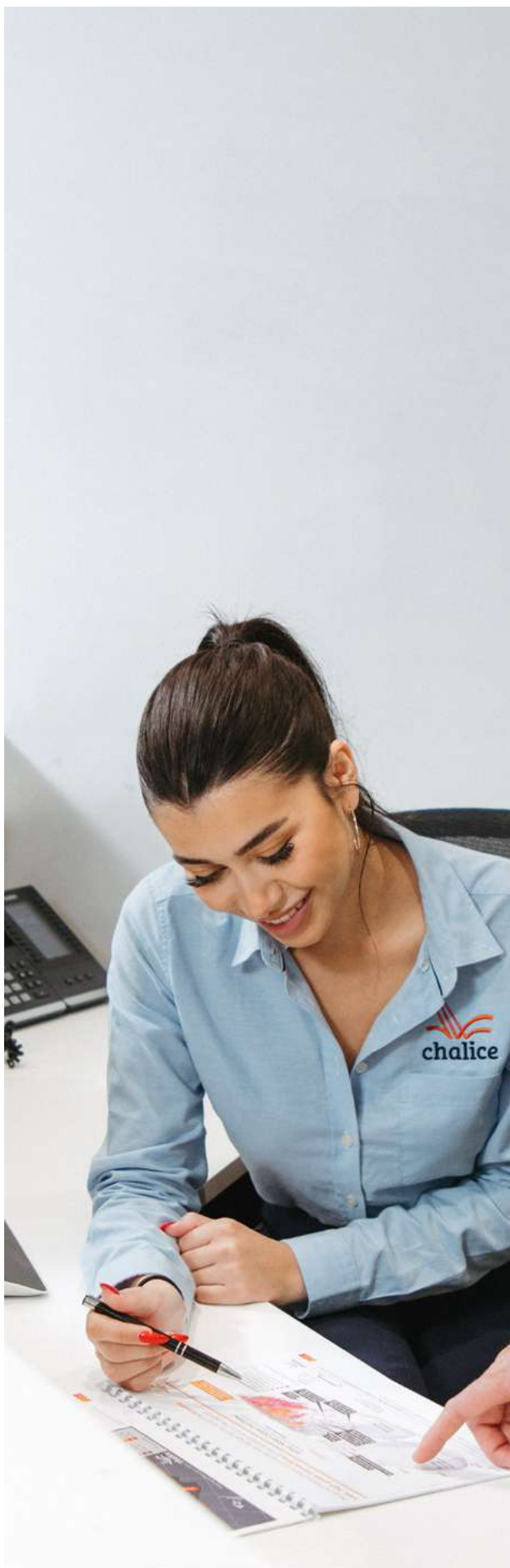
Chalice does not tolerate any form of bribery or corruption. Bribery and corruption involves the misuse of position and influence, in return for improper advantage, undermining integrity and fairness.

An Anti-Bribery and Anti-Corruption Policy has been adopted to provide information and guidance to people working for the Company, including the Board, employees, consultants and contractors.

The Anti-Bribery and Anti-Corruption Policy explains conduct that is prohibited and provides guidance on dealing with gifts and hospitality, donations, sponsorships, approval requirements and the records required to be maintained.

The consequences for breaching the Anti-Bribery and Anti-Corruption Policy depend on the severity of the breach but may include a reprimand, formal warning, demotion and/or termination of employment.

Any material breaches of the Anti-Bribery and Anti-Corruption Policy must be reported to the Board. There were no reported breaches of the Anti-bribery and Anti-Corruption Policy during the Reporting Period.



Whistleblower Policy

The Company has established a Whistleblower Policy to encourage the reporting of suspected unethical, illegal, fraudulent behaviour and violations (or suspected violations) of the Company's Code of Conduct or other policies and provide effective protection from victimisation or dismissal to those reporting by implementing systems for confidentiality and report handling.

Material matters reported under the Whistleblower Policy must be reported to the Board. There were no matters reported under the Whistleblower Policy during the year ended 30 June 2023.

Human Rights

Whilst Chalice is not currently required to prepare a Modern Slavery Statement in accordance with the Modern Slavery Act 2018 (Cth), during June 2023 the Company adopted a Human Rights Policy to communicate Chalice's commitment to human rights and our commitment to seek continual improvement throughout our organisation to uphold human rights.

The Human Rights Policy outlines our commitments to:

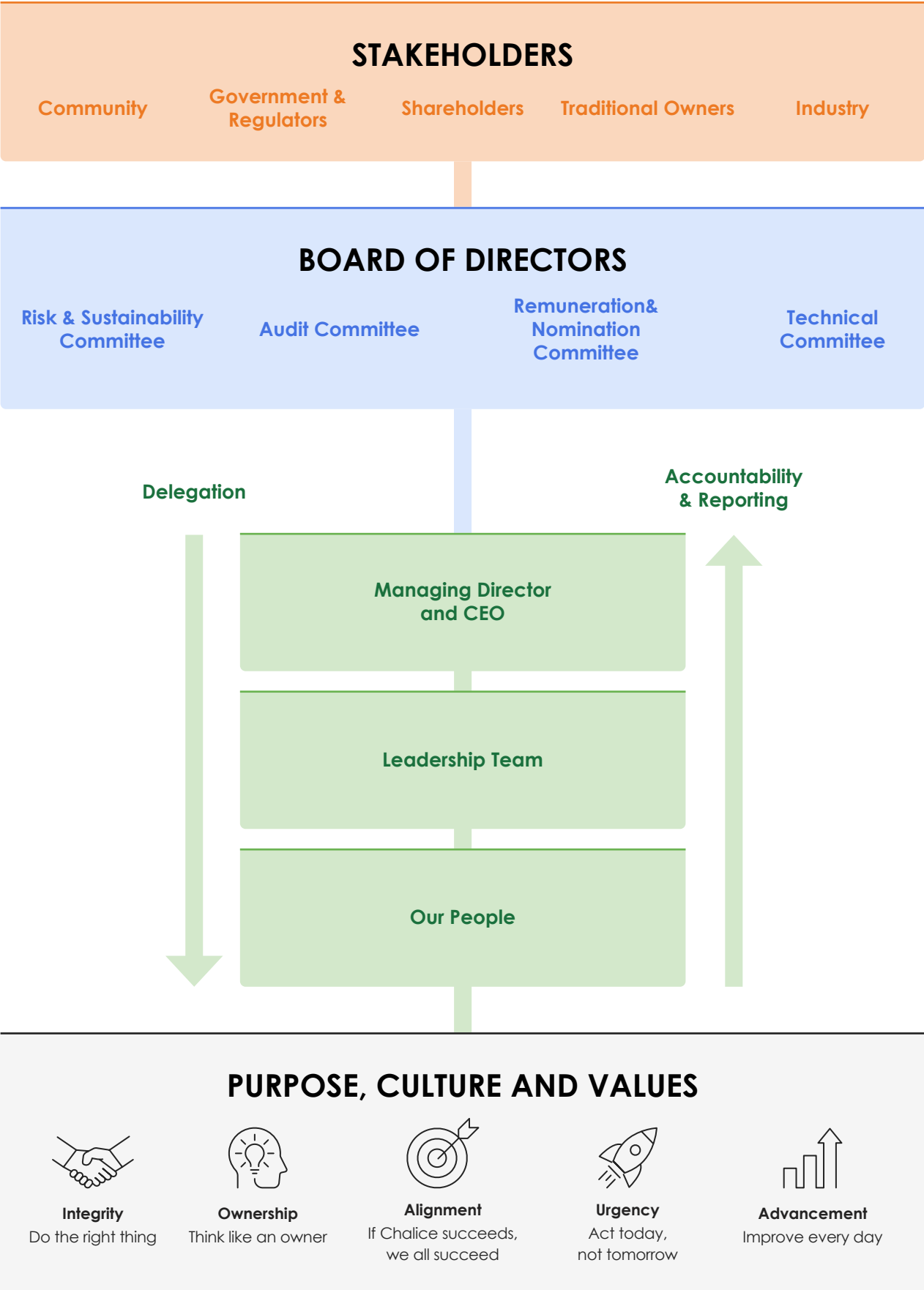
- » Developing, embedding and improving processes to identify and prevent adverse human rights impacts caused or contributed to by our business and operations.
- » Not engaging in, or tolerating, forced or compulsory labour, other forms of modern slavery or child labour, and ensuring compliance with all relevant laws.
- » Promoting and maintaining a physically and psychologically safe workplace that is free from violence, threats of violence, bullying, harassment, sexual harassment, discrimination, inhumane treatment or abuse.
- » Acting with integrity and fairness and not discriminating against any individual based on race, religion, ethnic origin, nationality, age, marital or relationship status, sex, sexual orientation, gender identity, intersex status, pregnancy, parental status, disability, or other legally protected status.
- » Respecting human rights related to working conditions, providing a safe and healthy workplace, employee privacy, freedom of association, speech and collective bargaining, maximum working hours, minimum wages, accommodation, equal and decent pay, and equal opportunity.

Financial Performance

Our commitment to sound business practices and strong financial disciplines underpins Chalice's goal to deliver returns for shareholders.

Please refer to the Operating and Financial Review section of this Annual Report for further information on our Financial Performance.

Chalice Corporate Governance System



Risk Management

Overall accountability for risk management lies with the Board of Chalice. The Board is supported in its oversight of risk by the Risk and Sustainability Committee. The Audit Committee assists the Board with its oversight of financial assurance matters. The Board annually reviews and approves the Risk Management Framework and sets the overall risk appetite. The Board endorsed an updated Risk Management Framework during the year ended 30 June 2023, to align with the operation of the online risk management database system implemented by the Company. The Board has delegated the responsibility for implementing the Risk Management Framework and managing material risks to the Managing Director and CEO and Executive KMP.

The Board, Executive KMP, and the Risk and Sustainability Committee review the risk profile of the business and implement and monitor controls to effectively manage risks. Reviews of mitigations and verifications of controls are undertaken to ensure their effectiveness.

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

Chalice's Risk Management Framework focusses on the identification of material risks and the implementation and monitoring of the controls to mitigate those risks. Material risks are considered those financial and non-financial risks with major or extreme consequence (irrespective of probability) as well as those with major or extreme residual risk rating. Risk ratings are determined in accordance with ISO 31000:2018 recommended risk management practices.

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

The Group's identified material risks are summarised in the table below:

| Risks | Mitigating Actions |
|--|---|
| <p>Major data loss or IT security breach</p> <ul style="list-style-type: none"> » Failure to appropriately secure data could have significant consequences to the Group through loss of business continuity, reputational loss and increased financial costs. | <ul style="list-style-type: none"> » Implementation of controls associated with prevention, detection and data recovery supported by ongoing cyber security awareness training. » Invest in cyber security processes, tools and expertise. |
| <p>Impaired social licence to operate</p> <ul style="list-style-type: none"> » Loss of stakeholder support could result in the loss of social license to operate, disrupting operations or delaying license approvals. | <ul style="list-style-type: none"> » Maintaining a stakeholder management plan to guide Chalice's actions, engagement and behaviour. » Development and implementation of a sustainability framework. |
| <p>Major Field Incident (Safety, Health or Environmental)</p> <ul style="list-style-type: none"> » Exposure of our people to hazards at a level that causes harm. » Environmental incident that negatively impacts the environment and community in which we operate. | <ul style="list-style-type: none"> » Risk reduction by ensuring appropriate standards are adopted, hazards are identified, controlled, managed and monitored appropriately, supported by a comprehensive Health, Safety, Environment and Community (HSEC) Management System. » Provide appropriate resources into the ongoing maturity of the HSEC Management System together with leadership development and training. |
| <p>Loss of or Failure to Gain Land Access on Key Tenement</p> <ul style="list-style-type: none"> » Inability to undertake planned exploration activities results in a loss of opportunity or financial loss. | <ul style="list-style-type: none"> » Chalice seeks to actively engage with stakeholders and has implemented internal controls designed to manage agreements with landholders, Traditional Owners and compliance with licence and permit requirements. |

| | |
|---|---|
| <p>Capital Mismanagement (new ventures)</p> <ul style="list-style-type: none"> » Loss of reputation and negative shareholder returns through the unsuccessful allocation of working capital to new ventures. | <ul style="list-style-type: none"> » Prior to undertaking any acquisitions, Chalice undertakes appropriate due diligence to identify key risks and to determine that the opportunity is aligned with Company strategy. Material acquisitions are considered by the Board to ensure alignment with strategic objectives. |
| <p>Selection of Key Projects and Exploration / Evaluation Expenditure</p> <ul style="list-style-type: none"> » Undisciplined expenditure on exploration projects. » Exploration projects are speculative in nature and often require substantial expenditure to establish the presence of mineralisation. | <ul style="list-style-type: none"> » Employing and retaining experienced technical talent. » Actively managing key deliverables and uncertainties through strategic planning, budgeting, technical assessment and review. |
| <p>Major Corporate Breach including Fraud</p> <ul style="list-style-type: none"> » Material breach of law or regulation causing reputational damage and financial loss. » Inappropriate, unethical or unlawful conduct of our people. | <ul style="list-style-type: none"> » Guided by our values and Code of Conduct, Chalice aims to maintain a culture of accountability and reporting through its risk and governance systems, policies and procedures, with the effective involvement of management. » Providing mechanisms for reporting wrongdoing and prompt action on misconduct through the Whistleblower Policy. » Implementation of appropriate internal financial controls. » Enhance training to maintain and improve our culture and create a harassment free and ethical workplace. |
| <p>Forfeiture of Key Tenements</p> <ul style="list-style-type: none"> » Loss of title to key exploration tenements or licences may result in disruptions to operating performance and significant financial loss. | <ul style="list-style-type: none"> » Maintaining a system of monitoring and compliance with the aim of continually meeting key tenement conditions. |
| <p>Collapse of Equity / Financial Markets</p> <ul style="list-style-type: none"> » Unexpected changes in macroeconomic conditions. | <ul style="list-style-type: none"> » Maintain a strong financial position backed by an appropriately executed strategy. |
| <p>Climate Change</p> <p>Physical risks</p> <ul style="list-style-type: none"> » Impact on operations caused by extreme weather events and potentially constrained water supplies. <p>Transition Risks</p> <ul style="list-style-type: none"> » Increasing government regulation resulting in increased operating costs and constraints. » Constrained electricity supply resulting from transition to renewable energy and increasing costs. » Availability and affordability of solutions for decarbonising operations and the impact of carbon pricing. | <ul style="list-style-type: none"> » Information on Chalice's approach to Climate Change risk is provided in the "Manage Climate Change Risk" section of this report on page 62. |

Competent Persons' Statement and Cautionary Statements

Competent Persons' Statements

The information in this Annual Report that relates to Mineral Resources in relation to the Gonneville Nickel-Copper-PGE Project is based on and fairly represents information and supporting documentation compiled by Mike Millad and Mike Job.

Mr Millad is a full-time employee and director of Cube Consulting and is a member in good standing of the Australian Institute of Geoscientists (#5799). Mr Millad does not hold securities in Chalice. Mr Millad has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person, as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Millad has reviewed the contents of this Annual Report and consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears.

Mr Job is a full-time employee and director of Cube Consulting and is a Fellow in good standing of the Australasian Institute of Mining and Metallurgy (#201978). Mr Job does not hold securities in Chalice. Mr Job has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person, as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Job has reviewed the contents of this Annual Report and consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears.

The information in this Annual Report that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Bruce Kendall B.Sc (Hons), a Competent Person, who is a Member of the Australian Institute of Geoscientists. Mr Kendall is a full-time employee of Chalice and holds securities in Chalice. Mr Kendall has sufficient experience that is relevant to the activity being undertaken to qualify as a Competent Person, as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Kendall consents

to the inclusion in the Annual Report of all technical statements based on his information in the form and context in which it appears.

Production Targets and Forecast Financial Information

The production targets and forecast financial information disclosed in this Annual Report is extracted from the Company's ASX announcement "Gonneville Nickel-Copper-PGE Project Scoping Study", dated 29 August 2023.

All material assumptions underpinning the production targets and forecast financial information derived from the production targets in the previous announcement continue to apply and have not materially changed.

Cautionary Statement

This Annual Report includes information extracted from the Company's ASX announcement dated 29 August 2023, titled "Gonneville Nickel-Copper-PGE Project Scoping Study".

For the production targets and forecast financial information for the 15Mt/tpa Case scenario (modelled LOM - 19 years), Inferred Resources comprise 14% of the production schedule over the modelled Life of Mine (LOM). For the 30Mt/tpa Case scenario (modelled LOM - 18 years), Inferred Resources comprise 37% of the production schedule over the modelled Life of Mine (LOM). Significantly, in both the 15Mt/tpa Case and 30Mt/tpa Case scenarios, the Inferred Mineral Resources do not play a prominent role in the initial mine plan. Throughout the first 15 years of production, the Inferred Mineral Resources constitute less than ~20% in both production schedules. Accordingly, Chalice has concluded that it is satisfied that the financial viability of both development cases modelled in the Scoping Study is not dependent on the inclusion of Inferred Resources early in the production schedule given an estimated payback period (from commencement of production) of ~2 years for the 15Mt/tpa Case and the 30Mt/tpa Case.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty



that further exploration work will result in the determination of Indicated Mineral Resources or that the production targets themselves will be realised.

Reliance on Third-Party Information

This Annual Report contains information that has been derived from third party sources that has not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

Forward Looking Statements

This Annual Report may contain forward-looking statements and forward information (collectively, forward-looking statements). These forward-looking statements are made as of the date of this Annual 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 impact of the discovery on the Gonneville Project's capital payback; the Company's planned strategy and corporate objectives; the realisation of Mineral Resource Estimates; anticipated production; sustainability initiatives; climate change scenarios; 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; planned production and operating costs profiles; planned capital requirements; 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, "aiming", "anticipate", "considered", "continue", "could", "estimate", "expected", "for", "forecast", "future", "intend", "indicates", "is", "likely", "may", "objectives", "optionality", "outlook", "open", "plan" or "planned", "potential", "strategy", "target", "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; successful completion of the strategic partnering process; changes in commodity prices and 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.

Designated Foreign Issuer Status

The Company ceased to be a reporting issuer in the province of Ontario on 14 November 2022.

Tenement Schedule

| Location | Project | Tenement No. | Registered Holder | Nature of interest |
|----------------------|------------------|----------------------------|-----------------------------|---|
| Western Australia | Nulla South | E77/2353 to E77/2354 | CGM (WA) Pty Ltd | 20% - JV with Ramelius Resources |
| | Gonneville | E70/5118 to E70/5119 | CGM (WA) Pty Ltd | 100% |
| | Kings (regional) | E70/5350 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5351 | CGM (Julimar) Pty Ltd | 100% |
| | | E70/5352 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5353 | CGM (WA) Pty Ltd | 100% |
| | | E70/5354 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5358 to E70/5361 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5367 to E70/5369 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5373 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5151 | Northam Resources Limited | 0% - Earn-in agreement, right to earn up to an 75% interest |
| | | E70/5704 | CGM (West Yilgarn) Pty Ltd | 100% |
| | E70/5865 | CGM (West Yilgarn) Pty Ltd | 100% | |
| | Auralia | E69/3636 to E69/3637 | CGM (South Yilgarn) Pty Ltd | 100% - SensOre Ltd has the right to earn up to a 70% interest |
| | | E69/3700 | CGM (South Yilgarn) Pty Ltd | |

| Location | Project | Tenement No. | Registered Holder | Nature of interest |
|----------------------|------------|--|--|---|
| Western Australia | Barrabarra | E70/5263 to E70/5264 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5355 to E70/5356 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5535 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5550 to E70/5551 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5560 to E70/5561 | Koojan Exploration Pty Ltd | 0% - Earn in agreement, right to earn up to an 80% interest |
| | | E70/5624 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5666 to E70/5667 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5695 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5705 to E70/5706 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E59/2451 | CGM (West Yilgarn) Pty Ltd | 100% |
| | E59/2549 | CGM (West Yilgarn) Pty Ltd | 100% | |
| | South West | E70/5086 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5532 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/5685 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/6219 | CGM (West Yilgarn) Pty Ltd | 100% |
| | | E70/4837 | CGM (West Yilgarn) Pty Ltd (51%) & Venture Lithium Pty Ltd (49%) | |
| | | E70/5067 | CGM (West Yilgarn) Pty Ltd (51%) & Venture Lithium Pty Ltd (49%) | Earn-in agreement, right to earn up to a 70% interest |
| | E70/5421 | CGM (West Yilgarn) Pty Ltd (51%) & Venture Lithium Pty Ltd (49%) | | |

| Location | Project | Tenement No. | Registered Holder | Nature of interest |
|----------------------|-------------------------|----------------------------|---|---|
| Western Australia | Northam Resources JV | E70/6481 to E70/6482 | OBR Exploration Pty Ltd | 0% - Earn in agreement, right to earn up to a 70% interest |
| | | E70/3536-I | Northam Resources Limited | |
| | | E70/4243-I | Northam Resources Limited | |
| | | E70/4508-I | Northam Resources Limited | |
| | | E70/4692-I | Northam Resources Limited | |
| | | E70/5035 | Northam Resources Limited | |
| | | E70/5097 | Northam Resources Limited | |
| | | E70/5125 to E70/5127 | Northam Resources Limited | |
| | | E70/5139 to E70/5140 | Northam Resources Limited | |
| | | E70/5149 to E70/5150 | Northam Resources Limited | |
| | | E70/5152 to E70/5153 | Northam Resources Limited | |
| | | E70/5276 to E70/5277 | Northam Resources Limited | |
| | | E70/5426 | Northam Resources Limited | |
| | | E70/5456 | Northam Resources Limited | |
| | | E70/5724 | Northam Resources Limited | |
| | | E70/5757 to E70/5759 | Northam Resources Limited | |
| | | Wubin | E70/5357 | |
| Narryer | E09/2436 | CGM (West Yilgarn) Pty Ltd | 100% | |
| | E09/2704 | Red Heart Mines Pty Ltd | 0% - Earn in agreement, right to earn up to a 75% interest | |
| | E09/2446 to E09/2447 | CGM (West Yilgarn) Pty Ltd | 100% | |

| Location | Project | Tenement No. | Registered Holder | Nature of interest |
|--------------------|---------------|--------------|--|---|
| Northern Territory | Warrego North | EL23764 | CGM (WA) Pty Ltd (51%) & Meteoric Resources NL (49%) | Earn-in agreement, right to earn up to a 70% interest |
| | | EL31608 | CGM (WA) Pty Ltd | 100% - TC Resources NT Pty Ltd has the right to earn up to a 75% interest |
| | | EL31610 | CGM (WA) Pty Ltd | |



Directors' Report





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Directors' Report

The Directors present their Directors' Report for the financial year ended 30 June 2023 for the consolidated entity consisting of Chalice Mining Limited ("Chalice" or "the Company") and its controlled entities (together "the Group").

1. BOARD OF DIRECTORS

The names and details of Directors in office during the financial year and until the date of this report are:

CURRENT DIRECTORS

Derek N La Ferla

B.Arts, B. Juris, B.Law, FAICD

Non-Executive Chair

Appointed 1 October 2021 and
Chair on 24 November 2021

Mr La Ferla joined Chalice in October 2021 as a Non-executive Director and was appointed as Chair on 24 November 2021.

Mr La Ferla is a highly regarded ASX200 chair and company director, with an extensive national network in business, capital markets, government and industry backed by over 30 years of experience as a corporate lawyer. Mr La Ferla has a wide-range of board experience across several corporations in Western Australia, including as chair of Sandfire Resources Limited (ASX: SFR).

Mr La Ferla was appointed Chair of Sandfire in 2010, shortly after the discovery of the high-grade DeGrussa copper-gold deposit and was instrumental in his role as chair throughout the feasibility, development and operational phases of the DeGrussa Project. Derek retired as a Non-executive Director of Sandfire on 8 July 2022.

Mr La Ferla is currently the Chair of Poseidon Nickel Limited (ASX: POS), Foodbank WA and Green Peak Energy Pty Ltd. He is also on the national board of the Australian Institute of Company Directors. Mr La Ferla will retire as a director of Poseidon Nickel Limited on 27 October 2023.

In the past three years, Mr La Ferla has served as a Director of the following listed companies:

- « Poseidon Nickel Limited (Chair) (since December 2019)
- « Sandfire Resources Limited (Chair) (May 2010 to July 2022)
- « Threat Protect Australia Ltd (Chair) (September 2015 to September 2021)

Committee memberships:

- « Remuneration and Nomination Committee (Chair)
- « Audit Committee (since 24 November 2022)

Independence status:

- « Independent

Alexander (Alex) C Dorsch

B.Eng (Hons), B.Fin

Managing Director and Chief Executive Officer (MD&CEO)

Appointed 13 November 2018

Mr Dorsch joined Chalice in 2017 and was appointed Managing Director in November 2018. Mr Dorsch has led Chalice through an exceptional and transformational growth period, following the Gonnevillie discovery in early 2020. Mr Dorsch was recognised as 'New/Emerging Leader of the Year' by MiningNews and 'CEO of the Year' by Kitco in 2020. He also received the Young Mining Professionals 'Peter Munk Award' in 2022.

Mr Dorsch has diverse experience in a variety of leadership roles across the resources sector, as a management consultant, engineer, project manager and corporate advisor. Prior to joining Chalice, he was working as a specialist consultant with the global management consultancy McKinsey & Company. He commenced his engineering career with resources giant BHP in Adelaide, and then spent over six years as an engineer in oil and gas exploration.

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

Morgan S Ball
B.Com, CA, F Fin
Non-executive Director
Appointed 24 June 2016

In the past three years, Mr Dorsch has served as a Director of the following listed companies:

« Falcon Metals Limited (since July 2021)

Committee memberships:

« Technical Committee (Member)

Mr Ball is a Chartered Accountant with more than 30 years of Australian and international experience in the resources, logistics and finance industries. Mr Ball is currently the Chief Financial Officer for Genesis Minerals Limited (ASX: GMD). Mr Ball was formerly the Chief Financial Officer of ASX 50 gold producer, Northern Star Resources Limited (ASX: NST) and prior to that, the Chief Financial Officer of Saracen Mineral Holdings Limited (ASX: SAR). Mr Ball was Managing Director of ASX-listed BCI Minerals Ltd (ASX: BCI) from 2013 to 2016.

Mr Ball was the Lead Independent Director of the Company from June 2016 to December 2021.

In the past three years, Mr Ball has served as a Director of the following listed companies:

« Arrow Minerals Limited (August 2019 to March 2020)

« Dacian Gold Limited (since September 2022)

Committee memberships:

« Audit Committee (Chair)

« Remuneration and Nomination Committee (Member)

Independence status:

« Independent

Garret J Dixon
B.Eng (Hons), MBA
Non-executive Director
Appointed 21 August 2020

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

In the past three years, Mr Dixon has served as a Director of the following listed companies:

« BCI Minerals Limited (since June 2020)

« Dynamic Group Holdings Limited (since May 2020)

« MLG OZ Limited (since March 2021)

« Fenix Resources Limited (January 2020 to February 2021)

Committee memberships:

« Audit Committee (Member) (until 24 November 2022)

« Risk & Sustainability Committee (Chair)

« Technical Committee (Member)

Independence status:

« Independent

Joanne (Jo) M Gaines
B.Arts, GradDip OHS
Non-executive Director
Appointed 17 August 2022

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.

Directors' Report

Prior to this position, Ms Gaines served as Branch Assistant Secretary for the Community and Public Sector Union/Civil Service Association for over ten years.

Ms Gaines is currently Chair of the Government Employees Superannuation Board (GESB), Director of DevelopmentWA and a Non-executive Director of Technology Metals Australia Limited (ASX: TMT).

Ms Gaines is a graduate of the Australian Institute of Company Directors and holds a Bachelor of Arts from the University of Western Australia and a Post Graduate Diploma in Occupational Health and Safety from Curtin University.

In the past three years, Ms Gaines has served as a Director of the following listed companies:

- « Technology Metals Australia Limited (since 15 June 2023)

Committee memberships:

- « Risk & Sustainability Committee (Member) (since 17 August 2022)
- « Remuneration and Nomination Committee (Member) (since 24 August 2022)

Independence status:

- « Independent

Linda J Kenyon

LLB, B.Juris FGIA FCG

Non-executive Director

Appointed 24 August 2021

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

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

In the past three years, Ms Kenyon has served as a Director of the following listed companies:

- « None

Committee memberships:

- « Risk & Sustainability Committee (Member)
- « Audit Committee (Member)

Independence status:

- « Independent

Stephen M McIntosh

B.Sc, MSc (Hons)

Non-executive Director

Appointed 20 February 2021

Mr McIntosh is an internationally recognised figure in the mining industry, with a global career spanning over 33 years. Most recently he was a member of the Executive Committee for Rio Tinto (ASX: RIO) and held the position of Group Executive, Growth & Innovation and Health, Safety, Environment & Security. Prior to this, Stephen was Rio Tinto's global Head of Exploration. He has been involved in the discovery, evaluation and development of multiple projects across a diverse range of commodities globally. Mr McIntosh presently serves on the board of the Australian Renewable Energy Agency (ARENA) and chairs Datarock Holdings Pty Ltd which is a machine learning/AI start-up.

In the past three years, Mr McIntosh has served as a Director of the following listed companies:

« None

Committee memberships:

« Risk & Sustainability Committee (Member)

« Technical Committee (Chair)

« Remuneration and Nomination Committee (Member) (until 24 November 2022)

Independence status:

« Independent

2. COMPANY SECRETARY

Jamie Armes

B.Bus, CA

Mr Armes joined Chalice as Company Secretary in August 2019. For the past 19 years he has acted as Company Secretary and held finance roles in various ASX-listed companies, primarily within the mining and exploration industry providing corporate governance and financial reporting advice. Mr Armes is a Chartered Accountant and graduated from the University of Tasmania with a Bachelor of Business in 1993.

3. DIRECTORS' INTERESTS

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

| | Ordinary shares | Options over ordinary shares | Performance rights |
|----------------------------|-----------------|------------------------------|--------------------|
| Derek La Ferla | 34,561 | - | - |
| Alex Dorsch ⁽¹⁾ | 5,936,341 | - | 504,529 |
| Morgan Ball | 358,316 | - | - |
| Garret Dixon | 152,739 | - | - |
| Jo Gaines | 9,753 | - | - |
| Linda Kenyon | 8,369 | - | - |
| Stephen McIntosh | 37,558 | - | - |

⁽¹⁾In August 2023, the Board resolved, subject to shareholder approval at the Company's 2023 AGM to offer 154,574 performance rights to Mr Dorsch or his nominee.

4. COMMITTEE STRUCTURE AND MEMBERSHIP

Directors acting as members on the Committees of the Board as at 30 June 2023 are set out below:

| Audit | Risk & Sustainability ⁽¹⁾ | Remuneration and Nomination | Technical |
|---|--|---|--|
| Chair: Morgan Ball | Chair: Garret Dixon | Chair: Derek La Ferla | Chair: Stephen McIntosh |
| Members: Derek La Ferla Linda Kenyon | Members: Stephen McIntosh Jo Gaines Linda Kenyon | Members: Morgan Ball Jo Gaines | Members: Garret Dixon Alex Dorsch |

⁽¹⁾On 1 July 2022, the Remuneration Committee and Nomination Committee were merged to form a combined Remuneration and Nomination Committee with Mr La Ferla as Chair and Mr Ball and Mr McIntosh as members. On 24 November 2022, Mr McIntosh retired as a member of the Remuneration and Nomination Committee and Ms Gaines was appointed as a member.

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

Directors' Report

5. BOARD AND COMMITTEE MEETINGS

The number of Board and committee meetings held during the financial year ended 30 June 2023 and the number of meetings attended by each of the Directors in office during the financial year is summarised in the table below:

| Number of Meetings ⁽¹⁾ | Board Meetings | Committee Meetings ^(*) | | | |
|-----------------------------------|----------------|-----------------------------------|-----------------------|---------------------------|-----------|
| | | Audit | Risk & Sustainability | Remuneration & Nomination | Technical |
| | 10 | 2 | 2 | 3 | 5 |
| Derek La Ferla ⁽²⁾ | 10/10 | 1/1 | 1* | 3/3 | 5* |
| Alex Dorsch | 10/10 | 2* | 2* | 3* | 5/5 |
| Morgan Ball | 9/10 | 2/2 | -/- | 3/3 | -/- |
| Garret Dixon ⁽³⁾ | 10/10 | 1/1 | 2/2 | 1* | 5/5 |
| Stephen McIntosh ⁽⁴⁾ | 10/10 | -/- | 2/2 | 2*/1 | 5/5 |
| Linda Kenyon | 10/10 | 2/2 | 2/2 | 1* | 3* |
| Jo Gaines ⁽⁵⁾ | 9/9 | 1* | 2/2 | 2/2 | 2* |

(*) Indicates that a Director attended a Committee meeting by invitation where they are not a member of a specific Committee. Any Director may attend any Committee meeting even if they are not a member of the relevant Committee.

⁽¹⁾The number of meetings attended by the member/ total number of meetings that as a member was eligible to attend.

⁽²⁾Mr La Ferla became a member of the Audit Committee on 24 November 2022.

⁽³⁾Mr Dixon retired as a member of the Audit Committee on 24 November 2022.

⁽⁴⁾Mr McIntosh retired as a member of the Remuneration and Nomination Committee on 24 November 2022.

⁽⁵⁾Ms Gaines was appointed to the Board as an Independent Non-executive Director and member of the Risk and Sustainability Committee on 17 August 2022. On 24 November 2022, Ms Gaines was appointed as a member of the Remuneration and Nomination Committee.

6. PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year was the exploration and evaluation of the Gonneville Nickel-Copper-PGE Project and the exploration of projects located in the West Yilgarn region of Western Australia.

In the opinion of the Directors, there were no significant changes to the principal activities of the Group during the financial year under review that are not otherwise disclosed in this report.

7. OPERATING AND FINANCIAL REVIEW

Please refer to pages 22 to 38 of this Annual Report for information on the Group with respect to a review of operations during the year ended 30 June 2023 and comments on the financial position, business strategies, likely developments, prospects for future financial years. An outline of the material business risks that may affect the Group are contained on pages 98 to 99 of this Annual Report.

8. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the matters disclosed in the Operating and Financial Review on pages 22 to 38 of this Annual Report and elsewhere in this Directors' Report, there were no other significant changes in the state of affairs of the Company that occurred during the year.

9. REMUNERATION REPORT – AUDITED

The Directors present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2023. This Remuneration Report for the Group forms part of the Directors' Report and has been prepared in accordance with section 300A of the *Corporations Act 2001*.

9.1 Executive Summary

Since the initial discovery of the Gonneville PGE-Ni-Cu-Co-Au deposit in March 2020, Chalice has pursued a dual-track value creation strategy to advance development studies and progress regulatory approvals for a potential mine at Gonneville (located on Chalice-owned farmland), continue exploration in the surrounding region to determine the full scale of the mineral system across the >30km Julimar Complex and wider mineral

potential of the West Yilgarn province. More recently, this strategy has been expanded to include attracting a strategic partner to the Gonneville Project who adds technical, financial and marketing expertise.

Chalice has consistently delivered against its key objectives, which in the past year has included an updated resource estimate in July 2022, a further resource update in March 2023 which resulted in a 50% increase in the resource, the launch of the strategic partnering process in April 2023 and the completion of the scoping study in August 2023.

The Board continues to assess and refine the Group's remuneration structure to ensure it aligns with and aids the achievement of its long-term strategic objectives.

FY2023 STI outcomes

The Board determined that 40% of the maximum STI award be paid to eligible corporate employees (including some Executive KMP) and 50% of the maximum STI award be paid to exploration/project employees (including some Executive KMP) based on performance measures set by the Board in July 2022. This assessment resulted in a total cash payment of \$220,707 to Executive KMP.

FY2023 LTI outcomes

For performance rights issued in FY2020-21 with a measurement date of 30 June 2023, the Board determined that 75% of the performance rights be vested due to the achievement of certain performance conditions set by the Board and measured over the three-year performance period. This resulted in a total of 788,387 performance rights vesting, which predominantly reflected the outstanding shareholder returns over the performance period and the achievement of the key strategic objective of significantly increasing the Group's Mineral Resource base.

Executive KMP remuneration framework changes

The Board implemented several changes to the overall structure of incentives to Executive KMP from 1 July 2022 including:

- « As a one-off initiative, issuing long-term retention rights to Executive KMP (excluding the MD&CEO) to secure talent in a challenging labour market.
- « Varying the remuneration mix by reducing the allocation to short term incentives in lieu of an increase in long-term incentives to Executive KMP.
- « Increase incentives and 'at-risk' remuneration as a percentage of Executive KMP total remuneration opportunity.

From 1 July 2023, no changes have been made to the remuneration framework or the remuneration mix or maximum percentages applied to short term and long term incentives compared to FY2023. However, as the long-term retention rights were a one-off initiative for FY2023, retention rights will not be a component of the remuneration mix for Executive KMP for FY2024.

Non-executive director fees

Due to the global financial market and significant market volatility affecting the Company in the early part of FY2023, it was agreed to delay any increases to non-executive director fees and therefore non-executive director fees remained at the level set in July 2021 during FY2023. In July 2023, following an internal benchmarking exercise and recommendation from the Remuneration and Nomination Committee, the Board determined that from 1 July 2023, non-executive director fees would be increased to reflect both market rates of comparable organisations, market trends and the increasing time commitment required by the non-executive directors.

9.2 Key Management Personnel

This report discloses the FY2023 remuneration arrangements and outcomes for the people listed below, who are those individuals within the Company who have been determined to be Key Management Personnel (KMP) in the financial year to 30 June 2023. Key Management Personnel (KMP) are those people who have the authority and responsibility for planning, directing, and controlling the Group's activities, either directly or indirectly.

Directors' Report

| Name | Position | Term |
|--------------------------------|--|---|
| Executive KMP | | |
| Alex Dorsch | Managing Director and CEO (MD&CEO) | Full year |
| Mike Nelson | General Manager – Project Development | From 1 February 2023 |
| Chris MacKinnon | Chief Financial Officer | From 16 March 2023 |
| Richard Hacker | General Manager – Strategy & Commercial Chief Financial Officer | From 16 March 2023 Until 16 March 2023 |
| Kevin Frost | General Manager – Discovery & Growth | Full year |
| Bruce Kendall | General Manager – Exploration | Full year |
| Soolim Carney | General Manager – Environment & Community | Full year |
| Non-Executive Directors | | |
| Derek La Ferla | Non-executive Chair | Full year |
| Morgan Ball | Non-executive Director | Full year |
| Garret Dixon | Non-executive Director | Full year |
| Jo Gaines | Non-executive Director | From 17 August 2022 |
| Linda Kenyon | Non-executive Director | Full year |
| Stephen McIntosh | Non-executive Director | Full year |

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

9.3 Remuneration governance and decision making

9.3.1 Role of the Board

The Board is responsible for setting Chalice's remuneration framework and remuneration policy to ensure that it is aligned with the Groups strategic objectives, values, and risk appetite. This includes approving the remuneration arrangements of Non-executive Directors, the MD&CEO and Executive KMP, and the approval of all performance targets set on awards of Short-term and Long-term incentives made to the Executive KMP.

Under a formal charter, the Board has established a Remuneration and Nomination Committee (RNC) to assist the Board with the oversight of the Company's remuneration policy and framework.

9.3.2 Remuneration and Nomination Committee

The RNC assists the Board with the Group's remuneration policies and framework and is primarily responsible for the consideration and recommendation of remuneration practices in relation to Executive KMP as well as recommending the level of Non-executive Director fees.

The RNC comprises of three independent Non-Executive Directors. Details on the composition of the RNC during the year ended 30 June 2023 is provided on page 111.

On 1 July 2022, the Remuneration Committee and Nomination Committee were combined to form the RNC with Mr La Ferla as Chair and Mr Ball and Mr McIntosh as members. From November 2022, following the appointment of Ms Gaines as a Non-executive Director, Ms Gaines was appointed as a member of the RNC and Mr McIntosh retired as a member.

The responsibilities of the RNC, including its role, objectives and responsibilities are outlined in its charter, which is available at www.chalicemining.com/corporate-governance. These responsibilities include:

- « Regularly reviewing and making recommendations to the Board with respect to the Remuneration Policy, the remuneration of Executive KMP and Non-Executive Directors;
- « The implementation and oversight of the operation of equity incentive plans and other incentive plans;
- « Review the Company's remuneration by diversity and strategies to address gaps identified, and
- « The engagement of external remuneration consultants in accordance with the Corporations Act 2001 (Cth).

Details of the number of times the RNC met and attendance at those meetings during FY2023 is set out on the Directors' Report on page 112.

The MD&CEO attends RNC meetings by invitation to provide management input where required, however, has no vote in relation to matters before the Committee. The MD&CEO provides recommendations to the RNC on the remuneration arrangements of his direct reports and all other employees. The RNC has implemented processes to ensure conflicts of interest are managed appropriately.

9.3.3 Use of remuneration consultants

To ensure the RNC is fully informed when making remuneration decisions and recommendations to the Board, the RNC may seek external advice, on remuneration policies and practices. Remuneration consultants can be engaged by, and report directly to, the RNC. In selecting remuneration consultants, the RNC will consider potential conflicts of interest and independence from the Group's KMP.

No remuneration consultants were engaged during FY2023 on the basis that, in FY2022, the RNC engaged BDO Remuneration and Reward (BDO Reward) to undertake a detailed review of the remuneration framework for Executive KMP and Non-executive Directors, including assisting with the development of peer companies, remuneration benchmarking, remuneration mix, quantum and retention strategies. The advice received from BDO Reward was considered to constitute the provision of remuneration recommendations as defined by the *Corporations Act 2001*.

In FY2022, BDO Reward was paid \$28,500 (exclusive of GST) for the remuneration recommendations. In addition to providing remuneration recommendations, BDO provided valuation advice for securities issued under the Employee Securities Incentive Plan and was paid \$17,000 (exclusive of GST) for these services (2022: \$12,568).

The Board is satisfied that appropriate arrangements were implemented and followed to ensure that BDO Reward was free from undue influence by members of the KMP about whom their recommendations may relate. These arrangements include BDO Reward:

- « being engaged directly by the Chair of the RNC and regularly updating the Chair on progress;
- « obtaining approval to interact with Executive KMP and reporting on the outcomes of those interactions, and
- « declaring that their recommendations were free from any undue influence from any KMP to whom the advice relates.

In making their recommendations to the Board, the RNC utilised the remuneration recommendations from BDO Reward as an input in developing their own independent assessment and decision to propose changes made to the quantum and structure of KMP remuneration for FY2023.

9.3.4 Remuneration report approval at 2022 Annual General Meeting (AGM)

The Remuneration Report for the financial year ended 30 June 2022 received positive shareholder support at the 2022 AGM with a vote of 99.56% in favour. The Company received no specific feedback on its Remuneration Report at the 2022 AGM.

9.3.5 Securities Trading Policy

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

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9.4 Executive KMP remuneration

9.4.1 Remuneration for FY2022-23

| Executive Key Management Personnel | | Short-term Benefits | | | Post-employment Benefits | Long-term Benefits | Share-based Payments | Total | Performance Related % |
|------------------------------------|-------------|------------------------------|--------------------------------------|---------------------------|--------------------------|----------------------|-------------------------------------|------------------|-----------------------|
| | | Salary & Fees ⁽¹⁾ | Non-monetary Benefits ⁽²⁾ | Cash Bonus ⁽³⁾ | Super-annuation | Leave ⁽⁴⁾ | Long-term Incentives ⁽⁷⁾ | | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| MD&CEO | | | | | | | | | |
| Alex Dorsch | 2023 | 529,900 | 10,593 | 55,250 | 25,292 | 36,112 | 509,239 | 1,166,386 | 48 |
| | 2022 | 478,299 | 45,542 | 100,000 | 24,399 | - | 502,304 | 1,150,544 | 52 |
| Executives | | | | | | | | | |
| Mike Nelson ⁽⁵⁾ | 2023 | 189,616 | 10,735 | - | 12,646 | 5,542 | 140,119 | 358,658 | 27 |
| | 2022 | - | - | - | - | - | - | - | - |
| Chris MacKinnon ⁽⁶⁾ | 2023 | 80,620 | 3,899 | 6,108 | 7,577 | 9,943 | 62,758 | 170,905 | 20 |
| | 2022 | - | - | - | - | - | - | - | - |
| Richard Hacker | 2023 | 350,673 | 16,183 | 38,675 | 25,292 | 7,254 | 235,602 | 673,679 | 28 |
| | 2022 | 326,432 | 19,663 | 35,000 | 23,568 | 6,808 | 159,892 | 571,363 | 34 |
| Kevin Frost | 2023 | 329,807 | 2,237 | 43,966 | 25,292 | 49,271 | 216,259 | 666,832 | 27 |
| | 2022 | 328,700 | 33,280 | 35,000 | 23,568 | - | 166,727 | 587,275 | 34 |
| Bruce Kendall | 2023 | 328,237 | 22,679 | 43,966 | 25,292 | 20,825 | 219,672 | 660,671 | 28 |
| | 2022 | 329,521 | 39,701 | 35,000 | 23,568 | - | 139,968 | 567,758 | 31 |
| Soolim Carney | 2023 | 306,609 | 25,397 | 32,742 | 25,292 | 10,538 | 188,918 | 589,496 | 25 |
| | 2022 | 305,141 | 24,064 | 42,027 | 23,568 | - | 82,769 | 477,569 | 26 |
| Total | 2023 | 2,115,462 | 91,723 | 220,707 | 146,683 | 139,485 | 1,572,567 | 4,286,627 | |
| | 2022 | 1,768,093 | 162,250 | 247,027 | 118,671 | 6,808 | 1,051,660 | 3,354,509 | |

⁽¹⁾Salary and fees include base salary and additional allowances.

⁽²⁾Short-term non-monetary benefits include the cost to the company of providing car parking, income protection insurance and the movement in the accrual of annual leave entitlements.

⁽³⁾Cash bonuses represents the FY2022-23 STI payable to KMP (inclusive of superannuation).

⁽⁴⁾Long-term benefits, relates to the movement in accrued long service leave entitlements during the year.

⁽⁵⁾Commenced 1 February 2023.

⁽⁶⁾Mr MacKinnon commenced as Chief Financial Officer (CFO) on 16 March 2023. Prior to this appointment as an Executive KMP, Mr MacKinnon was employed as Business Development and Legal Manager. The remuneration disclosed for Mr MacKinnon is from the date of appointment as CFO.

⁽⁷⁾The amount disclosed in the table above relates to the non-cash value ascribed to performance rights and retention rights (where applicable) under Australian Accounting Standards using the Black Scholes and Monte Carlo valuation methodologies and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the performance rights and retention rights allocated to this reporting period. This includes negative amounts where a share-based payment expense is reversed due to a non-market based performance condition not being met or if an adjustment made to the number of performance rights or retention rights that may vest based on a probability of meeting non-market based performance conditions.

9.4.2 Policy & Approach

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

- « Setting total aggregate remuneration at a level which provides the Company with the ability to attract, retain and motivate Executive KMP of a high calibre and drives a positive culture that achieves the Company's business objectives;
- « Align Executive KMP remuneration outcomes with the interests with of key stakeholders by incorporating in the remuneration framework variable remuneration consisting of short and long-term incentives linked to the strategic goals and performance of the Company;

- « Ensure Executive KMP are appropriately remunerated for their role having regard to the remuneration of comparable positions in comparable organisations; and
- « Structure remuneration in a manner that is consistent with and promotes adherence to the Group's values, policies and procedures.

9.4.3 Overview of Remuneration Framework

The following table provides an overview of the elements of the remuneration framework for Executive KMP:

| Element | Purpose | Section |
|---|---|---------|
| Total Fixed Remuneration (TFR) | | |
| Comprises of a cash salary, superannuation and non-monetary benefits. | Provides a competitive cash salary, determined by the scope of the role and benchmarked to ensure it remains competitive to attract and retain required capability. | 9.4.7 |
| Variable Remuneration | | |
| Short Term Incentives (STI) | | |
| Annual incentive opportunity paid in cash. | Rewards performance in executing the 12-month strategic priorities of the Company. | 9.4.8 |
| Long Term Incentive (LTI) | | |
| Granted as Performance Rights vesting over a three-year period upon meeting performance objectives. | To reward longer term performance and achievement of strategic objectives aligned with shareholder interests. | 9.4.9 |
| Retention Rights | | |
| Implemented for the year ended 30 June 2023 only as a one-off issue. Granted as Performance Rights subject to a 3.5-year continued service vesting condition. | Developed to mitigate the impact of the current labour constraints in the resources industry and ensure business continuity | 9.4.10 |

9.4.4 Alignment of Remuneration Framework to the Strategic Objectives

Included on page 18 of this Annual Report is a summary of the Company's strategic plan for FY2022 – FY2025 which outlined Chalice's key objectives 'to create a world class, multi-district green metals province'.

Strategic Goals



The Board has developed a remuneration framework that reflects the desire to maintain the Company's strong discovery culture through exploration, which has been the key driver of the Company's success to date, whilst

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also building capabilities to support the transition to mine developer. The remuneration framework aims to link the remuneration outcomes for Executive KMP to the achievement of these objectives in driving long term value creation for shareholders.

9.4.5 Remuneration mix

The tables below demonstrate the remuneration mix for Executive KMP when maximum incentive opportunities are achieved and the "at risk" elements as a proportion of TSR.

In June 2022, the RNC reviewed the Executive KMP remuneration mix for FY2023 based on the recommendations provided by BDO Reward. This review resulted in an increase in the maximum "at risk" elements of Executive KMP remuneration to support Chalice's short-term goals and longer-term strategic objectives that are developed with the goal of driving value creation for shareholders. The remuneration mix for Executive KMP was varied by reducing the allocation to short term incentives in lieu of an increase in long-term incentives.

Increased activity in the resources industry in Australia and globally was and still is creating challenges to attract and retain Executive KMP and key technical employees and is a significant risk factor to the Company achieving its strategic objectives. Competition for experienced and competent employees is exceptionally strong throughout the resource industry, and for FY2023, retaining the Company's existing high performing employees was seen as critical to:

- « Ensure continuity of the Company's operations to maintain existing levels of business activity to deliver the Company's strategic objectives;
- « Reduce the financial impact of employee turnover, including the cost of recruitment;
- « Maintain the intellectual capital of the Company for a defined period;
- « Recognise that the Company values the commitment and loyalty of employees, and
- « Alleviate pressure on the Company to provide future above market annual remuneration increases as a means of retention to assist the Company in managing its salary overhead structure in a more constrained manner over the longer term.

In response to these unique industry challenges and in addition to other retention strategies, for FY2023, the Board implemented a one-off retention plan for Executive KMP (excluding the MD&CEO) and other key technical employees to mitigate the risk of losing employees should other variable incentives be at risk of not being realised.

The MD&CEO was excluded from the retention plan on the basis that he was awarded a larger long term "at risk" incentive opportunity than other Executive KMP and the level of his current shareholding in the Company aligns his long-term interests with shareholders.

The retention plan consisted of retention rights exercisable into fully paid ordinary shares upon meeting a continued service vesting condition of 3.5 years. This aligns with the delivery timeline of important key strategic objectives relating to the Gonnevillle Project (refer to section 9.4.10 for further details).

In June 2023, the RNC reviewed the remuneration mix for Executive KMP for FY2024 and it was determined that the remuneration mix should remain unchanged. However, it was determined that the retention rights were a one-off initiative for FY2023 and would not be awarded for FY2024.

(a) Maximum Incentive Opportunities as a Percentage of Total Fixed Remuneration (TFR) are set out in the table below:

| | From 1 July 2023 | | FY2022-23 | | Once off Retention Rights % of TFR |
|-------------------------|------------------|-----------------|-----------------|-----------------|---------------------------------------|
| | STI % of TFR | LTI % of TFR | STI % of TFR | LTI % of TFR | |
| MD&CEO | 25% | 175% | 25% | 175% | - |
| Other Executive KMP | 25% | 95% | 25% | 95% | 87.5% |
| M Nelson ⁽¹⁾ | 35.2% | 95% | - | 95% | 87.5% |

⁽¹⁾Mr Nelson was appointed on 1 February 2023. Under the Remuneration Policy, Executive KMP that commence after 1 October, may have their incentive opportunities for the following year increased by a pro-rata amount based on the date of their commencement.

(b) Remuneration mix based on maximum incentive opportunity

| | From 1 July 2023 | | | 30 June 2023 | | | Retention Rights |
|---------------------|------------------|-----|-----|--------------|-----|-----|------------------|
| | TFR | STI | LTI | TFR | STI | LTI | |
| | % | % | % | % | % | % | % |
| MD&CEO | 33% | 8% | 58% | 33% | 8% | 58% | - |
| Other Executive KMP | 45% | 11% | 43% | 33% | 8% | 31% | 28% |
| M Nelson | 43% | 15% | 41% | 37% | - | 44% | 19% |

9.4.6 Link between performance and Executive KMP remuneration

The short-term and long-term incentive plans offered to Executive KMP are designed to provide a direct link between remuneration outcomes and Company performance over the short-term (12 months) and long-term (>3 years).

The following table provides a summary of key financial metrics for the Company for 30 June 2023 and the previous five financial years. As the Company does not yet generate revenues, share price performance and long-term TSR is considered to be the most appropriate metric with which to link performance to remuneration.

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------------------|----------|---------|----------|----------|----------|
| Share price at 30 June | \$0.12 | \$0.995 | \$7.42 | \$3.78 | \$6.26 |
| Change in share price during period | 20% | 729% | 646% | (49%) | 66% |
| Market capitalisation | \$32m | \$302m | \$2,574m | \$1,405m | \$2,422m |
| Long term - 3 Year TSR to 30 June | 3% | 756% | 6,283% | 3,050% | 539% |
| Loss after Income Tax (\$'000) | \$10,166 | \$2,659 | \$43,193 | \$18,305 | \$65,602 |

9.4.7 Total Fixed Remuneration (TFR)

TFR comprises cash salary including statutory superannuation. The level of TFR is set to provide a base level of remuneration which is both appropriate for the position and competitive in the market. The Company aims to set TFR in accordance with market rates. However, the Board may use its discretion to pay above this to attract and retain key employees in achieving the Company's strategic goals. TFR is reviewed on no less than an annual basis by the RNC and approved by the Board having regard to the Company and individual performance, remuneration paid for similar positions by comparable companies in the mining industry and independently compiled market data.

In June 2023, the Board reviewed the remuneration of Executive KMP having regard to the increasing scale and complexity of the Company's activities and internally generated benchmark information derived from a comparator group consisting of producing and development companies within the mining industry. It is considered that the comparator group selected reflects where executive talent may be "recruited from" or "lost to".

No guaranteed TFR increases are provided to Executive KMP.

As a result of this review the Board approved the following changes shown below:

| Name | From 1 July 2023 \$ | From 1 July 2022 \$ |
|-------------------------------|------------------------|------------------------|
| Alex Dorsch | 600,000 | 552,500 |
| Mike Nelson | 482,172 | 480,000 ⁽¹⁾ |
| Chris MacKinnon | 350,000 | 300,000 ⁽¹⁾ |
| Richard Hacker ⁽²⁾ | 370,000 | 386,750 |
| Kevin Frost | 370,000 | 351,724 |
| Bruce Kendall | 370,000 | 351,724 |
| Soolim Carney | 370,000 | 327,424 |

⁽¹⁾TFR from 1 July 2022 represents TFR from date of appointment as KMP.

⁽²⁾On 16 March 2023 Richard Hacker was appointed to General Manager – Strategy and Commercial, following his resignation as CFO. On appointment, Mr Hacker's TFR was adjusted in order to align with the other General Manager's TFR structure.

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9.4.8 Short Term Incentive (STI) Plan

(a) Key questions and answers on how the STI Plan works

| Question | Answer |
|--|---|
| Why does the Board consider a STI Plan is appropriate? | The purpose of the STI Plan is to make a proportion of the total remuneration package subject to meeting various short-term performance measures aligned with Chalice's Strategic Plan, thereby strengthening the link to remuneration and Company performance. |
| How is it paid? | STI awards for Executive KMP are paid in cash according to the extent of achievement of the applicable performance measures. |
| What is the performance period and how much can the Executive KMP earn? | STI awards are assessed over a 12-month period aligned with the Company's financial year. For FY2023, the maximum STI opportunity as a percentage of TFR for the MD&CEO and other Executive KMP is 25%. For FY2024, the maximum STI opportunity as a percentage of TFR for the MD&CEO and all other Executive KMP is 25% (except Mr Nelson – 35.2%, due to a pro-rata adjustment due to the date of commencement). If performance against any measurement objective is assessed as not being met or below threshold, subject to the discretion of the Board, no outcome is awarded for that measure. The determination as to whether the performance measures have been met by the Company and the calculation of the amount payable under the STI Plan is at the absolute discretion of the Board. |
| How is performance assessed? | Performance measures include Group KPIs which are aligned to the Group's strategic plan and values. The Board, with the assistance of the RNC sets and assesses achievement of each KPI at the end of the financial year. |
| What are the performance measures for FY2023? | Performance measures for the MD&CEO include those relating to exploration objectives (weighting 45%), project definition objectives (weighting 15%), project development and project approval objectives (weighting 25%), and commercial objectives (weighting 15%). The STI award calculated after assessing the performance measures is subject to a potential reduction (downward scaling factor) of up to 50% for breaches of certain sustainability criteria (health, safety, environment, and community). For other Executive KMP, weightings are adjusted to those set-out above for the MD&CEO to reflect the Executive KMPs skillset and influence on achievement of each outcome. The performance period for the FY2023 STI is the financial year ending 30 June 2023. Outcomes of the FY2023 STI are disclosed in section 9.4.8(b) below. |
| What are the performance measures for FY2024? | Performance measures for the MD&CEO include those relating to exploration objectives (weighting 40%), project definition objectives (weighting 10%), project development and project approval objectives (weighting 20%), and commercial objectives (weighting 30%). The STI award calculated after assessing the performance measures is subject to a potential reduction (downward scaling factor) of up to 50% for breaches of certain sustainability criteria (health, safety, environment, and community). The Board retains discretion to adjust downwards by up to 100% any STI award in the event of a major or catastrophic consequence safety incident. For other Executive KMP, weightings are adjusted to those set-out above for the MD&CEO to reflect each other Executive KMPs skillset and influence on achievement of each outcome. The performance period for the FY2024 STI is the financial year ending 30 June 2024. |
| Who is eligible to participate in the STI Plan? | All Executive KMP are eligible to participate in the STI Plan. All permanent and fixed term employees of Chalice are also eligible to participate. |
| What happens to STI awards when an Executive ceases employment? | STI awards are pro-rated for the period of service during the financial year. Executive KMP must be an employee of Chalice on 30 June each year to remain eligible. |

(b) STI Performance and Outcomes for FY2023

The Board determined that 40% of the maximum STI award be paid to corporate Executive KMP (including the MD&CEO) and 50% be paid to Executive KMP supervising exploration activities. The following table sets out the actual STI outcomes (inclusive of superannuation) for each Executive KMP for the year ended 30 June 2023.

| Name | Maximum STI Opportunity | Actual STI Outcome | | Cash STI Outcome |
|----------------------------|-------------------------|--------------------|------------|------------------|
| | (% of TFR) | (% of maximum) | (% of TFR) | \$ |
| Alex Dorsch | 25% | 40% | 10% | 55,250 |
| Mike Nelson ⁽¹⁾ | - | - | - | - |
| Chris MacKinnon | 25% | 40% | 7% | 20,836 |
| Richard Hacker | 25% | 40% | 10% | 38,675 |
| Kevin Frost | 25% | 50% | 13% | 43,966 |
| Bruce Kendall | 25% | 50% | 13% | 43,966 |
| Soolim Carney | 25% | 40% | 10% | 32,742 |

⁽¹⁾M Nelson was appointed on 1 February 2023, thus did not receive a STI award for FY2023.

Below is a summary of the basis for determining the FY2023 STI outcome for the performance period from 1 July 2022 to 30 June 2023, including commentary on achievements versus performance measures and the award percentage.

| FY2023 STI Objective and Target | Outcome and Commentary on Performance |
|---|--|
| <p>1. Exploration (Max. weighting: Corporate 15%, Exploration 25%)</p> <p>Make at least one new discovery (outside of the currently interpreted Gonnevillle Intrusion, which may include a discovery which meets the criteria in 2 below and is reportable according to the DMIRS 'Reporting Mineral Discoveries (Minerals of Economic Interest) – Guidance Note'.</p> <p>OR</p> <p>Drill test (RC or diamond drilling) at least five new untested greenfield targets within the West Yilgarn (outside of Gonnevillle-Hartog-Dampier).</p> | <p>Corporate: 15% awarded Exploration: 25% awarded</p> <p>Drilling completed at the Hooley Prospect ('Hooley') during the financial year has returned results which meets the criteria to be reportable under DMIRS 'Reporting Mineral Discoveries (Minerals of Economic Interest) – Guidance Note'. Hooley is located ~5km north of and outside the interpreted Gonnevillle Intrusion.</p> <p>The objective of drilling at least five new untested greenfield targets was not met.</p> |
| <p>2. Exploration (Max. weighting: Corporate 15%, Exploration 40%)</p> <p>Make at least one material new discovery (outside of the currently interpreted Gonnevillle Intrusion) which shows the potential to be economic based on consensus commodity prices and other Board approved assumptions. In assessing materiality of a discovery, the Board shall consider this in context to the Company's market capitalisation and/or existing resource base.</p> | <p>Corporate: 0% awarded Exploration: 0% awarded</p> <p>It was determined that no material new discovery outside of Gonnevillle was made during the performance period.</p> |
| <p>3. Development (Max. weighting: Corporate 15%, Exploration 20%)</p> <p>Define at least 7 years of mine life in Measured & Indicated resource category for all development scenarios published within the Gonnevillle starter mine JORC Scoping Study.</p> | <p>Corporate: 15% awarded Exploration: 20% awarded</p> <p>A Gonnevillle starter mine JORC Scoping Study was not completed at 30 June 2023 due to ongoing exploration success and a significant resource upgrade in March 2023 which necessitated the extension of the Scoping Study to the second half of 2023. The Scoping Study released in August 2023 has subsequently demonstrated that there is at least 14 years of mine life in the Measured & Indicated resource category. For this reason, the Board used its discretion to award the full amount of this performance measure.</p> |

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| FY2023 STI Objective and Target | Outcome and Commentary on Performance |
|--|---|
| <p>4. Development (Max. weighting: Corporate 10%, Exploration 5%)</p> <p>Increase Gonneville MRE2 (July 2022) >0.6% NiEq cut-off resource average grade metallurgical nickel recoveries¹ by a factor of 10%, demonstrated through test work, without significantly impacting estimated operating expenditures. OR Demonstrate technical feasibility of a hydrometallurgical process flowsheet for nickel concentrate enrichment.</p> | <p>Corporate: 10% awarded Exploration: 5% awarded</p> <p>Chalice has assessed several hydrometallurgical process flowsheet options for nickel concentrate enrichment at Gonneville. Technical feasibility has been demonstrated in at least one hydrometallurgical process.</p> |
| <p>5. Project Approvals (Max. weighting: Corporate 10%, Exploration 5%)</p> <p>Secure Lead Agency Status from WA State Government for the Julimar Project. AND Secure Major Project Status from the Commonwealth Government for the Julimar Project. AND Refer the Gonneville starter mine for major environmental approvals.</p> | <p>Corporate: 0% awarded Exploration: 0% awarded</p> <p>These objectives were not met at 30 June 2023.</p> |
| <p>6. Commercial Objectives (Max. weighting: Corporate 15%, Exploration 5%)</p> <p>Secure formal involvement (through JV, equity or strategic alliance) of a strategic partner in the Julimar Project.</p> | <p>Corporate: 0% awarded Exploration: 0% awarded</p> <p>A formal process to attract a strategic partner for the Gonneville Project has commenced but no transaction occurred by 30 June 2023.</p> |
| <p>7. Sustainability Measures Modifier</p> <p>The FY2023 STI incorporated a Sustainability Measures modifier that allows the Board to adjust the FY2023 STI award downwards by up to 100% if specified Sustainability objectives are not met.</p> <p>Health & Safety Measure</p> <ul style="list-style-type: none"> « A major or catastrophic consequence safety incident (i.e. permanent disability or death.) Potential downward scaling factor of 50-100%. « A high potential safety 'near miss' caused by a safety system failure. Potential downward scaling factor of 0-20%. « A lost time injury that resulted in greater than 2 weeks of impact. Potential downward scaling factor of 5%. <p>Environmental Measure</p> <ul style="list-style-type: none"> « A reportable environmental incident that results in a statutory reporting requirement (including spills, loss of containment, etc.) Downward scaling factor of 5%. <p>Social</p> <ul style="list-style-type: none"> « A material breach of any Programme of Work or tenement condition. Potential downward scaling factor of 30%. « An incident or dispute resulting in the permanent loss of land access on a material property or the immediate halting of all operations on any site. Potential downward scaling factor of 15%. | <p>Corporate: 0% downward modifier Exploration: 0% downward modifier</p> <p>The Board assessed the company-wide sustainability performance metrics and determined that there were no breaches resulting in a downward scaling factor to the FY2023 STI award.</p> |

(c) STI Performance and Outcomes for FY2022

In July 2022, the Board determined that 40% of the maximum FY2022 STI award be paid to Executive KMP and other eligible participants. Refer to page 102 of the 2022 Annual Report for further details in relation to the FY2022 actual STI outcomes and commentary on performance.

9.4.9 Long Term Incentive (LTI) Plan

(a) Key questions and answers on how the LTI Plan works

| Question | Answer |
|--|---|
| Why does the Board consider a LTI Plan is appropriate? | The Board believes that a LTI Plan which is designed to be aligned to the strategic objectives of the Company can drive performance and optimise long term shareholder value. An effective LTI Plan can create an immediate ownership mindset among Executive KMP participants, linking a substantial portion of potential reward to Chalice's share price and returns to shareholders. The award of LTI's is an important component of remuneration to attract and retain the talented Executive KMP in a highly competitive market. |
| How is the LTI award delivered? | LTI awards are delivered in performance rights, granted for no consideration to Executive KMP. Each performance right is exercisable into a fully paid ordinary share for no consideration if performance measures as set by the Board are met i.e., the performance rights vest. If the performance measures are not met by the measurement date, which is 3 years from the date of the commencement of the performance period, the performance rights lapse with no ordinary shares being issued. There is no re-testing of performance measures after the measurement date. |
| Who is eligible to participate in the LTI Plan? | All Executive KMP, full-time employees and permanent part-time employees (including executive directors) of the Company are eligible participants. Shareholder approval is required before any executive director or their related party can participate. It is the policy of the Company that Non-executive Directors are not awarded performance rights under the LTI Plan. |
| How many Performance Rights are issued to Executive KMP? | The Board has the discretion to make annual awards of performance rights with the level of the award dependent on an Executive KMP's position within the Company and their TFR. The number of performance rights issued is determined by dividing the Executive KMP's LTI opportunity (calculated as a percentage of TFR) by the 20-day volume weighted average price prior to the first trading day of the performance period. For FY2022-23, the MD&CEO received performance rights valued at 175% of TFR and other Executive KMP received performance rights valued at 95% of TFR. For FY2023-24, the MD&CEO has been offered performance rights valued at 175% of TFR, subject to shareholder approval and other Executive KMP have received performance rights valued at 95% of TFR. |
| What is the performance period? | 3 years – for example, the issue of FY2022-23 performance rights has a measurement period commencing on 1 July 2022 with a measurement date of 30 June 2025, being the date at which the Board will determine if the performance measures are met. |
| How is performance assessed? | Performance measures include Group KPIs which are aligned to the Group's strategic plan and values. Performance measures typically include a mixture of measures linked to key strategic objectives, Absolute total shareholder return (ATSR) and Relative total shareholder return (RTSR) share price performance measures. The Board, with the assistance of the RNC sets and assesses achievement of each KPI at the measurement date. |
| What are the performance measures for the performance rights? | Refer to 9.4.9(d) for FY2020-21 tranche Refer to 9.4.9(e) for FY2021-22 tranche Refer to 9.4.9 (f) for FY2022-23 tranche Refer to 9.4.9 (g) for FY2023-24 tranche |
| What is the expiry date of the performance rights? | From 1 July 2022, performance rights expire five years from the commencement date of the performance period. Prior to 1 July 2022, performance rights expired 4 years from the commencement date of the performance period. |
| What is ATSR and how is it measured? | ATSR is a method of calculating the return shareholders would earn if they held a notional number of shares over the performance period based on a 20-day VWAP prior to the measurement date. TSR measures the growth in the company's share price together with the value of the dividends during the performance period, assuming all dividends are re-invested into new shares. For FY2023-24, with a 3-year performance period, a maximum 20% of the total tranche of performance rights issued to Executive KMP will be measured against the ATSR performance criteria. |

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| Question | Answer |
|--|--|
| What is RTSR and how is it measured? | RTSR is a method for calculating the return shareholders would earn if they held a notional number of shares over the performance period measured against a comparator group based on a 20-day VWAP at the measurement date. TSR measures the growth in a company's share price together with the value of dividends during the period, assuming that all of those dividends are re-invested into new shares. For FY2023 onwards, over a 3-year performance period, a maximum of 40% of the total tranche of performance rights issued to Executive KMP will be measured against RTSR performance criteria using the ASX300 Metals and Mining Index as a comparator group. |
| For FY2023 onwards, why is the ASX300 Metals and Mining Index an appropriate comparator comparing RTSR? | The ASX300 Metals and Mining Index includes a diverse group of resource companies against which Chalice's share price performance can be appropriately benchmarked. Benchmarking against numerous comparable companies within the index minimises the impact of fluctuations in commodity prices to illustrate how effective management have been in creating value from the Group's assets. |
| Is there a deferral mechanism? | There is currently no deferral mechanism applied to vested performance rights. |
| What happens to performance rights when an Executive KMP ceases employment? | Unvested performance rights will automatically be forfeited by the participant, unless the Board uses discretion to permit some or all of the performance rights to vest or to allow the participant to hold the LTI award to be tested against performance conditions at the end of the performance period. Examples of the circumstances when the Board may decide to exercise its discretion includes where a participant becomes a leaver due to death, redundancy, permanent disability, mental incapacity, or retirement. |
| What happens in the event of a change of control? | If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the participant's performance rights will be dealt with, including, without limitation, allowing the participant to participate in and/or benefit from any transaction arising from the change of control event. |
| Are there malus or clawback provisions? | Where the Board determines that a participant has acted fraudulently or dishonestly; or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested convertible securities held by that participant to have been forfeited. |
| Can the Board use its discretion to vary the maximum weightings? | Where required, the Board may, acting reasonably and in good faith, use its discretion to vary the LTI maximum weightings and allocate the attributable weightings to other milestones. |

(b) Summary of LTI Performance Rights Issued to Executive KMP

| Series | Issue date | Measurement date | Expiry date | Status | Section |
|------------------|---|------------------|--------------|---------------------------|-----------|
| FY2019-20 | 28 November 2019 | 30 June 2022 | 30 June 2023 | 100% vested during FY2023 | 9.4.9 (c) |
| FY2020-21 | 2 September 2020 25 November 2020 (MD&CEO) 26 November 2020 | 30 June 2023 | 30 June 2025 | 75% vested during FY2024 | 9.4.9 (d) |
| FY2021-22 | 23 September 2021 24 November 2021 (MD&CEO) | 30 June 2024 | 30 June 2026 | Issued - not yet tested | 9.4.9 (e) |
| FY2022-23 | 5 September 2022 23 November 2022 (MD&CEO) 1 February 2023 | 30 June 2025 | 30 June 2027 | Issued – not yet tested | 9.4.9 (f) |
| FY2023-24 | 1 September 2023 | 30 June 2026 | 30 June 2028 | Issued – not yet tested | 9.4.9 (g) |

(c) LTI Performance and Outcomes - FY2019-20 Performance Rights

| Summary of Terms | |
|--|---|
| Performance Period | 3 years (1 July 2019 – 30 June 2022) |
| Award Opportunity | Executive Chair and MD&CEO – 50% of TFR Other Executive KMP – 37.5% - 45% of TFR |
| Status | Tested at measurement date 30 June 2022 with 100% vesting |
| Quantum issued to Executive KMP | During the year ended 30 June 2020, 2,965,822 FY2019-20 Performance Rights were issued to Executive KMP |

The table below outlines the FY2019-20 performance rights granted to Executive KMP. In July 2022, the Board, following a recommendation from the RNC, determined that the 2019-20 Performance Rights vested in full due to the achievement of the performance conditions measured over the three years ended 30 June 2022 – refer to page 107 of the 2022 Annual Report for further details.

All performance rights were exercised into an equivalent number of fully paid ordinary shares.

| Series | KMP | Number of Rights | Measurement Date | Expiry date |
|-----------|----------------|------------------|------------------|--------------|
| FY2019-20 | Alex Dorsch | 1,074,402 | 30 June 2022 | 30 June 2023 |
| | Richard Hacker | 700,606 | 30 June 2022 | 30 June 2023 |
| | Kevin Frost | 827,593 | 30 June 2022 | 30 June 2023 |
| | Bruce Kendall | 363,221 | 30 June 2022 | 30 June 2023 |

(d) Performance Rights Issued FY2020-21

| Summary of Terms | |
|--|---|
| Performance Period | 3 years (1 July 2020 – 30 June 2023) |
| Award Opportunity | MD&CEO - 75% of TFR Other Executive KMP – 50% of TFR |
| Status | Tested at measurement date 30 June 2023 with 75% vesting. |
| Quantum issued to Executive KMP | During the year ended 30 June 2021, 801,244 FY2020-21 Performance Rights were issued to Executive KMP |

The table below outlines the FY2020-21 performance rights granted to Executive KMP. In July 2023, the Board, following a recommendation from the RNC determined that 75% of the FY2020-21 performance rights vested due to the achievement of the performance conditions measured over the three years ended 30 June 2023.

The vested performance rights can be exercised into an equivalent number of fully paid ordinary shares in accordance with their terms.

| Series | Executive KMP | Number of Rights | Number of rights Vested | Measurement Date | Expiry date |
|-----------|--------------------------------|------------------|-------------------------|------------------|--------------|
| FY2020-21 | Alex Dorsch | 280,081 | 210,060 | 30 June 2023 | 30 June 2024 |
| | Chris MacKinnon ⁽¹⁾ | 42,056 | 31,542 | 30 June 2023 | 30 June 2024 |
| | Richard Hacker | 160,893 | 120,669 | 30 June 2023 | 30 June 2024 |
| | Kevin Frost | 160,422 | 120,316 | 30 June 2023 | 30 June 2024 |
| | Bruce Kendall | 157,792 | 118,344 | 30 June 2023 | 30 June 2024 |

⁽¹⁾The performance rights issued to Mr MacKinnon were received prior to becoming Executive KMP upon his appointment as CFO on 16 March 2023.

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The following table outlines for the FY2020-21 Performance Rights, the key performance conditions, the weightings of each condition and the outcome for the performance period from 1 July 2020 to 30 June 2023, including commentary on achievements versus performance measures and the award percentage.

| No. | FY2020-21 Performance Conditions and Weightings | Outcome and Commentary on Performance |
|-----|--|--|
| 1. | <p>ESG and Health & Safety objectives (Maximum weighting 15%)</p> <p>A proportional LTI payment shall be made according to the number of conditions below being met between 1 July 2020 and 30 June 2023:</p> <ul style="list-style-type: none"> « Zero fatalities « LTIFR for Chalice staff of <1.8 « Zero reportable environmental incidents (including spills, loss of containment, etc.) « No material breach of any POW conditions (drilling permits) « Zero community or landowner incidents resulting in the permanent loss of land access on a material private property or the immediate halting of all operations on any site « No material breach of the Company's Code of Conduct <p>100% allocation if no breach 67% allocation if one breach 33% allocation if two breaches 0% allocation if more than two breaches</p> | <p>Outcome: 15% awarded</p> <p>The Board assessed the ESG and Health & Safety conditions and determined that all performance objectives have been met and therefore the maximum award weighting of 15% was achieved.</p> |
| 2. | <p>Pre-feasibility study completion (Maximum weighting 25%)</p> <p>Release on the ASX a mining pre-feasibility study (PFS) on an asset (including Gonneville) which shows the potential to generate an internal rate of return (IRR) of >20% using consensus commodity prices and Board approved assumptions.</p> | <p>Outcome: 12.5% partial award</p> <p>The Company did not release a mining pre-feasibility study (PFS) on the ASX during the measurement period. The Board has used its discretion to award 50% of the maximum weighting of 25% (i.e. 12.5%). The vesting conditions for the FY2020-21 performance rights were determined shortly after Gonneville was discovered in late March 2020. At the time of establishing the PFS vesting condition, limited drilling had been completed. Based on these initial exploration results, it was considered that the most likely pathway to development would be a small-scale mining operation (targeting the G zones). As such, it was considered a strategic objective for the Company to target the completion of a PFS on the project within 3 years. As exploration on the Gonneville Project progressed, it became evident that the G zones, and the deposit itself, is significantly larger and of greater complexity than what was initially discovered, making the timeline for the completion of a PFS unachievable and the premature completion of the PFS not in the best interests of the Company as the appropriate assessment of the full potential of the asset requires an approximate economic limit to be determined. In deciding, to make a partial award, the Board acknowledged the considerable study activities undertaken by management and our employees on the Gonneville Project given the significant size and highly technical nature of the project.</p> |

| No. | FY2020-21 Performance Conditions and Weightings | Outcome and Commentary on Performance |
|-----------|---|---|
| 3. | <p>Project milestone achievements (Maximum weighting 25%)</p> <p>Generate significant value, on an existing or new asset (either operated or non-operated), through achievement of the below milestones:</p> <ul style="list-style-type: none"> a) Define a new JORC Mineral Resource Estimate (for a new discovery outside of Gonneville) which shows the potential to be economic (generate an IRR >20% based on internal financial modelling using consensus commodity prices and Board approved assumptions). b) Increase an existing JORC Mineral Resource Estimate by a factor of 2x, subject to a minimum increase of 0.5Moz AuEq. c) Sell a material asset (as part of an asset sale or corporate transaction) where: <ul style="list-style-type: none"> (i) the total deal value (including royalties retained) exceeds a threshold determined by the Board using a published mining feasibility study outcome OR consensus commodity prices and Board approved assumptions OR as determined by an Independent Expert); AND (ii) the deal generates a profit after-tax of at least 50% reflecting costs of acquisition and all project-to-date expenditure incurred (whether expensed or capitalised). <p>Achieving NONE of the above conditions – 0% Achieving ONE of the above conditions – 12.5% Achieving TWO of the above conditions – 25%</p> <p>For example: achieving both a) and or b) on a single asset, OR achieving a) on two separate assets, would classify as this condition being met.</p> | <p>Outcome: 12.5% partial award</p> <ul style="list-style-type: none"> (a) No new JORC Mineral Resource Estimate outside of Gonneville has been defined during the measurement period and therefore the performance condition is not met. (b) As at the commencement of the measurement period on 1 July 2020 the Company had no reported Mineral Resource Estimate. On 9 November 2021, a maiden Mineral Resource Estimate (MRE1) was released for the Gonneville Project. Subsequently, on 8 July 2022 (MRE2) and 28 March 2023 (MRE3), the Company has released two increases to the Gonneville Project Mineral Resource Estimate. The total increase to the Gonneville Project Mineral Resource Estimate over the measurement period is a factor of 1.7x relative to MRE1. <p>The Board resolved to exercise its discretion in relation to this milestone and has determined that this milestone has been met due to the significant extent of mineralisation identified at the Gonneville Project following the initial discovery in March 2020. The substantial size of the Gonneville Project resulted in significant drilling being required over an extended time frame, therefore, resulting in the Company taking a conservative approach in delaying the estimate of MRE1 until the extent of mineralisation was appropriately determined. It is considered highly likely that had the decision been taken to release MRE1 earlier it would have resulted in a smaller Mineral Resource Estimate that would have resulted in MRE3 being more than a factor of 2x relative to MRE1.</p> <ul style="list-style-type: none"> (c) No sale of a material asset has occurred and therefore this objective has not been met. <p>One milestone objective has been achieved resulting in the partial award of 12.5%.</p> |
| 4. | <p>Absolute TSR measure (Maximum weighting 17.5%)</p> <p>A proportional LTI payment shall be made which is directly proportional to the Total Shareholder Return (TSR) from 1 July 2020 to 30 June 2023. The proportion paid is calculated as:</p> <ul style="list-style-type: none"> « 0% allocation if 3-yr TSR <30% « Pro-rata allocation if 3-yr TSR between 30-100% « 100% allocation if 3-yr TSR >100% <p>If the 20-trading day VWAP until 30 June 2023 exceeds 200% of the 20-trading day VWAP until 1 July 2020, the performance measure would be deemed to have been met. The 20-day VWAP of the Company at 1 July 2020 is \$0.95. If, for example, the 20-day VWAP at 30 June 2023 is \$1.71 (an 80% increase in the 20-day VWAP), then 80% of this performance measure would be deemed to have been met.</p> | <p>Outcome: 17.5% awarded</p> <p>The Absolute TSR measure if tested by measuring the Company's share price performance over the performance measurement period against the predetermined targets set by the Board.</p> <p>At 30 June 2023, the 20 day VWAP was \$6.79 being 615% higher than the 20 day VWAP on 30 June 2020 of \$0.95 resulting in the maximum award weighting of 17.5% being achieved.</p> |

Directors' Report

| No. | FY2020-21 Performance Conditions and Weightings | Outcome and Commentary on Performance |
|-----|---|--|
| 5. | <p>Relative TSR (Maximum weighting 17.5%)</p> <p>A proportional LTI payment shall be made where the TSR exceeds the median TSR, between 1 July 2020 and 30 June 2023, of the comparator group* (refer below).</p> <ul style="list-style-type: none"> « 0% allocation if TSR below 50th percentile « Pro-rata allocation if TSR between 50th and 75th percentile (as detailed below) « 100% allocation if TSR above 75th percentile <p>If the TSR is between the 50th and 75th percentile, then for each percentile increment above 50, a multiple of 4 times that increment would have been met. For example: If the Chalice TSR is at the 55th percentile, 20% of this performance measure would be deemed to have been met.</p> <p>*The comparator group includes the following ASX-listed resource companies: Panoramic Resources Limited, Flinders Mines Limited, Liontown Resources Limited, New Century Resources Limited, Emerald Resources NL, Rand Mining Limited, Atrum Coal Limited, Greenland Minerals Limited, Stavely Minerals Limited, Lion One Metals Limited, Magnetic Resources NL and Oklo Resources Limited.</p> | <p>Outcome: 17.5% awarded</p> <p>The Relative TSR measure compares Chalice's TSR against that of the comparator companies selected at the commencement of the performance period.</p> <p>On 30 June, the relative TSR performance condition was tested. Chalice achieved a TSR of 539% over the three-year measurement period, ranking at the 92nd percentile resulting in the maximum award of 25% being achieved.</p> |

(e) Performance Rights Issued FY2021-22

| Summary of Terms | |
|--|---|
| Performance Period | 3 years (1 July 2021 – 30 June 2024) |
| Award Opportunity | MD&CEO - 100% of TFR Other Executive KMP –75% of TFR |
| Status | Not yet tested or vested |
| Quantum issued to Executive KMP | During the year ended 30 June 2022, 235,053 FY2021-22 Performance Rights were issued to Executive KMP |

The table below outlines the FY2021-22 performance rights granted to Executive KMP:

| Series | KMP | Number of Rights | Measurement Date | Expiry date |
|-----------|--------------------------------|------------------|------------------|--------------|
| FY2021-22 | Alex Dorsch | 65,531 | 30 June 2024 | 30 June 2026 |
| | Chris MacKinnon ⁽¹⁾ | 15,415 | 30 June 2024 | 30 June 2026 |
| | Richard Hacker | 34,404 | 30 June 2024 | 30 June 2026 |
| | Kevin Frost | 34,404 | 30 June 2024 | 30 June 2026 |
| | Bruce Kendall | 34,404 | 30 June 2024 | 30 June 2026 |
| | Soolim Carney | 50,895 | 30 June 2024 | 30 June 2026 |

⁽¹⁾The performance rights issued to Mr MacKinnon were received prior to becoming Executive KMP upon his appointment as CFO on 16 March 2023.

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

| No. | FY2021-22 Performance Conditions and Weightings |
|-----|--|
| 1. | <p>Sustainability (Max. weighting 20%) Achieve inclusion into the S&P/ASX 200 ESG Index by 30 June 2024.</p> |
| 2. | <p>Generative Exploration, Project Definition and Strategic (Max. weighting 30%) Generate significant value, on an existing or new asset (either operated or non-operated), through the achievement of several strategic objectives that exceed stretch targets, pre-determined by the Board by resolution on 16 August 2021, including:</p> <ul style="list-style-type: none"> « Define a new, material JORC Mineral Resources (excluding Gonneville) which show the potential to be economic; « Increase materially an existing JORC Mineral Resource; « Define JORC Mineral Reserves or a material increase in JORC Mineral Reserves; and « Disposal of a material asset (as part of an asset sale, joint venture or corporate transaction). |
| 3. | <p>Absolute TSR measure (Max. weighting 25%) A proportional LTI payment shall be made which is directly proportional to the Total Shareholder Return (TSR) from 1 July 2021 to 30 June 2024. The proportion paid is calculated as:</p> <ul style="list-style-type: none"> « If 3-yr TSR <10% p.a (equivalent to <33.1% increase in share price) – 0% « If 3-yr TSR between 10-20% p.a (equivalent to 33.1-72.8% increase in share price) - weighting pro-rata between 5-25% « If 3-yr TSR >20% p.a (equivalent to >72.8% increase in share price) – weighting 25% |
| 4. | <p>Relative TSR compared to peer group. (Max. weighting 25%) A proportional LTI payment shall be made where the TSR exceeds the median TSR of the peer group, between 1 July 2021 and 30 June 2024. The proportion paid is calculated as:</p> <ul style="list-style-type: none"> « If TSR <50th percentile – 0% « If TSR between 50th and 75th percentile - weighting pro-rata between 5-25% « If TSR >75th percentile – weighting 25% <p>As an illustrative example: If the TSR is at the 65th percentile, 17% of the performance measure would be deemed to have been met – calculated as $((65\%-50\%)/(75\%-50\%)) \times (25\%-5\%)+5\%$</p> <p>The comparators companies include the following ASX-listed companies: Pilbara Minerals Limited, Zimplats Holding Limited, Orocobre Limited, Galaxy Resources Limited, Brockman Mining Limited, De Grey Mining Limited, Perseus Mining Limited, Piedmont Lithium Limited, Oceanagold Corporation, Ramelius Resources Limited, Sandfire Resources NL, Gold Road Resources Limited, Mount Gibson Iron Limited</p> |

Board Discretion

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

(f) LTI Performance Rights Issued During FY2022-23

| Summary of Terms | |
|--|--|
| Performance Period | 3 years (1 July 2022 – 30 June 2025) |
| Award Opportunity | MD&CEO - 175% of TFR Other Executive KMP – 44% to 95% of TFR |
| Status | Not yet tested or vested |
| Quantum issued to Executive KMP | During the year ended 30 June 2023, 712,766 FY2022-23 Performance Rights were granted to Executive KMP |

Directors' Report

The table below outlines the FY2022-23 performance rights granted to Executive KMP.

| Series | KMP | Number of Rights | Measurement Date | Expiry date |
|-----------|--------------------------------|------------------|------------------|--------------|
| FY2022-23 | Alex Dorsch | 228,938 | 30 June 2025 | 30 June 2027 |
| | Mike Nelson ⁽¹⁾ | 121,775 | 30 June 2025 | 30 June 2027 |
| | Chris MacKinnon ⁽²⁾ | 43,168 | 30 June 2025 | 30 June 2027 |
| | Richard Hacker | 86,997 | 30 June 2025 | 30 June 2027 |
| | Kevin Frost | 79,118 | 30 June 2025 | 30 June 2027 |
| | Bruce Kendall | 79,118 | 30 June 2025 | 30 June 2027 |
| | Soolim Carney | 73,652 | 30 June 2025 | 30 June 2027 |

⁽¹⁾ Mr Nelson was awarded 121,775 FY2022-23 performance rights on commencement.

⁽²⁾ The performance rights issued to Mr MacKinnon were received prior to becoming Executive KMP upon his appointment as CFO on 16 March 2023.

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

| No. | FY2022-23 Performance Conditions and Weightings |
|-----|--|
| 1. | <p>Generative Exploration, Project Definition, Pre-development and Strategic (Max. weighting 40%)</p> <p>Generate significant value, on an existing or new asset (either operated or non-operated), through the achievement of several strategic objectives that exceed stretch targets as pre-determined by the Board, including:</p> <ul style="list-style-type: none"> « Define new, material JORC Mineral Resources (excluding Gonnevillle); « Increase materially an existing JORC Mineral Resource; « Define JORC Mineral Reserves or a material increase in JORC Mineral Reserves; « Complete a Feasibility Study for the Gonnevillle starter mine; « Submit all technical studies required for major environmental approvals for Gonnevillle; « Secure a pathway to obtaining granted mining licences within the Julimar State Forest; and « Sell or divest a material asset (as part of an asset sale, joint venture or corporate transaction). |
| 2. | <p>Absolute TSR measure (Max. weighting 20%)</p> <p>A proportional LTI payment shall be made which is directly proportional to the Total Shareholder Return (TSR) from 1 July 2022 to 30 June 2025. The proportion paid is calculated as:</p> <ul style="list-style-type: none"> « If 3-yr TSR <10% p.a (equivalent to <33.1% increase in share price) – 0% « If 3-yr TSR between 10-20% p.a (equivalent to 33.1-72.8% increase in share price) - weighting pro-rata between 5-20% « If 3-yr TSR >20% p.a (equivalent to >72.8% increase in share price) – weighting 20% |
| 3. | <p>Relative TSR compared to peer group. (Max. weighting 40%)</p> <p>A proportional LTI payment shall be made where the TSR exceeds the median TSR of the ASX 300 Metals and Mining Index, between 1 July 2022 and 30 June 2025. The proportion paid is calculated as:</p> <ul style="list-style-type: none"> « If TSR <50th percentile – 0% « If TSR between 50th and 75th percentile - weighting pro-rata between 5-40% « If TSR >75th percentile – weighting 40% <p>As an illustrative example: If the TSR is at the 65th percentile, 26% of the performance measure would be deemed to have been met – calculated as $((65\%-50\%)/(75\%-50\%)) \times (40\%-5\%) + 5\%$</p> |
| | <p>Board Discretion</p> <p>Where required, the Board may, acting reasonably and in good faith, use its discretion to vary the LTI maximum weightings. For example, where a sale of an asset occurs prior to estimating resources or reserves (i.e. a milestone is unable to be met), the Board may allocate the attributable weighting to other milestones.</p> |

(g) LTI Performance Rights Issued During FY2023-24

| Summary of Terms | |
|--|--|
| Performance Period | 3 years (1 July 2023 – 30 June 2026) |
| Award Opportunity | MD&CEO - 175% of TFR Other Executive KMP - 95% of TFR |
| Status | Not yet tested or vested |
| Quantum issued to Executive KMP | Subsequent to 30 June 2023, 477,935 FY2023-24 Performance Rights were granted to Executive KMP |

The table below outlines the FY2023-24 performance rights granted to Executive KMP.

| Series | KMP | Number of Rights | Measurement Date | Expiry date |
|-----------|----------------------------|------------------|------------------|--------------|
| FY2023-24 | Alex Dorsch ⁽¹⁾ | 154,574 | 30 June 2026 | 30 June 2028 |
| | Mike Nelson | 67,433 | 30 June 2026 | 30 June 2028 |
| | Chris MacKinnon | 48,948 | 30 June 2026 | 30 June 2028 |
| | Richard Hacker | 51,745 | 30 June 2026 | 30 June 2028 |
| | Kevin Frost | 51,745 | 30 June 2026 | 30 June 2028 |
| | Bruce Kendall | 51,745 | 30 June 2026 | 30 June 2028 |
| | Soolim Carney | 51,745 | 30 June 2026 | 30 June 2028 |

⁽¹⁾The performance rights shown for Mr Dorsch are subject to the approval of shareholders at the Company's 2023 AGM.

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

| No. | FY2023-24 Performance Conditions and Weightings |
|-----|--|
| 1. | <p>Generative Exploration, Project Definition, Pre-development and Strategic (Max. weighting 40%) Generate significant value, on an existing or new asset (either operated or non-operated), through the achievement of several strategic objectives that exceed stretch targets as pre-determined by the Board, including:</p> <ul style="list-style-type: none"> « Define a new, material JORC Mineral Resources Estimate (excluding Gonnevillle); « Increase materially an existing JORC Mineral Resource Estimate; « Complete a Feasibility Study for the initial stage of development for the Gonnevillle Project; and « Sell or divest a material asset (as part of an asset sale, joint venture or corporate transaction). |
| 2. | <p>Absolute TSR measure (Max. weighting 20%) A proportional LTI payment shall be made which is directly proportional to the Total Shareholder Return (TSR) from 1 July 2023 to 30 June 2026. The proportion paid is calculated as:</p> <ul style="list-style-type: none"> « If 3-yr TSR <10% p.a (equivalent to <33.1% increase in share price) – 0% « If 3-yr TSR between 10-20% p.a (equivalent to 33.1-72.8% increase in share price) - weighting pro-rata between 5-20% « If 3-yr TSR >20% p.a (equivalent to >72.8% increase in share price) – weighting 20% |
| 3. | <p>Relative TSR compared to peer group. (Max. weighting 40%) A proportional LTI payment shall be made where the TSR exceeds the median TSR of the ASX 300 Metals and Mining Index, between 1 July 2023 and 30 June 2026. The proportion paid is calculated as:</p> <ul style="list-style-type: none"> « If TSR <50th percentile – 0% « If TSR between 50th and 75th percentile - weighting pro-rata between 5-40% « If TSR >75th percentile – weighting 40% <p>As an illustrative example: If the TSR is at the 65th percentile, 26% of the performance measure would be deemed to have been met – calculated as $((65\%-50\%)/(75\%-50\%)) \times (40\%-5\%)+5\%$</p> |

Board Discretion

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

Directors' Report

9.4.10 FY2022-23 Retention Rights

In September 2022, the Board implemented a one-off retention rights plan with no performance hurdles other than meeting a service period of at least 3.5 years. Further information on the rationale for the retention rights plan is provided in section 9.4.5.

A summary of the terms of the retention rights is provided in the table below:

| Summary of Terms | |
|--|--|
| Milestone | Continuous employment within the Group for 3.5 years (1 July 2022 – 31 December 2025) |
| Award Opportunity | MD&CEO – Nil Other Executive KMP – up front, once off award of 19% to 87.5% of TFR |
| Quantum issued to Executive KMP | During the year ended 30 June 2023, 376,824 FY2022-23 Retention Rights were granted to Executive KMP |
| Expiry Date | 31 December 2027 |

The table below outlines the FY2022-23 retention rights granted to Executive KMP.

| Executive KMP | Number of retention rights | Measurement Date |
|--------------------------------|----------------------------|------------------|
| Richard Hacker | 80,128 | 31 December 2025 |
| Chris MacKinnon ⁽²⁾ | 32,376 | 31 December 2025 |
| Mike Nelson ⁽¹⁾ | 50,739 | 31 December 2025 |
| Kevin Frost | 72,872 | 31 December 2025 |
| Bruce Kendall | 72,872 | 31 December 2025 |
| Soolim Carney | 67,837 | 31 December 2025 |

⁽¹⁾Mr Nelson received 50,739 retention rights on commencement in February 2023.

⁽²⁾The retention rights issued to Mr MacKinnon were granted prior to becoming an Executive KMP upon his appointment as CFO on 16 March 2023.

The FY2022-23 retention rights were a one-off reward for FY2023, and no retention rights have been granted for FY2024.

9.4.11 Executive KMP contracts

Remuneration and other terms of employment for Executive KMP are formalised in employment contracts with key terms as follows:

| | A Dorsch | R Hacker & C MacKinnon | Other Executive KMP ⁽¹⁾ |
|--|----------|------------------------|------------------------------------|
| Resignation notice | 3 months | 3 months | 3 months |
| Termination notice for cause | None | None | None |
| Termination notice without cause (severance pay) | 3 months | 3 months | 3 months |
| Diminution of responsibility (severance pay) | 6 Months | 6 Months | N/A |

⁽¹⁾Other Executive KMP includes S Carney, K Frost, B Kendall and M Nelson.

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

9.5 Non-executive director remuneration

9.5.1 Policy & Approach

The Company's Constitution and the ASX Listing Rules specify that the maximum aggregate fees paid to non-executive directors for their roles as directors is determined by shareholders. The latest determination was at the 2021 AGM, whereby Shareholders approved a maximum aggregate amount of \$850,000 per annum (including superannuation). The Board will not seek to increase the non-executive director fee pool at the upcoming 2023 AGM.

The fee structure for non-executive directors is reviewed annually by the RNC and approved by the Board. The fee structure is set to:

- « Attract and retain highly qualified directors with appropriate skills and experience;
- « Reflect the time commitment and responsibilities of the role; and
- « Be competitive with comparator companies.

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

The Company does not issue convertible securities or performance related remuneration to non-executive directors.

All non-executive directors enter into a letter of appointment with the Company. The letter summarises the Company's policies, terms of appointment, including remuneration relevant to the office of non-executive director.

9.5.2 Non-executive directors remuneration for FY2022-23

In July 2022, the Board completed a review of non-executive director fees that resulted in the determination that non-executive director fees should be increased. However, at the time of the review, global financial markets and the Company were subject to significant market volatility and macro uncertainty. As a consequence of these uncertainties, the Board resolved to defer any increase in non-executive director fees for FY2023, with non-executive director fees remaining at the level set in July 2021.

9.5.3 Non-executive directors remuneration for FY2023-24

In July 2023, the Board reviewed the remuneration paid to non-executive directors, and having regard to internally generated benchmarking and the increasing time commitments being placed on Board members.

As a result of this review the Board:

- « Approved an increase in non-executive director fees, effective 1 July 2023; and
- « No increase to the current board committee fees.

9.5.4 Summary of non-executive director fees

Non-executive director fees are shown in the table below (inclusive of superannuation). Fees shown for 30 June 2022 and 30 June 2023 are for comparative purposes.

| | From 1 July 2023 | 30 June 2023 | 30 June 2022 |
|---|------------------|--------------|--------------|
| | \$ | \$ | \$ |
| Base Fees (per annum, incl. superannuation) | | | |
| Non-executive Chair | 185,000 | 150,000 | 150,000 |
| Non-executive Directors | 100,000 | 70,000 | 70,000 |
| Committee Fees (per annum, incl. superannuation) | | | |
| Chairperson of Committee | 15,000 | 15,000 | 15,000 |
| Member of Committee | 7,500 | 7,500 | 7,500 |

9.5.5 Minimum shareholding requirement for non-executive directors

To align the interests of the Board and shareholders, in the absence of approval from the Board to the contrary, Directors are required to acquire and maintain directly or indirectly through their associates (as defined by the Corporation Act 2001 (Cth)), a minimum number of Shares in the Company, the value of which is equal to 100% of their annual remuneration. The minimum shareholding holding must be reached within five years of appointment to the Board. The value of the Directors shareholding will be determined as the higher of the cost of acquisition or the market value of the Shares. The minimum holding assessment is undertaken at the end of each financial year.

Directors' Report

9.5.6 Non-executive director remuneration

| Non-executive Directors | | Short-term Benefits | | Post-employment Benefits | Share-based Payments | Total | Performance Related |
|---------------------------------|-------------|---------------------|--------------------------------------|--------------------------|----------------------|----------------|---------------------|
| | | Fees | Non-monetary Benefits ⁽²⁾ | Super-annuation | Options | | % |
| | | \$ | \$ | \$ | \$ | \$ | |
| Derek La Ferla ⁽¹⁾ | 2023 | 153,409 | 13,021 | 16,108 | - | 182,538 | - |
| | 2022 | 103,495 | 10,098 | 10,350 | - | 123,943 | - |
| Morgan Ball | 2023 | 83,710 | 13,021 | 8,790 | - | 105,521 | - |
| | 2022 | 103,665 | 13,501 | 4,886 | - | 122,052 | - |
| Garret Dixon | 2023 | 86,410 | 13,021 | 9,073 | - | 108,504 | - |
| | 2022 | 97,728 | 13,501 | 9,773 | 78,957 | 199,959 | - |
| Jo Gaines ⁽⁴⁾ | 2023 | 65,330 | 11,344 | 6,860 | - | 83,534 | - |
| | 2022 | - | - | - | - | - | - |
| Linda Kenyon ⁽³⁾ | 2023 | 76,923 | 13,021 | 8,077 | - | 98,021 | - |
| | 2022 | 64,394 | 11,504 | 6,439 | - | 82,337 | - |
| Stephen McIntosh ⁽⁵⁾ | 2023 | 86,410 | 13,021 | 9,073 | - | 108,504 | - |
| | 2022 | 90,909 | 13,501 | 9,091 | 647,223 | 760,724 | - |
| Total | 2023 | 552,192 | 76,449 | 57,981 | - | 686,622 | |
| | 2022 | 460,191 | 62,105 | 40,539 | 726,180 | 1,289,015 | |

⁽¹⁾ Mr La Ferla was appointed as a Non-executive Director on 1 October 2021 and subsequently Non-executive Chair on 24 November 2021.

⁽²⁾ Non-monetary benefits include the cost of the Company providing directors and officers insurance.

⁽³⁾ Ms Kenyon was appointed as Non-executive Director 24 August 2021.

⁽⁴⁾ Ms Gaines was appointed as Non-executive Director on 17 August 2022.

⁽⁵⁾ Mr McIntosh was appointed as Non-executive Director on 20 February 2021 and on his appointment, and in order to align his remuneration with other non-executive directors, the Board resolved to issue to Mr McIntosh, 150,000 unlisted options with an exercise price of \$6.72, expiring 19 February 2024, vesting 19 February 2022. The options were approved by shareholders on 24 November 2021. At the time of the Board resolution, the 5 day VWAP of Chalice's shares was \$4.48 and based on this 5 day VWAP an exercise price of \$6.72 was set representing a 50% premium. By the issue date of 24 November 2021, the Company's closing share price had increased significantly to \$9.59, therefore, the fair value of the options at grant date was approximately \$0.9 million (or \$6.0313 per option) using a Black-Scholes option valuation methodology. Under Australian Accounting Standards, the value of the options was estimated from commencement of the vesting period, being 19 February 2021, and the estimated value is then adjusted to reflect the valuation at grant date. This fair value is not related to or indicative of the benefit (if any) that the individual may in fact receive. The assumptions underpinning the valuation are set out in Note 17 to the financial statements. In May 2023, Mr McIntosh exercised these unlisted options via a cashless exercise, and on exercise received 18,449 fully paid ordinary shares. Refer to section 9.6.2.

9.6 Equity instruments

9.6.1 Options issued as compensation

During the financial year, no options over ordinary shares were issued as compensation under the Employee Share Incentive Plan (ESIP).

9.6.2 Options exercised during the year ended 30 June 2023

| | Date of exercise | Grant Date | No. of options exercised | Exercise price per share \$ | No. of Shares Issued | Value of options exercised ⁽¹⁾ \$ |
|---------------------------------|------------------|------------------|--------------------------|-----------------------------|----------------------|--|
| Directors | | | | | | |
| Garret Dixon | 21 December 2022 | 25 November 2020 | 150,000 | 2.1919 | 150,000 | 601,215 |
| Stephen McIntosh ⁽²⁾ | 19 May 2023 | 24 November 2021 | 150,000 | 6.7119 | 18,449 | 92,715 |

⁽¹⁾Determined as the intrinsic value at the date of exercise.

⁽²⁾In May 2023, Mr McIntosh exercised 150,000 unlisted options via a cashless exercise. On exercise, Mr McIntosh received 18,449 fully paid ordinary shares.

9.6.3 Performance rights granted as compensation

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

| | Number of performance rights granted | Issue date | Fair value of performance rights at issue date \$ | Weighted average fair value per right \$ | Expiry date | Number of performance rights vested |
|--------------------------------|--------------------------------------|------------------|---|--|--------------|-------------------------------------|
| Directors | | | | | | |
| Alex Dorsch | 228,938 | 23 November 2022 | 989,928 | 4.324 | 30 June 2027 | 1,074,402 |
| Executives | | | | | | |
| Mike Nelson | 121,775 | 1 February 2023 | 675,981 | 5.551 | 30 June 2027 | - |
| Chris MacKinnon ⁽¹⁾ | 43,168 | 5 September 2022 | 166,637 | 3.8602 | 30 June 2027 | - |
| Richard Hacker | 86,997 | 5 September 2022 | 335,826 | 3.8602 | 30 June 2027 | 700,606 |
| Kevin Frost | 79,118 | 5 September 2022 | 305,411 | 3.8602 | 30 June 2027 | 827,593 |
| Bruce Kendall | 79,118 | 5 September 2022 | 305,411 | 3.8602 | 30 June 2027 | 363,221 |
| Soolim Carney | 73,652 | 5 September 2022 | 284,311 | 3.8602 | 30 June 2027 | - |

⁽¹⁾Represents performance rights issued to C MacKinnon prior to his appointment as CFO.

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

Directors' Report

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

| | Series | Number of Performance Rights | Issue date | % vested in year | % forfeited/lapsed in year | Measurement Date |
|-------------------|-----------|------------------------------|-------------------|------------------|----------------------------|------------------|
| Directors | | | | | | |
| Alex Dorsch | FY2019-20 | 1,074,402 | 28 November 2019 | 100 | - | 30 June 2022 |
| | FY2020-21 | 280,081 | 25 November 2020 | - | - | 30 June 2023 |
| | FY2021-22 | 65,531 | 24 November 2021 | - | - | 30 June 2024 |
| | FY2022-23 | 228,938 | 23 November 2022 | - | - | 30 June 2025 |
| Executives | | | | | | |
| Chris MacKinnon | FY2020-21 | 34,556 | 2 September 2020 | - | - | 30 June 2023 |
| | FY2020-21 | 7,500 | 26 November 2020 | - | - | 30 June 2023 |
| | FY2021-22 | 15,415 | 23 September 2021 | - | - | 30 June 2024 |
| | FY2022-23 | 43,168 | 5 September 2022 | - | - | 30 June 2025 |
| Richard Hacker | FY2019-20 | 700,606 | 28 November 2019 | 100 | - | 30 June 2022 |
| | FY2020-21 | 160,893 | 2 September 2020 | - | - | 30 June 2023 |
| | FY2021-22 | 34,404 | 23 September 2021 | - | - | 30 June 2024 |
| | FY2022-23 | 86,997 | 5 September 2022 | - | - | 30 June 2025 |
| Kevin Frost | FY2019-20 | 827,593 | 28 November 2019 | 100 | - | 30 June 2022 |
| | FY2020-21 | 160,422 | 2 September 2020 | - | - | 30 June 2023 |
| | FY2021-22 | 34,404 | 23 September 2021 | - | - | 30 June 2024 |
| | FY2022-23 | 79,118 | 5 September 2022 | - | - | 30 June 2025 |
| Bruce Kendall | FY2019-20 | 363,221 | 28 November 2019 | 100 | - | 30 June 2022 |
| | FY2020-21 | 157,792 | 2 September 2020 | - | - | 30 June 2023 |
| | FY2021-22 | 34,404 | 23 September 2021 | - | - | 30 June 2024 |
| | FY2022-23 | 79,118 | 5 September 2022 | - | - | 30 June 2025 |
| Soolim Carney | FY2021-22 | 50,895 | 21 September 2021 | - | - | 30 June 2024 |
| | FY2022-23 | 73,652 | 5 September 2022 | - | - | 30 June 2025 |
| Mike Nelson | FY2022-23 | 121,775 | 1 February 2023 | - | - | 30 June 2025 |

9.6.4 Performance Rights exercised during the year ended 30 June 2023

| | Date of exercise | Grant Date | No. of performance rights exercised | Exercise price per share \$ | No. of Shares Issued | Value of performance rights exercised ⁽¹⁾ \$ |
|-------------------|-------------------|------------------|-------------------------------------|-----------------------------|----------------------|---|
| Directors | | | | | | |
| Alex Dorsch | 12 July 2022 | 28 November 2019 | 1,074,402 | Nil | 1,074,402 | 4,211,548 |
| Executives | | | | | | |
| Richard Hacker | 12 September 2022 | 28 November 2019 | 700,606 | Nil | 700,606 | 2,799,960 |
| Bruce Kendall | 11 July 2022 | 28 November 2019 | 363,221 | Nil | 363,221 | 1,428,509 |
| Kevin Frost | 17 February 2023 | 28 November 2019 | 150,000 | Nil | 150,000 | 942,308 |
| | 20 February 2023 | 28 November 2019 | 150,000 | Nil | 150,000 | 936,695 |
| | 21 February 2023 | 28 November 2019 | 110,000 | Nil | 110,000 | 680,997 |
| | 22 February 2023 | 28 November 2019 | 417,593 | Nil | 417,593 | 2,583,198 |

⁽¹⁾The value of each exercised performance right is based on Chalice's 5-day VWAP prior to the date of exercise.

9.6.5 Retention Rights granted as compensation

During the reporting period the following retention rights were issued as compensation to Executive KMP only (excluding the MD&CEO) and details of retention rights that vested during the reporting period are as follows:

| | Number of retention rights granted | Issue date | Fair value of retention rights at issue date \$ | Weighted average fair value per right \$ | Expiry date | Number of retention rights vested |
|--------------------------------|------------------------------------|------------------|---|--|------------------|-----------------------------------|
| Directors | | | | | | |
| Alex Dorsch | - | - | - | - | - | - |
| Executives | | | | | | |
| Mike Nelson | 50,739 | 1 February 2023 | 321,178 | 6.33 | 31 December 2027 | - |
| Chris MacKinnon ⁽¹⁾ | 32,376 | 5 September 2022 | 144,073 | 4.45 | 31 December 2027 | - |
| Richard Hacker | 80,128 | 5 September 2022 | 356,570 | 4.45 | 31 December 2027 | - |
| Kevin Frost | 72,872 | 5 September 2022 | 324,280 | 4.45 | 31 December 2027 | - |
| Bruce Kendall | 72,872 | 5 September 2022 | 324,280 | 4.45 | 31 December 2027 | - |
| Soolim Carney | 67,837 | 5 September 2022 | 321,178 | 4.45 | 31 December 2027 | - |

⁽¹⁾Represents retention rights issued to C MacKinnon prior to his appointment as CFO.

9.6.6 Retention Rights exercised during the year ended 30 June 2023

No retention rights were exercised during the year ended 30 June 2023.

9.6.7 Equity holdings of key management personnel

(a) Option holdings of key management personnel

During the reporting period both Messrs Dixon and McIntosh exercised 150,000 options over ordinary shares in the Group. Refer table 9.6.7(d) for further details. No options were held by KMP at 30 June 2023. No options were granted to KMP and no options were forfeited or lapsed during the year ended 30 June 2023.

(b) Performance rights held by key management personnel

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

| | Held at 1 July 2022 | Granted as compensation | Exercised | Held at 30 June 2023 | Vested during the year | Vested and exercisable at 30 June 2023 |
|-------------------|------------------------|-------------------------|-------------|----------------------|------------------------|--|
| Directors | | | | | | |
| Derek La Ferla | - | - | - | - | - | - |
| Alex Dorsch | 1,420,014 | 228,938 | (1,074,402) | 574,550 | 1,074,402 | - |
| Morgan Ball | - | - | - | - | - | - |
| Garret Dixon | - | - | - | - | - | - |
| Jo Gaines | - | - | - | - | - | - |
| Linda Kenyon | - | - | - | - | - | - |
| Stephen McIntosh | - | - | - | - | - | - |
| Executives | | | | | | |
| Chris MacKinnon | 100,639 ⁽¹⁾ | - | - | 100,639 | - | - |
| Mike Nelson | - | 121,775 | - | 121,775 | - | - |
| Richard Hacker | 895,903 | 86,997 | (700,606) | 282,294 | 700,606 | - |
| Kevin Frost | 1,022,419 | 79,118 | (827,593) | 273,944 | 827,593 | - |
| Bruce Kendall | 555,417 | 79,118 | (363,221) | 271,314 | 363,221 | - |
| Soolim Carney | 50,895 | 73,652 | - | 124,547 | - | - |

⁽¹⁾Represents performance rights issued to Mr MacKinnon prior to his appointment as CFO.

No performance rights granted to KMP were forfeited or lapsed during the year ended 30 June 2023.

Directors' Report

(c) Retention rights held by key management personnel

| | Held at 1 July 2022 | Granted as compensation | Exercised | Held at 30 June 2023 | Vested during the year | Vested and exercisable at 30 June 2023 |
|--------------------------------|------------------------|----------------------------|-----------|-------------------------|------------------------------|---|
| Mike Nelson | - | 50,739 | - | 50,739 | - | - |
| Chris MacKinnon ⁽¹⁾ | - | 32,376 | - | 32,376 | - | - |
| Richard Hacker | - | 80,128 | - | 80,128 | - | - |
| Kevin Frost | - | 72,872 | - | 72,872 | - | - |
| Bruce Kendall | - | 72,872 | - | 72,872 | - | - |
| Soolim Carney | - | 67,837 | - | 67,837 | - | - |

⁽¹⁾Represents retention rights issued to Mr MacKinnon prior to his appointment as CFO.

No retention rights are held by non-executive directors and the MD&CEO.

(d) Shareholdings of key management personnel

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

| | Held at 1 July 2022 | Received on exercise of Options | Received on exercise of Performance rights | Other Changes ⁽¹⁾ | Held at 30 June 2023 |
|-------------------|------------------------|---------------------------------------|--|------------------------------|-------------------------|
| Directors | | | | | |
| Derek La Ferla | 13,052 | - | - | 11,909 | 24,961 |
| Alex Dorsch | 5,897,770 | - | 1,074,402 | (1,245,891) | 5,726,281 |
| Morgan Ball | 382,763 | - | - | (27,947) | 354,816 |
| Garret Dixon | - | 150,000 | - | 2,739 | 152,739 |
| Jo Gaines | - | - | - | 9,753 | 9,753 |
| Linda Kenyon | 7,000 | - | - | 1,369 | 8,369 |
| Stephen McIntosh | 15,000 | 18,449 ⁽²⁾ | - | 4,109 | 37,558 |
| Executives | | | | | |
| Chris MacKinnon | - | - | - | - | - |
| Mike Nelson | - | - | - | - | - |
| Richard Hacker | 700,000 | - | 700,606 | (300,000) | 1,100,606 |
| Kevin Frost | 1,061,647 | - | 827,593 | (500,000) | 1,389,240 |
| Bruce Kendall | - | - | 363,221 | (255,000) | 108,221 |
| Soolim Carney | - | - | - | - | - |

⁽¹⁾Other changes represent shares that were purchased or sold on-market or via participation in the Company's Share Purchase Plan completed during the year.

⁽²⁾On 19 May 2023, Mr McIntosh exercised 150,000 unlisted options via a cashless exercise mechanism, whereby he received 18,449 shares on exercise of 150,000 options with an exercise price of \$6.7119. The number of shares received was based on a 5-day VWAP as at 15 May 2023 of \$7.6532.

9.7 Loans to key management personnel

There were no loans to key management personnel of the Group, including their personally related parties as at 30 June 2023 (2022: nil).

9.8 Other transactions with key management personnel and their related parties

There were no other key management personnel transactions within the Group during the year ended 30 June 2023.

End of Remuneration Report

10. DIVIDENDS

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

11. FUTURE DEVELOPMENTS

In the opinion of Directors, information regarding the likely developments of the Group is set out in the Operating and Financial Review on pages 22 to 38 of the Annual Report, which forms part of this Directors' Report. Disclosure of any further information relating to likely developments and expected results could result in unreasonable prejudice to the interests of the Group.

12. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 12 July 2023, 75% of the FY2020-21 Performance Rights that were issued to KMP and employees in 2020 vested on the achievement of certain performance conditions measured over the three years ended 30 June 2023. On 12 July 2023, the Company issued 788,387 fully paid ordinary shares to CPU Share Plans Pty Limited as trustee of the Chalice Mining Employee Share Trust for allocation to the participants upon exercising their Performance Rights. Subsequent to vesting, 588,999 Performance Rights were exercised into an equivalent number of fully paid ordinary shares.

On 1 September 2023, the Company issued 768,878 FY2023-24 Performance Rights to Executive KMP and employees of the Company under the terms of the Employee Securities Incentive Plan. In addition to the above issue, on 31 August 2023, it was resolved that Alex Dorsch, MD&CEO has been awarded 154,574 Performance Rights on the same terms and conditions. The issue of the Performance Rights to Mr Dorsch is conditional on the receipt of shareholder approval to be sought at the Company's 2023 Annual General Meeting.

On 10 August 2023 the Group acquired an additional private property by issuing 611,371 fully paid ordinary shares and a cash payment of \$4.4 million (inclusive of selling costs).

On 1 September 2023, the Company issued 629,755 fully paid ordinary shares to Northman Resources Limited (Northam) in order to earn a 51% interest in Northam's exploration licence holding located east of the Gonville Deposit.

Other than disclosed above, there has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

13. SHARE PLACEMENTS AND ISSUES

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

| Description | Date | No. of shares | Price per share (\$) | Amount Raised Before Costs (\$) |
|---------------------|--------------|---------------|----------------------|---------------------------------|
| Placement | 19 May 2023 | 9,589,042 | 7.30 | 70,000,007 |
| Share Purchase Plan | 15 June 2023 | 879,106 | 7.30 | 6,420,000 |

14. SHARE OPTIONS

At the date of this report there are no unissued ordinary shares of the Company under option.

15. PERFORMANCE RIGHTS

At the date of this report 2,301,123 performance rights (2,384,046 at reporting date) are on issue with the following terms and conditions:

| Series | Exercise price (\$) | Number of rights | Measurement date | Expiry date |
|-----------|---------------------|------------------|------------------|--------------|
| FY2020-21 | Nil | 199,388 | 30 June 2023 | 30 June 2024 |
| FY2021-22 | Nil | 327,852 | 30 June 2024 | 30 June 2026 |
| FY2022-23 | Nil | 1,005,005 | 30 June 2025 | 30 June 2027 |
| FY2023-24 | Nil | 768,878 | 30 June 2026 | 30 June 2028 |

In addition to the above, the Board has resolved, subject to shareholder approval at the Company's 2023 AGM to grant Mr Dorsch 154,574 FY2023-24 performance rights with a test date of 30 June 2026, and expiry of 30 June 2028.

Unless exercised, these performance rights do not entitle the holder to participate in any share issue of the Company or any other entity.

Directors' Report

16. RETENTION RIGHTS

At the date of this report 736,158 retention rights (736,158 at reporting date) are on issue with the following terms and conditions:

| Series | Exercise price (\$) | Number of rights | Measurement date | Expiry date |
|-----------|---------------------|------------------|------------------|------------------|
| FY2022-23 | Nil | 736,158 | 31 December 2025 | 31 December 2027 |

Unless exercised, these retention rights do not entitle the holder to participate in any share issue of the Company or any other entity.

17. ADDITIONAL SHARE OPTION DISCLOSURES

Included in the performance rights and retention rights above are performance rights and retention rights granted as remuneration to the directors and the five most highly remunerated officers during or since the end of the financial year ended 30 June 2023. Details of performance rights and retention rights granted to key management personnel are disclosed on pages 131 and pages 135 to 137.

The following performance rights and retention rights were granted to Jamie Armes, Company Secretary, an officer who is among the five highest remunerated officers of the Company and the Group during the year ended 30 June 2023, but is not key management personnel and hence not disclosed in the Remuneration Report:

| Incentive | Series | Exercise price (\$) | Number of rights | Measurement date | Expiry date |
|--------------------|-----------|---------------------|------------------|------------------|------------------|
| Performance rights | FY2020-21 | Nil | 37,475 | 30 June 2023 | 30 June 2024 |
| Performance rights | FY2021-22 | Nil | 22,149 | 30 June 2024 | 30 June 2026 |
| Performance rights | FY2022-23 | Nil | 31,040 | 30 June 2025 | 30 June 2027 |
| Retention rights | FY2022-23 | Nil | 32,592 | 31 December 2025 | 31 December 2027 |
| Performance rights | FY2023-24 | Nil | 20,355 | 30 June 2026 | 30 June 2028 |

18. SHARES ISSUED ON EXERCISE OF OPTIONS

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

| Date | Grant Date | Issue price of shares | No. of shares issued |
|------------------|------------------|-----------------------|----------------------|
| 21 December 2022 | 25 November 2020 | \$2.1919 | 150,000 |
| 19 May 2023 | 25 November 2021 | \$6.7119 | 18,449 |

There have been no option exercises since the end of the financial year to the date of this report.

19. SHARES ISSUED ON VESTING AND EXERCISE OF PERFORMANCE RIGHTS

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

| Date | Issue Date | Issue price of shares | No. of shares issued |
|-------------|------------------|-----------------------|----------------------|
| 7 July 2022 | 28 November 2019 | Nil | 4,557,053 |

Subsequent to the end of the financial year, on 12 July 2023, the Company issued 787,387 fully paid ordinary shares to CPU Share Plans Pty Limited as trustee of the Chalice Mining Employee Share Trust following the vesting of the FY2020-21 performance rights for allocation to participants upon exercising their performance rights.

20. ENVIRONMENTAL LEGISLATION

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

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

So far as the Directors are aware, there have been no material breaches of the Group's licence conditions and environmental regulations to which the Group is subject to during the year ended 30 June 2023 and to the date of this report.

21. PROCEEDINGS ON BEHALF OF THE COMPANY

No application has been made under section 237 of the *Corporations Act 2001 (Cth)* in respect of the Company, and there are no proceedings that a person has brought or intervened in on behalf of the Company under that section.

22. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed, to the maximum extent permitted by law, to indemnify each of its Directors and Officers who have held office during the year, against all liabilities to a third party (other than the Company or a related body corporate of the Company) that may arise from their position as a Director or Officer of the Company or a related body corporate of the Company. The indemnity stipulates that the Company will meet the full amount of any such liabilities, including legal costs incurred.

During the year the Group has paid insurance premiums in respect of a contract insuring Directors and Officers of the Group against a liability incurred as a Director or Officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the coverage and the amount of the premium.

23. INDEMNIFICATION OF AUDITORS

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

24. NON-AUDIT SERVICES

During the year, the Group's external auditor, did not provide any non-audit services (2022: \$12,600). Refer to Note 27 for further information.

In the event that non-audit services are provided by the Group's external auditor, the Company has established procedures to ensure that the provision of non-audit services do not impact the auditor's independence. These include the Audit Committee reviewing and approving non-audit services performed by the auditor having regard to auditor independence requirements of applicable laws, rules and regulations, to ensure that the provision of that service or type of service would not impair the auditor's impartiality and objectivity.

25. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, as required under section 302C of the *Corporations Act 2001*, is set out on page 142 and forms part of this Directors' Report.

26. 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.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors.



Alex Dorsch
Managing Director and Chief Executive Officer

Dated at Perth the 28th day of September 2023

Auditor's Independence Declaration



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Chalice Mining Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'M R Ohm'.

Perth, Western Australia
28th September 2023

M R Ohm
Partner

hlb.com.au

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

| | Note | 2023 \$'000 | 2022 \$'000 |
|---|-------|-----------------|-----------------|
| Continuing operations | | | |
| Revenue | 5(a) | 1,299 | 634 |
| Finance income | 5(b) | 2,877 | 146 |
| Finance costs | | (161) | (164) |
| Foreign exchange gain | | 21 | 188 |
| Net gain from demerger | 9 | - | 46,966 |
| Exploration and evaluation expenditure | 7 | (61,833) | (57,933) |
| Corporate and administration expenses | 6(a) | (6,251) | (5,832) |
| Share based payments | 17(a) | (2,708) | (1,919) |
| Fair value adjustment | | - | (145) |
| Loss before tax from continuing operations | | (66,756) | (18,059) |
| Income tax benefit/(expense) | 8 | 1,154 | (246) |
| Loss for the year attributed to owners of the parent | | (65,602) | (18,305) |
| Other comprehensive income/(loss) | | | |
| Items that will not be reclassified to profit or loss | | | |
| Net loss on fair value of financial assets, net of tax | 23(b) | (610) | (7,301) |
| Items that may be reclassified subsequently to profit or loss | | | |
| Exchanges differences on translation of foreign operations | | 3 | 94 |
| Other comprehensive loss for the year | | (607) | (7,207) |
| Total comprehensive loss for the year | | (66,209) | (25,512) |
| Total comprehensive loss for the year attributable to owners of the parent | | (66,209) | (25,512) |
| Basic and diluted loss per share from continuing operations | 10 | (0.17) | (0.05) |

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

Consolidated Statement of Financial Position

As at 30 June 2023

| | Note | 2023 \$'000 | 2022 \$'000 |
|--------------------------------------|------|----------------|----------------|
| Current assets | | | |
| Cash and cash equivalents | 11 | 145,223 | 131,712 |
| Receivables | 12 | 2,469 | 2,571 |
| Income tax receivable | 8 | 872 | 1,528 |
| Financial assets | 13 | 2,956 | 2,820 |
| Total current assets | | 151,520 | 138,631 |
| Non-current assets | | | |
| Financial assets | 13 | 596 | 617 |
| Right-of-use assets | 15 | 1,161 | 1,483 |
| Property, plant and equipment | 14 | 45,787 | 46,049 |
| Total non-current assets | | 47,544 | 48,149 |
| Total assets | | 199,064 | 186,780 |
| Current liabilities | | | |
| Trade and other payables | 18 | 7,951 | 6,699 |
| Grant funding received in advance | 19 | 1,266 | 904 |
| Lease liabilities | 20 | 363 | 443 |
| Employee benefits | 16 | 779 | 611 |
| Total current liabilities | | 10,359 | 8,657 |
| Non-current liabilities | | | |
| Lease liabilities | 20 | 1,364 | 1,693 |
| Employee benefits | 16 | 237 | - |
| Other liabilities | | 54 | 99 |
| Total non-current liabilities | | 1,655 | 1,792 |
| Total liabilities | | 12,014 | 10,449 |
| Net assets | | 187,050 | 176,331 |
| Equity | | | |
| Issued capital | 21 | 359,913 | 285,040 |
| Accumulated losses | 22 | (176,310) | (112,564) |
| Reserves | 23 | 3,447 | 3,855 |
| Total equity | | 187,050 | 176,331 |

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

| | Issued capital \$'000 | Accumulated losses \$'000 | Share based payments reserve Note 23(a) \$'000 | Investment revaluation reserve Note 23(b) \$'000 | Foreign currency translation reserve Note 23(c) \$'000 | Total \$'000 |
|---|--------------------------|------------------------------|--|--|--|-----------------|
| Balance at 1 July 2022 | 285,040 | (112,564) | 3,235 | (45) | 665 | 176,331 |
| Loss for the year | - | (65,602) | - | - | - | (65,602) |
| Other comprehensive income for the period | | | | | | |
| Net gain/(loss) on fair value of financial assets, net of tax | - | - | - | (610) | - | (610) |
| Exchange differences on translation of foreign operations | - | - | - | - | 3 | 3 |
| Total comprehensive income/(loss) for the year | - | (65,602) | - | (610) | 3 | (66,209) |
| Issue of share capital (net of costs) | 74,220 | - | - | - | - | 74,220 |
| Share-based payments | - | - | 2,708 | - | - | 2,708 |
| Transfers between equity items | 653 | 1,856 | (1,966) | - | (543) | - |
| Balance at 30 June 2023 | 359,913 | (176,310) | 3,977 | (655) | 125 | 187,050 |

| | Issued capital \$'000 | Accumulated losses \$'000 | Share based payments reserve Note 23(a) \$'000 | Investment revaluation reserve Note 23(b) \$'000 | Foreign currency translation reserve Note 23(c) \$'000 | Total \$'000 |
|---|--------------------------|------------------------------|--|--|--|-----------------|
| Balance at 1 July 2021 | 189,429 | (49,181) | 3,739 | 4,666 | 571 | 149,224 |
| Loss for the year | - | (18,305) | - | - | - | (18,305) |
| Other comprehensive income for the period | | | | | | |
| Net gain/(loss) on fair value of financial assets, net of tax | - | - | - | (7,301) | - | (7,301) |
| Exchange differences on translation of foreign operations | - | - | - | - | 94 | 94 |
| Total comprehensive income/(loss) for the year | - | (18,305) | - | (7,301) | 94 | (25,512) |
| Issue of share capital (net of costs) | 97,614 | - | - | - | - | 97,614 |
| Capital return and demerger dividend (refer note 9) | (2,884) | (44,030) | - | - | - | (46,914) |
| Share-based payments | - | - | 1,919 | - | - | 1,919 |
| Transfers between equity items | 881 | (1,048) | (2,423) | 2,590 | - | - |
| Balance at 30 June 2022 | 285,040 | (112,564) | 3,235 | (45) | 665 | 176,331 |

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

Consolidated Statement of Cash Flow

For the year ended 30 June 2023

| | Note | 2023 \$'000 | 2022 \$'000 |
|--|-------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Cash receipts from operations | | 174 | 156 |
| Cash paid to suppliers and employees | | (6,008) | (5,549) |
| Payments for mineral exploration and evaluation | | (59,808) | (56,412) |
| Payroll taxes paid on vested securities | | - | (2,450) |
| Research and development tax credit received | | 1,834 | 1,165 |
| Government grants and incentives received | | 1,390 | 1,203 |
| Interest received | | 2,679 | 88 |
| Interest paid | | (198) | (163) |
| Net cash used in operating activities | 11 | (59,937) | (61,962) |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | | (438) | (1,796) |
| Acquisition of freehold land and buildings | | - | (6,052) |
| Lease incentive | | - | 372 |
| Proceeds from sale of biological assets | | - | 474 |
| Proceeds from sale of fixed assets | | 12 | 114 |
| Proceeds from sale of financial assets | | - | 4,637 |
| Payment for acquisition of financial assets | | (400) | (901) |
| Costs associated with demerger of subsidiary | | - | (299) |
| Net cash used in investing activities | | (826) | (3,451) |
| Cash flows from financing activities | | | |
| Payment of principal portion of lease liabilities | | (259) | (289) |
| Security deposits | | 111 | (218) |
| Proceeds from issue of shares | 21(a) | 76,420 | 101,420 |
| Proceeds from the exercise of options | | 329 | - |
| Share issue costs | | (2,325) | (3,822) |
| Net cash from financing activities | | 74,276 | 97,091 |
| Net increase in cash and cash equivalents | | 13,513 | 31,678 |
| Cash and cash equivalents at the beginning of the year | | 131,712 | 99,884 |
| Effect of exchange rate fluctuations on cash held | | (2) | 150 |
| Cash and cash equivalents at 30 June | 11 | 145,223 | 131,712 |

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

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Summary of Significant Policies

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

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

Information is considered relevant and material if:

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

1. CORPORATE INFORMATION

The consolidated financial report of Chalice Mining Limited for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of Directors on 28th September 2023.

Chalice Mining Limited is listed on the Australian Securities Exchange ("ASX") (trading under the code CHN) and is domiciled in Australia at its principal place of business, Level 3, 46 Colin Street, West Perth, Western Australia. The nature of the operations and principal activities are disclosed in the Directors' Report.

2. REPORTING ENTITY

The consolidated financial report comprises the financial statements of Chalice Mining Limited ("Company" or "Parent") and its subsidiaries ("the Group") for the year ended 30 June 2023. A list of the Group's subsidiaries is provided at note 26.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

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

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

(c) Significant accounting judgements, estimates and assumptions

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not

readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Group.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Group also discloses its exposure to risks and uncertainties in note 24. The key judgements, estimates and assumptions which are material to the financial report are found in note 17.

(d) Foreign currency translation

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

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

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

The exchange differences arising on the translation are taken directly to the foreign currency translation reserve in equity.

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

PERFORMANCE FOR THE YEAR

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

4. SEGMENT REPORTING

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

5. REVENUE

(a) Revenue

Net gain on sale of exploration assets
 Government grants and incentives
 Other
 Net gain on sale of livestock

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Net gain on sale of exploration assets | 386 | - |
| Government grants and incentives | 732 | 189 |
| Other | 181 | 179 |
| Net gain on sale of livestock | - | 266 |
| | 1,299 | 634 |

Government grants and incentives for the year ended 30 June 2023 and 30 June 2022 represents the Group's share of grant income received under a Cooperative Research Centre Program ("CRCP") with the Commonwealth Government (refer note 19).

Accounting policy

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

(b) Finance Income

Finance Income

Interest income from financial assets
Interest income from lease receivables

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Interest income from financial assets | 2,869 | 134 |
| Interest income from lease receivables | 8 | 12 |
| | 2,877 | 146 |

Accounting policy

The Group's finance income includes interest income and interest income from lease liabilities. The Group receives interest income from monies held in its bank accounts.

Interest revenue is recognised on an accruals basis based on the interest rate, deposited amount and time which lapses before the reporting period end date.

6. EXPENSES

(a) Corporate and administration expenses

Administration and general costs
Depreciation
Corporate personnel expenses (note 6(b))

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Administration and general costs | 2,423 | 2,593 |
| Depreciation | 208 | 174 |
| Corporate personnel expenses (note 6(b)) | 3,620 | 3,065 |
| | 6,251 | 5,832 |

(b) Corporate personnel expenses

Wages and salaries
Non-executive directors' fees
Other associated personnel expenses
Leave entitlements

| | 2023 \$'000 | 2022 \$'000 |
|-------------------------------------|----------------|----------------|
| Wages and salaries | 1,922 | 1,647 |
| Non-executive directors' fees | 617 | 613 |
| Other associated personnel expenses | 934 | 776 |
| Leave entitlements | 147 | 29 |
| | 3,620 | 3,065 |

7. EXPLORATION AND EVALUATION EXPENDITURE

Western Australia

Gonneville - exploration
Gonneville - development/studies
West Yilgarn
Other generative projects

Victoria

Pyramid Hill

| | 2023 \$'000 | 2022 \$'000 |
|----------------------------------|----------------|----------------|
| Gonneville - exploration | 46,891 | 45,352 |
| Gonneville - development/studies | 6,501 | 6,086 |
| West Yilgarn | 8,092 | 5,413 |
| Other generative projects | 349 | 731 |
| Pyramid Hill | - | 351 |
| | 61,833 | 57,933 |

Accounting policy

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

8. INCOME TAX

The major components of income tax (benefit)/expense are as follows:

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Current income tax: | | |
| Under provision for income tax in prior years | (306) | (71) |
| Research and Development tax credits | (872) | (1,528) |
| | (1,178) | (1,599) |
| Deferred tax: | | |
| Temporary differences relating to financial assets | 24 | 1,845 |
| Total income tax (benefit)/expense reported in the statement of comprehensive income | (1,154) | 246 |

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

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Loss before tax from continuing operations | (66,756) | (18,059) |
| | (66,756) | (18,059) |
| Income tax calculated at the Australian corporate rate of 25% (2022: 25%) | (16,689) | (4,515) |
| Non-deductible expenses | 518 | 891 |
| Share based payments | - | 184 |
| Non-assessable income | - | (11,741) |
| Income tax on financial assets | 24 | - |
| Deferred tax assets and liabilities not recognised | 16,171 | 16,943 |
| Capital gain on demerger of subsidiaries | - | 83 |
| Adjustments for under provision of tax credits | (306) | (71) |
| Research and development tax credits | (872) | (1,528) |
| Income tax (benefit)/expense reported in the statement of comprehensive income | (1,154) | 246 |

The tax rate used in the above reconciliation is the corporate rate of 25% (2022: 25%) payable by Australian corporate entities on taxable profits under Australian tax law.

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Current tax assets comprise: | | |
| Income tax receivable attributable to: | | |
| Parent Entity – refundable Research and Development tax offset | 872 | 1,528 |
| | 872 | 1,528 |

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

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Unrecognised deferred tax balances | | |
| <i>Deferred tax assets comprise:</i> | | |
| Revenue losses available for offset against future taxable income | 59,867 | 40,010 |
| Lease liabilities | 431 | 534 |
| Other deferred tax assets | 5,400 | 5,467 |
| | 65,698 | 46,011 |
| <i>Deferred tax liabilities comprise:</i> | | |
| Right-of-use assets | 290 | 371 |
| Other deferred tax liabilities | 212 | 23 |
| | 503 | 394 |

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Income tax benefit not recognised directly in equity during the year:

Share issue costs

| | 2023 \$'000 | 2022 \$'000 |
|-------------------|----------------|----------------|
| Share issue costs | 1,538 | 1,558 |

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

Accounting Policy

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

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

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

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

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

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

Tax Consolidation

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

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

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

9. NET GAIN ON DEMERGER

On 15 December 2021, the Group demerged the 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 development of the Gonneville 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 an interest in Falcon.

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

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Fair value of Falcon demerger ⁽¹⁾ | - | 46,914 |
| Carrying value of net asset 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 accumulated losses of \$44,029,889.

10. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic loss per share for the year ended 30 June 2023 was based on the loss attributable to ordinary equity holders of the parent of \$65.6 million (2022: loss of \$18.3 million) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2023 of 377,462,253 (2022: 355,099,348).

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Loss attributable to ordinary shareholders | | |
| Loss attributable to ordinary equity holders of the parent from continuing operations | (65,602) | (18,305) |
| Loss attributable to ordinary equity holders of the parent for basic earnings | (65,602) | (18,305) |
| Loss attributable to ordinary equity holders of the parent adjusted for the effect of dilution | (65,602) | (18,305) |

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

Accounting policy

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

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

ASSETS

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

11. CASH AND CASH EQUIVALENTS

| | 2023 \$'000 | 2022 \$'000 |
|------------------------------------|----------------|----------------|
| Bank balances and cash on hand | 738 | 18,137 |
| Term deposits and at call accounts | 144,485 | 113,575 |
| | 145,223 | 131,712 |

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| (a) Reconciliation of cash flows from operating activities | | |
| Loss for the year attributed to owners of the parent | (65,602) | (18,305) |
| Adjustments for: | | |
| Depreciation and amortisation | 782 | 671 |
| Gain on sale of fixed assets | (12) | 19 |
| Fixed assets written off | 23 | - |
| Grant funding | (732) | (189) |
| Net gain on sale of exploration assets | (386) | - |
| Income tax expense/(benefit) | (1,154) | 246 |
| Net gain on demerger | - | (46,966) |
| Foreign exchange gain | (21) | (188) |
| Fair value adjustment on livestock | - | 145 |
| Equity-settled share-based payment expenses | 2,708 | 1,919 |
| Operating loss before changes in working capital and provisions | (64,394) | (62,648) |

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

| | 2023 \$'000 | 2022 \$'000 |
|---|-----------------|-----------------|
| Decrease in trade and other receivables | 2,018 | 576 |
| Increase in financial assets | (3) | - |
| Increase in trade creditors and other liabilities | 2,079 | 1,917 |
| Increase/(decrease) in provisions | 363 | (1,807) |
| Net cash used in operating activities | (59,937) | (61,962) |

(b) Non-cash financing and investing activities

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Additions to right-of-use assets | 44 | 1,751 |
| Shares received on sale of exploration assets | 386 | - |
| Leasehold improvements – lease make good | - | 50 |
| Shares received on demerger of a listed company | - | 8 |

Accounting policy

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

12. RECEIVABLES

| | 2023 \$'000 | 2022 \$'000 |
|-------------------|----------------|----------------|
| Trade receivables | 269 | 62 |
| GST receivable | 1,585 | 1,910 |
| Lease receivable | 14 | 174 |
| Prepayments | 601 | 425 |
| | 2,469 | 2,571 |

Accounting Policy

Trade and Other Receivables

Trade and other receivables are recognised at fair value which is usually the value of the invoice sent to the counterparty and subsequently at amortised cost using the effective interest rate, less any allowance for expected credit losses. Trade receivables are generally due for settlement within periods ranging from 30 to 60 days.

Goods and Services Taxes (GST)

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

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

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

13. FINANCIAL ASSETS

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Current | | |
| Equity instruments designated at fair value through other comprehensive income: | | |
| Listed equity investments | 2,956 | 2,820 |
| | 2,956 | 2,820 |

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

| Non-current | 2023 \$'000 | 2022 \$'000 |
|--------------------------------------|------------------------|------------------------|
| Bank guarantee and security deposits | 558 | 617 |
| Warrants | 38 | - |
| | 596 | 617 |

Accounting Policy

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

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

(i) Financial assets at fair value through profit or loss:

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- (ii) designated as such upon initial recognition where permitted.

Fair value movements are recognised in profit or loss.

(ii) Financial assets at fair value through other comprehensive income:

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

14. PROPERTY, PLANT AND EQUIPMENT

| | Plant, equipment & vehicles \$'000 | Office furniture & computer equipment \$'000 | Freehold land & buildings \$'000 | Total \$'000 |
|---|---|---|---|-------------------------|
| Cost | | | | |
| At 1 July 2022 | 1,098 | 1,698 | 44,021 | 46,817 |
| Additions | 372 | 65 | 8 | 445 |
| Transfers | 145 | 19 | (164) | - |
| Disposals/write-offs | (45) | (102) | (2) | (149) |
| At 30 June 2023 | 1,570 | 1,680 | 43,863 | 47,113 |
| Accumulated depreciation and impairment losses | | | | |
| At 1 July 2022 | 297 | 390 | 81 | 768 |
| Depreciation charge | 221 | 284 | 179 | 684 |
| Disposals/write-offs | (42) | (84) | - | (126) |
| At 30 June 2023 | 476 | 590 | 260 | 1,326 |
| Net book value at 30 June 2023 | 1,094 | 1,090 | 43,603 | 45,787 |

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

| | Plant, equipment & vehicles \$'000 | Office furniture & computer equipment \$'000 | Freehold land & buildings \$'000 | Total \$'000 |
|---|---|--|---|-----------------|
| Cost | | | | |
| At 1 July 2021 | 851 | 687 | 42,654 | 44,192 |
| Additions | 373 | 1,399 | - | 1,772 |
| Disposals/write-offs | (126) | (388) | - | (514) |
| Acquisition of freehold land and buildings | - | - | 1,367 | 1,367 |
| At 30 June 2022 | 1,098 | 1,698 | 44,021 | 46,817 |
| Accumulated depreciation and impairment losses | | | | |
| At 1 July 2021 | 171 | 449 | 21 | 641 |
| Depreciation charge | 155 | 205 | 60 | 420 |
| Disposals/write-offs | (29) | (264) | - | (293) |
| At 30 June 2022 | 297 | 390 | 81 | 768 |
| Net book value at 30 June 2022 | 801 | 1,308 | 43,940 | 46,049 |

Accounting Policy

Recognition and measurement

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

Depreciation

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

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

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

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

Impairment

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

The Group assesses the carrying value of freehold land at each balance date to ensure that the value represents the highest and best use of the asset – that is for mineral development. Should further exploration activities indicate that technical feasibility and commercial viability of extracting mineral resources not be demonstrated, or should future mining operations cease, there may be an indication of impairment of the carrying value of land and improvement assets.

15. RIGHT-OF-USE ASSETS

This Note provides information for right-of-use assets where the Group is lessee.

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Amounts recognised in statement of financial position | | |
| Right-of-use assets | | |
| At cost | 1,824 | 1,780 |
| Accumulated depreciation | (663) | (297) |
| Net carrying amount | 1,161 | 1,483 |
| Reconciliation | | |
| At 1 July net of accumulated depreciation | 1,483 | 252 |
| Additions | 44 | 1,751 |
| Disposal | - | (197) |
| Depreciation charge for the year | (366) | (323) |
| At 30 June net of accumulated depreciation | 1,161 | 1,483 |

Right-of-use assets relate to office spaces leased by the Group, with the most significant being the Group's corporate head office. The lease has a three-year term, and the Company has the option to extend the lease for a further three years (six year term in total). In determining the value of the right-of-use asset on inception of the lease, the Company has included the additional three year option period.

Accounting Policy**Right-of-use leased assets**

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

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

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

EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS

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

16. EMPLOYEE BENEFITS

| | 2023 \$'000 | 2022 \$'000 |
|----------------------------------|----------------|----------------|
| Current | | |
| Annual leave accrued | 664 | 582 |
| Provision for long service leave | 115 | 29 |
| | 779 | 611 |
| Non-current | | |
| Provision for long service leave | 237 | - |
| | 237 | - |

Accounting Policy

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

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

The Group's obligations in respect of non-current long service leave is the amount of future benefit that employees have earned in return for their service; that benefit is discounted to determine its present value using corresponding government bond yields as a discount rate.

17. SHARE-BASED PAYMENTS

(a) Share based payment transactions

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

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Share options granted – equity settled | - | 726 |
| Performance rights granted – equity settled | 2,071 | 1,193 |
| Retention rights – equity settled | 637 | - |
| Total expenses recognised as share-based payments | 2,708 | 1,919 |

(b) Share Options

Share options are granted under the terms of the Company's Employee Share Incentive Plan (ESIP). Under the terms of the ESIP, the Board may offer options for no consideration to full-time or part-time employees (including persons engaged under a consultancy agreement), executive and non-executive directors. In the case of the directors, the issue of options requires shareholder approval. As outlined in the Remuneration Report, convertible securities shall not be issued to non-executive directors as a form of compensation.

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

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

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

| | Weighted average exercise price \$ | Number of options | Weighted average exercise price \$ | Number of options |
|---|--|----------------------|---|----------------------|
| | 2023 | 2023 | 2022 | 2022 |
| Outstanding at the beginning of the year | 4.45 | 300,000 | 1.32 | 1,850,000 |
| Exercised during the year | 4.45 | (300,000) | 0.92 | (1,550,000) |
| Outstanding at the end of the year | - | - | 4.45 | 300,000 |
| Vested/exercisable at the end of the year | - | - | 4.45 | 300,000 |

The share options outstanding as of 30 June 2022 had a weighted average contractual life remaining of 2.42 years.

The fair value of the share options is estimated at the date of grant using a Black-Scholes option-pricing model. Expected volatility has been based on historical volatility as it is assumed that this is indicative of future volatility.

No options were granted during the year ended 30 June 2023, however, the following table provides the assumptions made in determining the fair value of previously issued options during the year ended 30 June 2022.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

| | 2023 | 2022 |
|--|------|--------|
| Weighted average share price at grant date | - | \$9.59 |
| Weighted exercise price | - | \$6.72 |
| Expected volatility (expressed as weighted average volatility) | - | 100% |
| Option life (expressed as weighted average life) | - | 2.24 |
| Expected dividends | - | - |
| Risk-free interest rate (expressed as weighted average) | - | 0.99% |
| Weighted average valuation per share option | - | \$6.03 |

(c) Performance Rights

Performance rights issued during the year ended 30 June 2023, were issued under the Company's ESIP. Under the ESIP, the Board may issue performance rights to eligible employees and directors. Each performance right represents a right to be issued an ordinary share at a future point in time, subject to the satisfaction of any vesting conditions. Unless determined otherwise by the Board, performance rights are subject to lapsing if the vesting conditions are not met by the relevant measurement date or expiry date (if no other measurement date is specified) or if employment is terminated.

No exercise price is payable and eligibility to receive performance rights under the ESIP is at the Board's discretion. The performance rights cannot be transferred and are not quoted on the Australian Securities Exchange (ASX). There are no voting rights attached to the performance rights. For details regarding the vesting conditions of the performance rights refer to section 9.4.9 of the Remuneration Report.

A summary of performance rights on issue is as follows:

30 June 2023:

| Issue date | Opening balance | Issued | Vested | Lapsed/Forfeited | Closing balance | Share price at date of issue (\$) |
|------------------|-----------------|-----------|-------------|------------------|-----------------|-----------------------------------|
| | Number | Number | Number | Number | Number | |
| 28 November 2019 | 4,557,053 | - | (4,557,053) | - | - | 0.165 |
| 2 September 2020 | 800,958 | - | - | (74,153) | 726,805 | 1.475 |
| 25 November 2020 | 280,081 | - | - | - | 280,081 | 3.78 |
| 26 November 2020 | 7,500 | - | - | - | 7,500 | 3.86 |
| 25 February 2021 | 62,014 | - | - | (25,211) | 36,803 | 4.57 |
| 2 September 2021 | 281,927 | - | - | (19,606) | 262,321 | 7.32 |
| 24 November 2021 | 65,531 | - | - | - | 65,531 | 9.59 |
| 5 September 2022 | - | 708,478 | - | (54,186) | 654,292 | 4.45 |
| 23 November 2022 | - | 228,938 | - | - | 228,938 | 4.95 |
| 1 February 2023 | - | 121,775 | - | - | 121,775 | 6.33 |
| | 6,055,064 | 1,059,191 | (4,557,053) | (173,156) | 2,384,046 | |

30 June 2022:

| Issue date | Opening balance | Issued | Vested | Lapsed/Forfeited | Closing balance | Share price at date of issue (\$) |
|------------------|-----------------|---------|-------------|------------------|-----------------|-----------------------------------|
| | Number | Number | Number | Number | Number | |
| 31 July 2018 | 5,059,036 | - | (5,059,036) | - | - | 0.155 |
| 28 November 2018 | 871,751 | - | (871,751) | - | - | 0.155 |
| 28 November 2019 | 5,292,347 | - | (735,294) | - | 4,557,053 | 0.165 |
| 2 September 2020 | 820,482 | - | - | (19,524) | 800,958 | 1.475 |
| 25 November 2020 | 280,081 | - | - | - | 280,081 | 3.78 |
| 26 November 2020 | 7,500 | - | - | - | 7,500 | 3.86 |
| 25 February 2021 | 62,014 | - | - | - | 62,014 | 4.57 |
| 2 September 2021 | - | 296,160 | - | (14,233) | 281,927 | 7.32 |
| 24 November 2021 | - | 65,531 | - | - | 65,531 | 9.59 |
| | 12,393,211 | 361,691 | (6,666,081) | (33,757) | 6,055,064 | |

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

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

| | 2023 | 2022 |
|---|---------|---------|
| Weighted average share price at grant date | \$4.791 | \$7.748 |
| Exercise price | Nil | Nil |
| Weighted average expected volatility | 98% | 100% |
| Weighted average performance period (years) | 2.72 | 2.68 |
| Weighted average Vesting period (years) | 2.72 | 2.68 |
| Expected dividends | - | - |
| Weighted average risk-free interest rate | 3.27% | 0.58% |
| Weighted average fair value per right | \$4.171 | \$6.778 |

The weighted average fair value of the performance rights outstanding at 30 June 2023 was \$3.64 per performance right (2022: \$0.906).

(d) Retention Rights

During the year ended 30 June 2023, the Board approved a one-off issue of Retention Rights to key technical staff and KMP (excluding the MD&CEO). The retention rights were issued under the Company's existing ESIP, and each retention right represents a right to be issued an ordinary share at a future point in time, subject to lapsing if the vesting conditions are not met by the measurement date or expiry date (if no other measurement date is specified or if employment is terminated).

No exercise price is payable and eligibility to receive retention rights under the ESIP is at the Board's discretion. The retention rights cannot be transferred and are not quoted on the Australian Securities Exchange (ASX). There are no voting rights attached to the retention rights. For details regarding the vesting conditions of the retention rights refer to section 9.4.10 of the Remuneration Report.

A summary of retention rights on issue is as follows:

| Issue date | Opening balance | Issued | Vested | Lapsed/Forfeited | Closing balance | Share price at date of issue (\$) |
|------------------|-----------------|---------|--------|------------------|-----------------|-----------------------------------|
| | Number | Number | Number | Number | Number | |
| 5 September 2022 | - | 697,270 | - | (64,341) | 632,929 | 4.45 |
| 1 February 2023 | - | 50,739 | - | - | 50,739 | 6.33 |
| 17 February 2023 | - | 52,490 | - | - | 52,490 | 6.21 |
| | - | 800,499 | - | (64,341) | 736,158 | |

The following table provides the assumptions made in determining the fair value of the retention rights issued.

| | 2023 | 2022 |
|---|--------|------|
| Weighted average share price at grant date | \$4.71 | - |
| Exercise price | Nil | - |
| Weighted average expected volatility | 98% | - |
| Weighted average performance period (years) | 3.26 | - |
| Weighted average Vesting period (years) | 3.26 | - |
| Expected dividends | - | - |
| Weighted average Risk-free interest rate | 3.27% | - |
| Weighted average fair value per right | \$4.71 | - |

Accounting Policy

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

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

Notes to the Consolidated Financial Statements

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

Share-based payment expenses are recognised over the period during which the employees provide the relevant services. This period may commence prior to the grant date. In circumstances where performance rights, retention rights or share options are subject to shareholder approval which is yet to be obtained at reporting date. In this situation, the Group estimates the grant date fair value of the equity instruments for the purposes of recognising the services received during the period between service commencement date and grant date. Once the grant date has been established (i.e. shareholder approval has been obtained), the Group revises the earlier estimate so that the amounts recognised for services received is ultimately based on the grant date fair value.

Significant accounting judgements, estimates and assumptions

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

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

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

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

LIABILITIES AND EQUITY

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

18. TRADE AND OTHER PAYABLES

| | 2023 \$'000 | 2022 \$'000 |
|------------------|----------------|----------------|
| Trade payables | 1,704 | 620 |
| Other payables | 50 | 238 |
| Accrued expenses | 6,197 | 5,841 |
| | <u>7,951</u> | <u>6,699</u> |

Accounting Policy

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

19. GRANT FUNDING RECEIVED IN ADVANCE

| | 2023 \$'000 | 2022 \$'000 |
|-----------------------------------|----------------|----------------|
| Grant funding received in advance | 1,266 | 904 |
| | <u>1,266</u> | <u>904</u> |

During the financial year ended 30 June 2023, the Group received \$1.1 million from the Commonwealth Government under a Cooperative Research Centre Program ("CRC-P"), with total funds received from inception of the CRC-P to be \$2.2 million in total. At 30 June 2023 the Group recognised \$0.7 million (30 June 2022: \$0.2 million) of this funding as revenue, representing the Group's share of revenue (refer note 5 (a)) related to the costs incurred under the CRC-P. Therefore, \$1.3 million has been recognised as grant funding received in advance to 30 June 2023.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

20. LEASE LIABILITIES

| | 2023 \$'000 | 2022 \$'000 |
|--------------------|----------------|----------------|
| Current | | |
| Lease liabilities | 363 | 443 |
| | 363 | 443 |
| Non-current | | |
| Lease liabilities | 1,364 | 1,693 |
| | 1,364 | 1,693 |

Accounting Policy

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

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

21. ISSUED CAPITAL

There were 386,930,791 shares on issue at 30 June 2023 (2022: 371,740,141).

| (a) Movements in ordinary shares on issue | 2023 | | 2022 | |
|--|-------------|---------|-------------|---------|
| | No. | \$'000 | No. | \$'000 |
| Balance at beginning of financial year | 371,740,141 | 285,040 | 346,857,393 | 189,429 |
| Shares issued on vesting of performance rights | 4,557,053 | 653 | 6,666,081 | 881 |
| Options exercised – directors ⁽¹⁾ | 168,449 | 329 | 1,550,000 | 1,420 |
| Share placement | 9,589,042 | 70,000 | 16,666,667 | 100,000 |
| Share purchase plan | 879,106 | 6,420 | - | - |
| Demerger capital reduction | - | - | - | (2,884) |
| Share issue costs | - | (2,529) | - | (3,806) |
| Balance at end of financial year | 386,933,791 | 359,913 | 371,740,141 | 285,040 |

⁽¹⁾ In FY2023, 150,000 options were exercised by a director on a cashless basis for 18,449 ordinary shares.

Issuance of Ordinary Shares

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

| (b) Share options | 2023 | 2022 |
|-----------------------------------|-----------|-------------|
| | No. | No. |
| On issue at 1 July | 300,000 | 1,850,000 |
| Options exercised during the year | (300,000) | (1,550,000) |
| Options issued during the year | - | - |
| On issue at 30 June | - | 300,000 |

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

(c) Performance rights

On issue at 1 July
Performance rights issued
Performance rights vested
Performance rights lapsed
On issue at 30 June

| | 2023 No. | 2022 No. |
|---------------------------|-------------|-------------|
| On issue at 1 July | 6,055,064 | 12,393,211 |
| Performance rights issued | 1,059,191 | 361,691 |
| Performance rights vested | (4,557,053) | (6,666,081) |
| Performance rights lapsed | (173,156) | (33,757) |
| On issue at 30 June | 2,384,046 | 6,055,064 |

At 30 June 2023 the Company had 2,384,046 performance rights on issue under the following terms and conditions:

| Series | Number | Terms | Expiry Date | Exercise Price \$ |
|-----------|-----------|--|--------------|----------------------|
| FY2020-21 | 1,051,189 | The number of performance rights that will vest will be solely dependent on the Company meeting the outlined strategy objectives, absolute Total Shareholder Return ("TSR") objectives and by comparing the Company's TSR with that of a comparator group, as at the measurement date of 30 June 2023, as outlined in the Remuneration Report. | 30 June 2024 | Nil |
| FY2021-22 | 327,852 | The number of performance rights that will vest will be solely dependent on the Company meeting the outlined strategy objectives, absolute Total Shareholder Return ("TSR") objectives and by comparing the Company's TSR with that of a comparator group, as at the measurement date of 30 June 2024, as outlined in the Remuneration Report. | 30 June 2026 | Nil |
| FY2022-23 | 1,005,005 | The number of performance rights that will vest will be solely dependent on the Company meeting the outlined strategy objectives, absolute Total Shareholder Return ("TSR") objectives and by comparing the Company's TSR with that of a comparator group, as at the measurement date of 30 June 2025, as outlined in the Remuneration Report. | 30 June 2027 | Nil |

(d) Retention rights

On issue at 1 July
Retention rights issued
Retention rights vested
Retention rights lapsed
On issue at 30 June

| | 2023 No. | 2022 No. |
|-------------------------|-------------|-------------|
| On issue at 1 July | - | - |
| Retention rights issued | 800,499 | - |
| Retention rights vested | - | - |
| Retention rights lapsed | (64,341) | - |
| On issue at 30 June | 736,158 | - |

| Series | Number | Terms | Expiry Date | Exercise Price \$ |
|-----------|---------|--|------------------|----------------------|
| FY2022-23 | 736,158 | The number of retention rights that will vest will be solely based on continuous employment with the Group for 3.5 years (1 July 2022 – 31 December 2025). | 31 December 2027 | Nil |

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

22. ACCUMULATED LOSSES

| Movements in accumulated losses attributable to owners of the parent: | 2023 \$'000 | 2022 \$'000 |
|---|------------------|------------------|
| Balance at beginning of financial year | (112,564) | (49,181) |
| Loss for the year attributable to owners of the parent | (65,602) | (18,305) |
| Demerger dividend (refer note 9) | - | (44,030) |
| Transfers between equity items | 1,856 | (1,048) |
| Balance at end of financial year | (176,310) | (112,564) |

23. RESERVES

| (a) Share based payment reserve | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Balance at beginning of financial year | 3,235 | 3,739 |
| Equity settled share-based payments expense (refer note 17(a)) | 2,708 | 1,919 |
| Performance rights vested (refer note 21) | (653) | (881) |
| Transfers to accumulated losses | (1,313) | (1,542) |
| Balance at end of financial year | 3,977 | 3,235 |

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

| (b) Investment revaluation reserve | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Balance at beginning of financial year | (45) | 4,666 |
| Realised loss on sale of financial assets ⁽¹⁾ | - | (2,175) |
| Fair value movement on revaluation of financial assets ⁽²⁾ | (634) | (6,971) |
| Tax effect on investment revaluations and disposals | 24 | 1,845 |
| | (610) | (7,301) |
| Transfers to accumulated losses | - | 2,590 |
| Balance at end of financial year | (655) | (45) |

⁽¹⁾ Realised loss on sale of financial assets for the year ended 30 June 2022, represents the net loss on sale (before tax) of the Company's shareholding in a listed entity.

⁽²⁾ Fair value movements on revaluation of financial assets represents the movements in fair value of the Company's equity investments.

(c) Foreign currency translation reserve

The foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of exchange variances resulting from net investments in foreign operations. Total foreign currency translation reserve balance at 30 June 2023 was \$0.1 million (30 June 2022: \$0.7 million).

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

FINANCIAL INSTRUMENTS

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

24. FINANCIAL INSTRUMENTS

(a) Capital risk management

The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital, reserves and accumulated losses as disclosed in notes 21-23.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

(b) Market risk exposures

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

(i) Foreign exchange rate risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group does not hedge this exposure. The cash at bank held by the Company currently comprises predominately of Australian dollar ("AUD"), with minimal funds held in Canadian dollar ("CAD") funds.

The Group manages its foreign exchange risk by constantly reviewing its exposure and ensuring that there are appropriate cash balances in order to meet its likely future commitments in each currency where applicable. As the Company held approximately CAD \$0.1 million at 30 June 2023, and with focus on projects within Australia, the Company's exposure to movements in foreign currency is minimal.

(ii) Equity prices

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

| | | 2023 \$'000 | 2022 \$'000 |
|------------------|------------------|----------------|----------------|
| Impact on equity | Share price +10% | 294 | 281 |
| | Share price -10% | (268) | (256) |

(iii) Interest rate risk

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

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

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

| | 2023 \$'000 | 2022 \$'000 |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | 145,223 | 131,712 |

Based on the financial instruments held at 30 June 2023, if interest rates had increased by 50 basis points or decreased by 20 basis points from the year end rates, with all other variables held constant, loss and equity for the year would have been \$697,000 lower/\$281,000 higher (2021: \$1,136,000 lower/\$227,000 higher based on a +/- 20 basis point change to the year-end rates).

(c) Credit risk exposure

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

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

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

(d) Liquidity risk exposure

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

The Group has non-derivative financial liabilities and lease liabilities which include trade and other payables of \$7.9 million (2022: \$6.7 million) all of which are due within 60 days.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

(e) Fair value of financial instruments

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

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

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

Accounting Policy

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

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

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

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

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

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

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

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

GROUP COMPOSITION

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

25. PARENT ENTITY

| | 2023 \$'000 | 2022 \$'000 |
|-----------------------------------|----------------|----------------|
| Financial position | | |
| Assets | | |
| Current assets | 150,434 | 136,845 |
| Non-current assets | 43,193 | 44,269 |
| Total assets | 193,627 | 181,114 |
| Liabilities | | |
| Current liabilities | 5,822 | 3,280 |
| Non-current liabilities | 1,636 | 1,789 |
| Total liabilities | 7,458 | 5,069 |
| Net assets | 186,169 | 176,045 |
| Equity | | |
| Issued capital | 359,913 | 285,040 |
| Accumulated losses | (201,463) | (135,487) |
| Reserves | 27,719 | 26,492 |
| Total equity | 186,169 | 176,045 |
| Financial performance | | |
| Profit/(loss) for the year | (67,288) | 16,914 |
| Total comprehensive income/(loss) | (67,288) | 16,914 |

Commitments and contingencies

(i) Contingencies

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

(ii) Capital commitments

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

Accounting Policy

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

26. LIST OF SUBSIDIARIES

Significant investments in subsidiaries

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

| Name of entity | Country of Incorporation | % Equity Interest | |
|-----------------------------------|--------------------------|-------------------|------|
| | | 2023 | 2022 |
| CGM (Lithium) Pty Ltd | Australia | 100 | 100 |
| CGM (Julimar) Pty Ltd | Australia | 100 | 100 |
| CGM (South Yilgarn) Pty Ltd | Australia | 100 | 100 |
| CGM (WA) Pty Ltd | Australia | 100 | 100 |
| CGM (West Yilgarn) Pty Ltd | Australia | 100 | 100 |
| Chalice Gold Mines (Ontario) Inc. | Canada | 100 | 100 |
| Chalice Operations Pty Ltd | Australia | 100 | 100 |
| Nebula Resources Pty Ltd | Australia | 100 | 100 |
| North West Nickel Pty Ltd | Australia | 100 | 100 |
| Western Rift Pty Ltd | Australia | 100 | 100 |

Accounting Policy

The consolidated financial statements comprise the financial statements of Chalice Mining Limited ("Company" or "Parent") and its subsidiaries as at 30 June each year (the "Group"). Interests in associates are equity accounted and are not part of the consolidated Group.

Subsidiaries are all those entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

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

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

OTHER INFORMATION

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

27. AUDITOR'S REMUNERATION

Audit services

HLB Mann Judd:

Audit and review of financial reports

Other services

| | 2023 \$ | 2022 \$ |
|---------------------------------------|------------|------------|
| Audit and review of financial reports | 85,255 | 79,677 |
| Other services | - | 12,600 |
| | 85,255 | 92,277 |

28. RELATED PARTIES

Key management personnel

Executive Directors

Alex Dorsch (MD&CEO)

Non-executive Directors

Derek La Ferla (Chair)

Morgan Ball

Garret Dixon

Stephen McIntosh

Linda Kenyon

Jo Gaines – appointed 17 August 2022

Executives

Chris MacKinnon (Chief Financial Officer) – appointed 16 March 2023

Mike Nelson (General Manager – Development) – appointed 1 February 2023

Richard Hacker (General Manager – Strategy & Corporate) (appointed 16 March 2023)(previously Chief Financial Officer from 1 July 2022 to 15 March 2023)

Kevin Frost (General Manager – Discovery & Growth)

Bruce Kendall (General Manager – Exploration)

Soolim Carney (General Manager – Environment and Community)

The KMP compensation is as follows:

| | 2023 \$ | 2022 \$ |
|--------------------------|------------|------------|
| Short-term benefits | 3,056,533 | 2,699,666 |
| Post-employment benefits | 204,664 | 159,210 |
| Long-term benefits | 139,485 | 6,808 |
| Share-based payments | 1,572,567 | 1,777,840 |
| | 4,973,249 | 4,643,524 |

Individual director's and executive's compensation disclosures

The Group has transferred the detailed remuneration disclosures to the Directors' Report in accordance with Corporations Amendment Regulations 2006 (No. 4). These remuneration disclosures are provided in the Remuneration Report on pages 112 to 138 of the Directors' Report and are designated as audited.

Loans to key management personnel and their related parties

No loans were made to KMP or their related parties.

Other key management personnel transactions with the Group

There were no other key management personnel transactions within the Group during the year ended 30 June 2023.

29. COMMITMENTS AND CONTINGENCIES

Exploration expenditure commitments

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

| | 2023 \$'000 | 2022 \$'000 |
|--------------------|----------------|----------------|
| Within 1 year | 3,001 | 3,574 |
| Within 2-5 years | 2,410 | 2,141 |
| Later than 5 years | - | - |
| | 5,411 | 5,715 |

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Contingent asset and Contingent Liabilities

There are no contingent assets or contingent liabilities at 30 June 2023 (30 June 2022: nil).

30. EVENTS SUBSEQUENT TO REPORTING DATE

On 12 July 2023, 75% of the FY2020-21 Performance Rights that were issued to KMP and employees in 2020 vested on the achievement of certain performance conditions measured over the three years ended 30 June 2023. On 12 July 2022, the Company issued 788,387 fully paid ordinary shares to CPU Share Plans Pty Limited as trustee of the Chalice Mining Employee Share Trust for allocation to the participants upon exercising their Performance Rights. Subsequent to vesting, 588,999 Performance Rights were exercised into an equivalent number of fully paid ordinary shares.

On 1 September 2023, the Company issued 768,878 FY2023-24 Performance Rights to Executive KMP and employees of the Company under the terms of the Employee Securities Incentive Plan. In addition to the above issue, on 31 August 2023, it was resolved that Alex Dorsch, MD&CEO has been awarded 154,574 Performance Rights on the same terms and conditions. The issue of the Performance Rights to Mr Dorsch is conditional on the receipt of shareholder approval to be sought at the Company's 2023 Annual General Meeting.

On 10 August 2023 the Group acquired an additional private property by issuing 611,371 fully paid ordinary shares and a cash payment of \$4.4 million (inclusive of selling costs).

On 1 September 2023, the Company issued 629,755 fully paid ordinary shares to Northman Resources Limited (Northam) in order to earn a 51% interest in Northam's exploration licence holding located east of the Gonville Deposit.

Other than disclosed above, there has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

31. CHANGES IN ACCOUNTING POLICIES

In the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Group and effective for the current annual reporting period.

The impact on the financial performance and position of the Company from the adoption of the new or amended Accounting Standards and Interpretations is not material. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

32. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been early adopted by the Group for the year ended 30 June 2023.

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact of the standards and Interpretations on issue and not yet adopted by the Company.


Directors' Declaration

1. In the opinion of the directors of Chalice Mining Limited (the 'Company'):
 - a. the financial statements, notes and the additional disclosures in the directors' report designated as audited, of the Group are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. The statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

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

Dated at Perth the 28th day of September 2023.

On behalf of the Board:



Alex Dorsch
Managing Director and Chief Executive Officer

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Members of Chalice Mining Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Chalice Mining Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

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We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| <p>Accounting for share-based payments Refer to Note 17</p> | <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - Reviewing the valuation of share-based payments entered into during the financial year; - Assessing the experience, qualifications and expertise of external valuers used; - Considering whether the determination of the current period vesting expense had been correctly determined; - Assessing whether management's determination of the likelihood of the various vesting conditions being met was reasonable; and - Ensuring disclosures within the financial statements and remuneration report were appropriate. |
| <p>The Group has various share-based payment arrangements in place comprising options and performance rights issued with various performance conditions and in varying tranches. The Group recorded a share-based payment expense of \$2.7 million for the year ended 30 June 2023.</p> | |
| <p>We consider this to be a key audit matter due to the complexity of the varying share-based payment arrangements and the judgement involved in relation to the satisfaction of vesting conditions and allocation across vesting periods.</p> | |

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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



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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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



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

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Chalice Mining Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Perth, Western Australia
28th September 2023**

A handwritten signature in blue ink, appearing to read 'M R Ohm'.

**M R Ohm
Partner**

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited ("ASX") Listing Rules and not disclosed elsewhere in this report is set out below. The information below was applicable as at 15 September 2023.

Substantial shareholders

The names of the substantial shareholders as disclosed in substantial shareholding notices given to the Company and the number of shares in which they have a relevant interest are:

| Shareholder | Number of ordinary shares held | Percentage of capital held % |
|---|--------------------------------|------------------------------|
| Timothy Rupert Barr Goyder | 40,574,195 | 10.43 |
| The Goldman Sachs Group, Inc. | 40,105,522 | 10.65 |
| BlackRock Group (BlackRock Inc. and Subsidiaries) | 24,794,074 | 6.37 |
| State Street Corporation and Subsidiaries | 23,182,691 | 5.96 |

Issued Capital

Share capital comprised 388,963,304 fully paid ordinary shares of the Company and the Company had 15,282 holders of ordinary fully paid shares.

Other Unlisted Equity Securities on Issue

| Class of Security | No. Securities | No. Holders |
|---|----------------|-------------|
| Performance Rights, nil exercise price, (measurement date 30 June 2023) | 199,388 | 4 |
| Performance Rights, nil exercise price, (measurement date 30 June 2024) | 327,852 | 17 |
| Performance Rights, nil exercise price, (measurement date 30 June 2025) | 1,005,005 | 28 |
| Retention Rights, nil exercise price, (measurement date 31 December 2025) | 736,158 | 22 |
| Performance Rights, nil exercise price, (measurement date 30 June 2026) | 768,878 | 37 |

The unlisted securities above were issued under an employee incentive scheme.

There were no holders of unquoted equity securities, excluding securities held under an employee incentive scheme, where the holder held 20% or more of a class of unlisted security as at 15 September 2023.

Distribution of equity security holders:

| Range | Ordinary Shares | | Performance Rights | | Retention Rights | |
|------------------|-----------------|------------|--------------------|------------|------------------|------------|
| | No. Holders | % Held | No. Holders | % Held | No. Holders | % Held |
| 1 – 1,000 | 6,597 | 0.74 | - | - | - | - |
| 1,001 – 5,000 | 4,842 | 3.27 | 5 | 0.97 | - | - |
| 5,001 – 10,000 | 1,662 | 3.27 | 31 | 9.99 | - | - |
| 10,001 – 100,000 | 1,972 | 14.26 | 47 | 68.58 | 22 | 100 |
| 100,001 and over | 209 | 78.46 | 3 | 20.47 | - | - |
| Total | 15,282 | 100 | 86 | 100 | 22 | 100 |

The number of shareholders holding less than a marketable parcel is 1,833 (based on a share price of \$2.95).

Securities Exchange Listing

The Company is a listed public company incorporated in Australia. The fully paid ordinary shares of the Company are listed on the Australian Securities Exchange Limited (ASX) under the code "CHN".

Voting Rights

All fully paid ordinary shares carry one vote per share. In accordance with the Company's constitution, on a show of hands every member present in person or by proxy or attorney or duly appointed representative has one vote. On a poll every member present or by proxy or attorney or duly authorised representative has one vote for every fully paid share held. There are no voting rights attached to options, performance rights or retention rights until exercised.

Restricted securities

There are no restricted ordinary shares on issue.

On-market Buyback

No on-market buy-back is currently being undertaken by the Company.

Twenty Largest Ordinary Fully Paid Shareholders

| Name | Number of shares | Percentage of issued capital |
|---|--------------------|------------------------------|
| HSBC Custody Nominees (Australia) Limited | 80,373,794 | 20.66 |
| Citicorp Nominees Pty Limited | 62,741,641 | 16.13 |
| Mr Timothy R B Goyder | 40,574,195 | 10.43 |
| J P Morgan Nominees Australia Pty Limited | 24,356,334 | 6.26 |
| BNP Paribas Noms Pty Ltd <DRP> | 9,464,799 | 2.43 |
| UBS Nominees Pty Ltd | 6,527,368 | 1.68 |
| Lunar Co Pty Ltd <H&A Dorsch Family A/C> | 5,726,281 | 1.47 |
| HSBC Custody Nominees (Australia) Limited <Euroclear Bank SA NV A/C> | 5,572,899 | 1.43 |
| BNP Paribas Nominees Pty Ltd ACF Clearstream | 5,203,986 | 1.34 |
| BNP Paribas Nominees Pty Ltd <IB Au Noms Retail Client DRP> | 3,326,741 | 0.86 |
| National Nominees Limited | 2,759,973 | 0.71 |
| AEGP Super Pty Ltd <AEGP Superannuation Fund A/C> | 2,500,000 | 0.64 |
| Bremerton Pty Ltd <The Bartlett Family Fund A/C> | 2,383,010 | 0.61 |
| Dr Kevin Frost and Nominees | 1,389,240 | 0.36 |
| Lambhill Pty Ltd <Willims Final Discretion A/C> | 1,380,678 | 0.36 |
| Mr Philip Scott Button + Ms Philippa Anne Nicol <Christopher Jordan A/C> | 1,368,261 | 0.35 |
| HSBC Custody Nominees (Australia) Limited - A/C 2 | 1,200,225 | 0.31 |
| Mr Terence McMahon + Mrs Beverley Anne McMahon (T McMahon Super Fund A/C> | 1,147,763 | 0.30 |
| Gurravembi Investments Pty Ltd | 1,100,000 | 0.28 |
| Mr Lei Su | 1,030,000 | 0.27 |
| Top Twenty Shareholders | 260,127,188 | 66.88 |
| Total Remaining Shareholders | 128,836,116 | 33.12 |
| Total | 388,963,304 | |

Share Registry Information

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

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

Telephone Australia: 1300 850 505
Telephone International: (+61 3) 9415 4000

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

Company Directory

Directors

Derek La Ferla
Non-executive Chair

Alex Dorsch
Managing Director and Chief Executive Officer

Morgan Ball
Non-executive Director

Garret Dixon
Non-executive Director

Stephen McIntosh
Non-executive Director

Linda Kenyon
Non-executive Director

Jo Gaines
Non-executive Director

Company Secretary

Jamie Armes

Principal Place of Business & Registered Office

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Email: info@chalicemining.com
Web: www.chalicemining.com

ABN: 47 116 648 956

Auditors

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

Home Exchange

Australian Securities Exchange Ltd
Level 40,
Central Park,
152-158 St Georges Terrace
PERTH
Western Australia 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 17,
221 St Georges Terrace
PERTH
Western Australia 6000

Tel: 1300 850 505

ASX Listing

ASX Code: CHN





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