

9 June 2021

## Extensive nickel-copper soil anomalism identified at the northern end of the Julimar Complex

***New soil anomalies delineated at the Baudin, Jansz and Drummond targets, plus recent ground gravity survey points to geological continuity of the ~26km long Julimar Complex***

### Highlights

- Ground gravity survey and reconnaissance soil sampling completed across the **entire ~26km long Julimar Complex**, immediately north of the major Gonneville PGE-Ni-Cu-Co-Au discovery.
- Ground gravity data indicates the presence of a **largely continuous gravity high extending over >26km** of strike, coincident with the magnetic high of the Julimar Complex.
- Several **extensive Ni-Cu+/-Pd soil anomalies** identified associated with gravity highs and, in some cases, coincident with airborne EM anomalies at the Baudin, Jansz and new Drummond targets.
- The new Ni-Cu+/-Pd soil anomalies are **comparable to the initial soil sampling results over Gonneville** pre-discovery.
- Environmental surveys have been completed at the Hartog Target in preparation for initial drill testing, planned for late Q3 2021, subject to access approvals.
- The 7-rig resource drill-out and early-stage economic studies at Gonneville are continuing.

Chalice Mining Limited ("Chalice" or "the Company", ASX: CHN | OTCQB: CGMLF) is pleased to report significant new results from ongoing regional reconnaissance exploration activities at its 100%-owned **Julimar Nickel-Copper-Platinum Group Element (PGE) Project**, located ~70km north-east of Perth in Western Australia.

### Ground Gravity Survey

Ground gravity surveying and soil geochemical sampling has now been completed over the entire interpreted ~26km strike length of the Julimar Complex within Chalice's granted Exploration Licences. This follows an initial airborne EM survey undertaken in September 2020 and the commencement of on-ground exploration activities within the Julimar State Forest in early 2021.

Gravity data was acquired on a nominal 50m x 50m grid over Gonneville, on a 100m x 100m grid over the Hartog AEM Target, and on a 200m x 200m grid over the remainder of the Julimar Complex. The acquired gravity data is considered very high quality and has delineated a largely continuous gravity high, which is concordant with the strong magnetic high of the Julimar Complex (**Figure 1**).

The district-scale gravity high is interpreted to be associated with mafic or ultramafic geology, which confirms the current interpretation that the ~1.8km long Gonneville Intrusion is part of the ~26km long Julimar Complex.

The Hartog and Drummond targets, located respectively towards the southern and northern end of the Complex, show the strongest gravity highs – which is interpreted to indicate the presence of larger volumes of mafic/ultramafic rock-types at depth. This type of response could be associated with feeder zones within the Complex, making these areas high priority drill targets.

### Chalice Mining

ABN 47 116 648 956

Level 2, 1292 Hay Street

West Perth, Western Australia

GPO Box 2890, Perth WA 6001

T: +61 8 9322 3960

F: +61 8 9322 5800

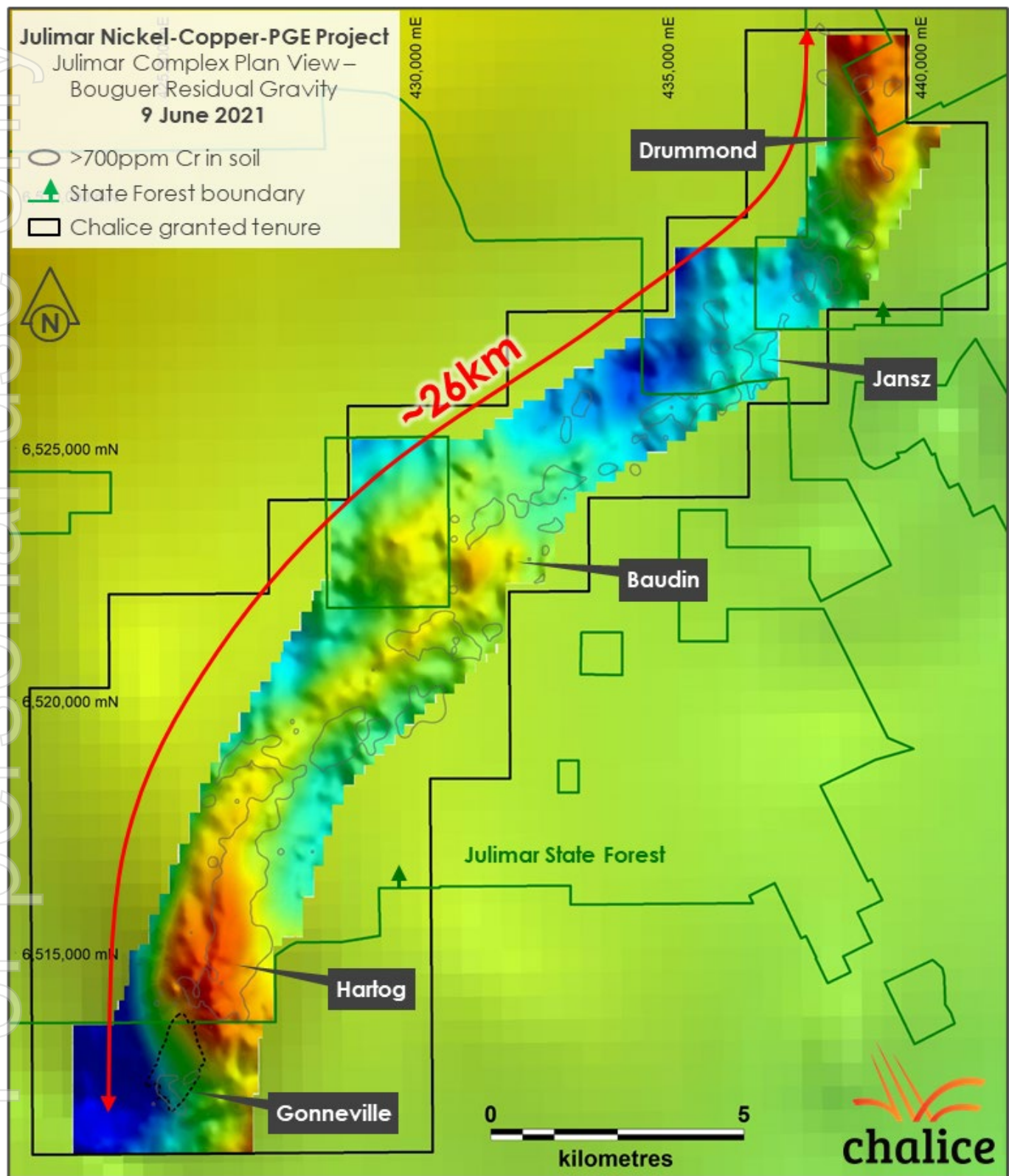
info@chalicemining.com

www.chalicemining.com



@chalicemining

chalice-mining



**Figure 1.** Julimar Complex Plan View – Bouguer residual gravity image and >700ppm Cr in soil contour over regional bouguer gravity.

## Soil Geochemistry

Surface soil sampling over the Julimar Complex was completed as a first-pass screening technique to assess and prioritise targets. Shallow soil samples were collected by hand on nominal 200m x 100m and 400m x 200m spaced grids in order to facilitate rapid sample collection and to minimise environmental disturbance (no mechanised equipment used).

Numerous new low-level nickel and copper +/- palladium soil anomalies have been defined along the Complex, which are comparable to the initial anomalies delineated along an east-west traverse across Gonneville pre-discovery (**Figure 2**).

In addition to soil anomalies and MLEM conductors previously defined at the Hartog Target (see ASX Announcement on 25 March 2021), several extensive Ni-Cu +/- Pd soil anomalies have been defined at or proximal to the Baudin and Jansz AEM targets, upgrading the prospectivity of those targets.

In addition, extensive Ni-Cu +/- Pd anomalies have also been defined further north of Jansz at the newly identified Drummond Target. Drummond is now considered a high-priority target due to localised soil anomalism and the presence of a coherent and discrete gravity-magnetic high. Baudin, Jansz and Drummond are yet to be tested with moving loop EM (MLEM).

Background metal content in soils was approximately 25ppm nickel, 5ppm copper and <1ppb palladium across the entire dataset. Values above 80ppm nickel, 20ppm copper and 5ppb palladium are considered highly anomalous.

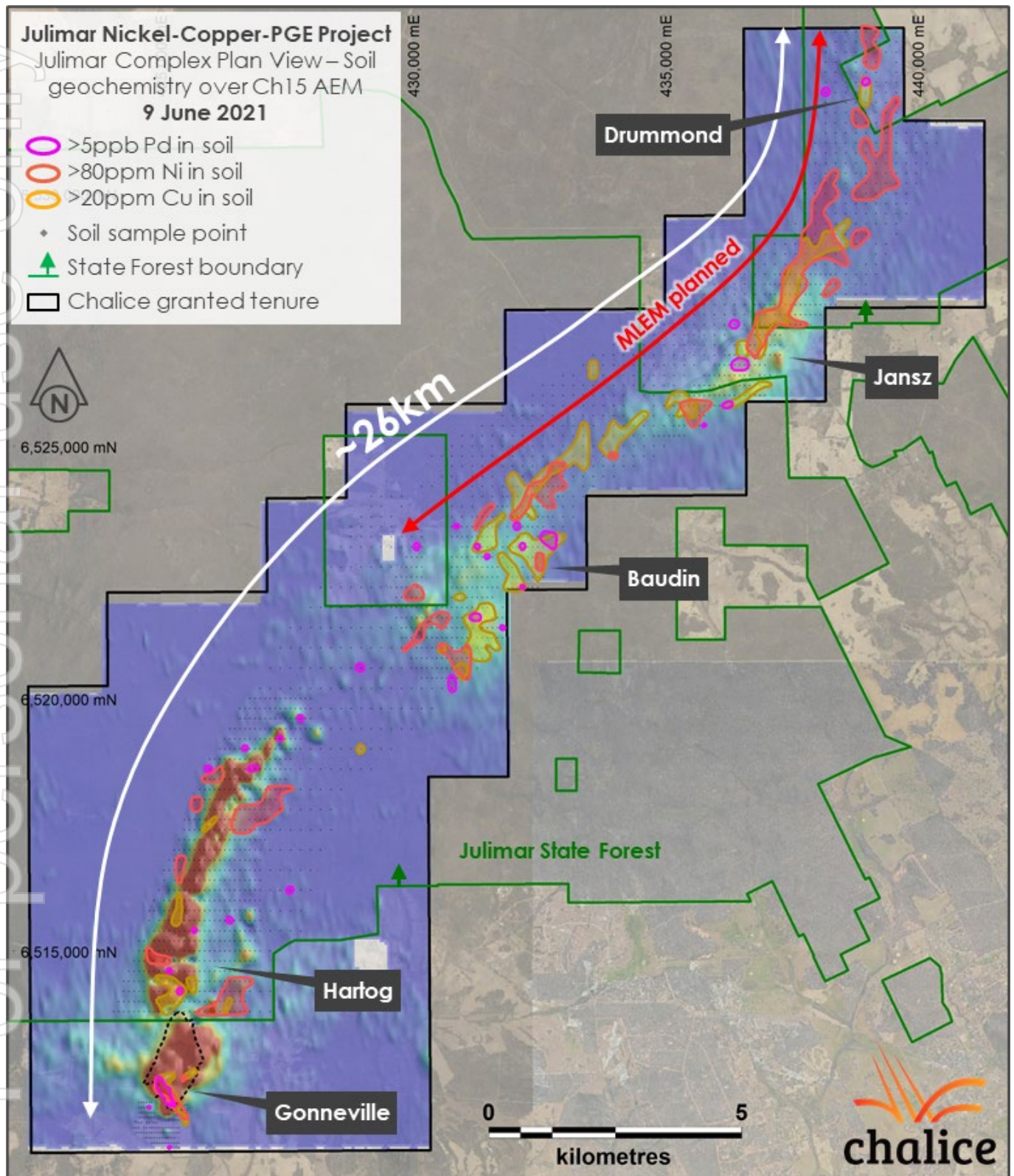
A largely continuous chrome-in-soil anomaly (>700ppm Cr) has been defined co-incident with the gravity and magnetic high of the Julimar Complex (**Figure 1**). This provides further evidence that mafic-ultramafic geology extends along the majority of the ~26km strike length.

Given the inherent difficulties in sampling a consistent part of the regolith profile across a very large area, the soil and gravity results are considered to be highly encouraging, particularly given the very weak to absent shallow soil anomalism over known high-grade mineralisation at Gonneville in first pass sampling.

MLEM surveying has been completed across the ~6.5km long Hartog Target, and two wide-spaced MLEM lines were completed at the south-western end of the Baudin Target, which will now be infilled based on the soil results.

All drilling to date by Chalice has been confined to the Gonneville Intrusion at the southern end of the Julimar Complex, on Chalice owned farmland.





**Figure 2.** Julimar Complex Plan View – palladium, nickel and copper soil geochemistry results over Airborne EM (flown in September 2020).

## Environmental Surveys

Flora and fauna surveys have now been completed over the Hartog Target area (~2,000ha), located to the north of the Gonneville discovery within the Julimar State Forest. Survey results are consistent with the previous understanding of flora and fauna in the area, and no new species of significance have been identified.

Precautionary heritage surveys are also planned in the coming months and will be completed prior to the commencement of drilling. There are no known Aboriginal heritage sites within the Hartog Target area.

## Forward Plan

Based on the soil and gravity results at Baudin, Jansz and Drummond, initial first-pass MLEM lines are planned over the coming weeks. This program aims to define drill-ready targets and is anticipated to be completed by the end of June. Infill soil sampling will also be completed over the new targets.

Approval is being sought from the relevant Western Australian State Government departments to allow first-pass drill testing within the Julimar State Forest. This initial phase of drilling will be completed with small, track-mounted diamond drill rigs to minimise ground disturbance and eliminate the need for vegetation clearance.

Drilling is expected to commence at the Hartog Target in late Q3 2021, subject to access approval.

Concurrently, seven rigs (three Reverse Circulation and four diamond) are continuing the ~160,000m step-out and resource definition drill program at the Gonneville discovery, and early-stage economic studies are continuing.

Authorised for release on behalf of the Company by:



Alex Dorsch  
Managing Director

For further information, please visit [www.chalicemining.com](http://www.chalicemining.com) to view our latest corporate presentation, or contact:

### Corporate Enquiries

Alex Dorsch  
Managing Director  
Chalice Mining Limited  
+61 8 9322 3960  
[info@chalicemining.com](mailto:info@chalicemining.com)

### Media Enquiries

Nicholas Read  
Principal and Managing Director  
Read Corporate Investor Relations  
+61 8 9388 1474  
[info@readcorporate.com.au](mailto:info@readcorporate.com.au)

### Follow our communications:

LinkedIn: [chalice-mining](https://www.linkedin.com/company/chalice-mining)  
Twitter: [@chalicemining](https://twitter.com/chalicemining)

## About the Julimar Nickel-Copper-PGE Project, Western Australia

The 100%-owned Julimar Nickel-Copper-PGE Project is located ~70km north-east of Perth on private farmland and State Forest. The Project has direct access to major highway, rail, power and port infrastructure in one of the world's most attractive mining jurisdictions – Western Australia (**Figure 3**).

Chalice made a significant greenfield PGE-Ni-Cu-Co-Au discovery at the Project (the Gonneville Discovery) in March 2020. The major greenfield discovery was made in a largely unexplored area and defined the new West Yilgarn Ni-Cu-PGE Province in WA.

The Gonneville Discovery is hosted within the ~1.8km x >0.9km Gonneville Intrusion, a layered mafic-ultramafic 'sill', with a moderate westerly dip and gentle northerly plunge. The intrusion hosts several styles of PGE-Ni-Cu-Co-Au sulphide mineralisation, with eleven high-grade zones defined to date (>1g/t Pd cut-off), which are surrounded by widespread disseminated sulphide mineralisation.

Weathering at Gonneville extends down to ~30-40m below surface and a well-developed saprolite (oxide) profile contains elevated PGE-Au grades from near surface to a depth of ~25m (top of fresh rock).

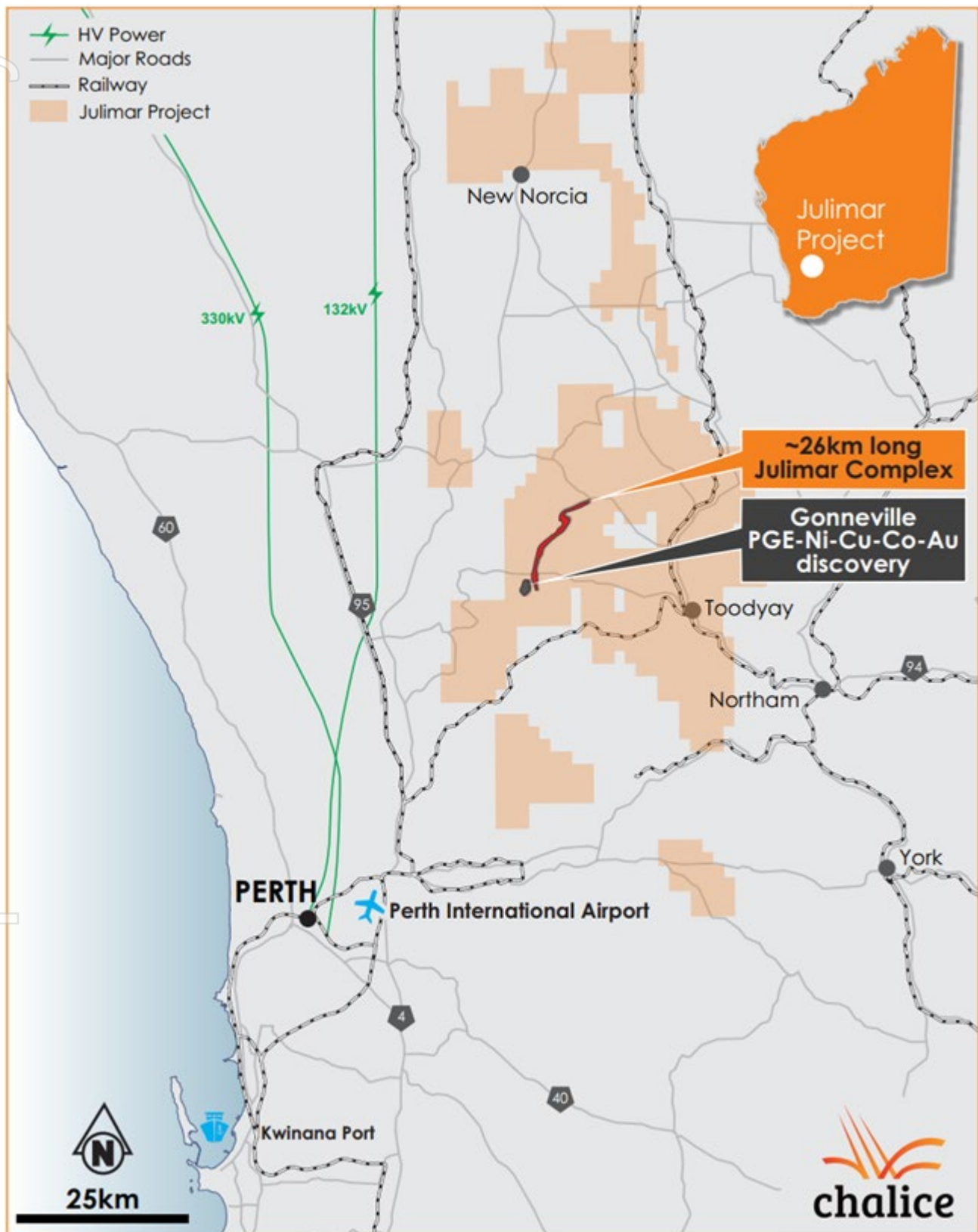
A maiden Mineral Resource Estimate for Gonneville is expected in late Q3 2021, and Chalice has commenced early stage economic studies to support a potential mining project development.

Early stage metallurgical testwork completed to date on selected high-grade and disseminated sulphide mineralisation samples from Gonneville has returned promising flotation results, giving initial encouragement that the sulphide-hosted mineralisation at Gonneville will be amenable to conventional flotation under standard conditions.

Tests completed on a composite of oxide mineralisation samples has also returned promising results, with the extraction of palladium and gold achieved through oxidative leaching under standard conditions.

Initial reconnaissance exploration around Julimar has determined that Gonneville appears to be part of a ~26km long intrusive complex (the Julimar Complex). Several highly prospective regional EM/gravity/soil targets have been defined across the complex and are yet to be drill tested.





**Figure 3.** Julimar Complex, Gonneville discovery, Project tenure and nearby infrastructure.

## Competent Persons and Qualifying Persons Statement

The information in this announcement that relates to Exploration Results in relation to the Julimar Nickel-Copper-PGE Project is based on and fairly represents information and supporting documentation compiled by Mr. Bruce Kendall BSc (Hons), a Competent Person, who is a Member of the Australian Institute of Geoscientists. Mr. Kendall is a full-time employee of the Company and has sufficient experience that is relevant to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and is a Qualified Person under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. The Qualified Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Mr Kendall consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The Information in this announcement that relates to prior exploration results for the Julimar Project is extracted from the following ASX announcements:

- "High-Grade Ni-Cu-Pd Sulphide Intersected at Julimar Project", 23 March 2020
- "Major new 6.5km-long EM anomaly identified at Julimar", 22 September 2020
- "Four new high-grade zones defined as Julimar continues to grow", 27 January 2021
- "New highly prospective EM conductors and nickel-copper soil anomalies defined at Hartog Target, Julimar Project", 25 March 2021

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

## Forward Looking Statements

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

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

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

Such factors may include, among others, risks related to actual results of current or planned exploration activities; assay results of soil samples; whether geophysical and geochemical anomalies are related to economic mineralisation or some other feature; obtaining appropriate access to undertake additional ground disturbing exploration work on EM



anomalies located in the Julimar State Forrest; the results from testing EM anomalies; results of planned metallurgical test work including results from other zones not tested yet, scaling up to commercial operations; changes in project parameters as plans continue to be refined; changes in exploration programs based upon the results of exploration, future prices of mineral resources; grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; movements in the share price of investments and the timing and proceeds realised on future disposals of investments, the impact of the COVID 19 epidemic as well as those factors detailed from time to time in the Company's interim and annual financial statements, all of which are filed and available for review on SEDAR at [sedar.com](http://sedar.com), ASX at [asx.com.au](http://asx.com.au) and OTC Markets at [otcm Markets.com](http://otcm Markets.com).

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

## Appendix 1: JORC Table 1 – Julimar Ni-Cu-PGE Project

### Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>Nature and quality of sampling (eg. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (eg. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg. submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>Julimar Complex soil samples were collected from below the surface organic layer at a depth of approximately 20cm. Soil samples are sieved on site and the +3.1-5mm fraction is retained for geochemical analysis.</li> <li>Gonneville orientation soil samples were collected at 20cm depth from surface to avoid tilled soil and sieved to four size ranges including -80 mesh (-0.2mm), -1.6mm, +1.6mm-5mm and +5mm-12.5mm with all size fractions retained for geochemical analysis</li> <li>Julimar Complex soil samples weights are approximately 300gm.</li> <li>Gonneville orientation sample weights are approx. 200g-1.5kg depending on size fraction with each sample fraction retained</li> <li>All sieved material collected was collected in either kraft paper bags (up to 300gm) or calico bags</li> <li>The soil sampling techniques utilised are considered standard industry practice</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>Drill type (eg. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<ul style="list-style-type: none"> <li>No drilling results reported</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>No drilling results reported</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>Soil sample sites are described noting landform and nature of soil media</li> <li>Soil sample descriptions are considered qualitative in nature</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>Sample preparation of Chalice samples follows industry best practise standards at accredited laboratories.</li> <li>Sample preparation comprises oven drying, jaw crushing and pulverising to -75 microns (80% pass)</li> <li>Field duplicates were taken from selected sample sites</li> <li>Julimar Complex soil samples collected on a 100m x 50m grid south of Gonneville and 200m x 100m and 400m x 200m grid elsewhere to provide initial coverage over the target areas.</li> <li>Gonneville orientation samples collected on 250m spacing over a single E-W traverse with four sieved splits collected from each sample site</li> <li>Sample sizes (0.2-1.5kg) are considered appropriate for the technique</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (eg. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie. lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>Julimar Complex soil samples submitted to ALS laboratories for Pt, Pd, Au by 50g lead collection fire assay ICP finish (PGM-ICP24) and 48 elements by four acid digest, ICP-MS finish (ME-MS61). This technique is considered total for elements assayed.</li> <li>Gonneville orientation soil samples submitted to Intertek Genalysis laboratory for a multi-element ICP-OES/MS suite (52 elements) following aqua-regia digest (AR25/OE/MS) Detection limits for the elements include Pd (10ppb), Pt (5ppb), Ni (0.5ppm), Cu (0.5ppm) and Cr (1ppm). A comparison of assay results from the four separate soil fractions showed the coarser size fractions (+1.6-5mm and +5-12.5mm) showed more elevated levels and therefore assay results for the +1.6-5mm size fraction are referenced in this report</li> <li>Certified analytical standards, blanks and field duplicates were inserted at appropriate intervals in sample batches</li> <li>Approximately 6% of the soil samples and 10% of the Gonneville orientation survey submitted for analysis comprise QAQC control samples.</li> <li>Ground Gravity surveying undertaken using a Scintrex CG-5 Autograv TM gravity meter.</li> </ul>
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> </ul>	<ul style="list-style-type: none"> <li>No drilling results reported</li> <li>Primary soil sampling data was collected in hard copy and entered into excel spreadsheets before being transferred to the master SQL database.</li> <li>No assay data has been adjusted</li> </ul>



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>Discuss any adjustment to assay data.</li> </ul>	
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>Soil sample locations are recorded by Chalice employees using a handheld GPS with a +/- 3m margin of error</li> <li>The grid system used for the location of all soil sample sites is GDA94 - MGA (Zone 50).</li> <li>Nominal RLs were assigned from 1 sec (30m) satellite data</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>Julimar Complex soil samples collected on a 100m x 50m grid south of Gonneville and 200m x 100m and 400m x 200m grid elsewhere.</li> <li>Gonneville orientation soil samples were collected along one line at a 250m spacing</li> <li>Unknown sample representivity at this early stage of exploration sampling</li> <li>No compositing undertaken for soil samples</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>The orientation of the soil sampling lines <b>is not</b> considered to have introduced sampling bias</li> <li>No compositing undertaken on soil samples</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Samples are collected in polyweave bags and delivered directly from site to the assay laboratories in Wangara, Perth by a Chalice employees or contractors</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>No review has been carried out to date</li> </ul>

## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>Exploration activities are ongoing over E70/5118 and 5119 and the tenements are in good standing. The holder CGM (WA) Pty Ltd is a wholly owned subsidiary of Chalice Mining Limited with no known encumbrances</li> <li>Current exploration is on private land and State Forest</li> <li>Access for non-ground disturbing exploration activities in the Julimar State Forest was approved in early 2021</li> <li>The Company has an approved Conservation Management Plan (CMP) from the Department of Biodiversity, Conservation and Attractions (DBCA). The CMP details Chalice's planned non-ground disturbing reconnaissance exploration activities within the Julimar State Forest</li> <li>Access for ground disturbing exploration (including drilling) in the Julimar State Forest requires an additional approval which has not yet been obtained.</li> <li>E70/5119 partially overlaps ML1SA, a State Agreement covering Bauxite mineral rights only</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Limited exploration has been completed by other exploration parties in the vicinity of the targets identified by Chalice to date</li> <li>Chalice has compiled historical records dating back to the early 1960's which indicate only three genuine explorers in the area, all primarily targeting Fe-Ti-V mineralisation</li> <li>Over 1971-1972, Garrick Agnew Pty Ltd undertook reconnaissance surface sampling over prominent aeromagnetic anomalies in a search for 'Coates deposit style' vanadium mineralisation. Surface sampling methodology is not described in detail, nor were analytical methods specified, with samples analysed for V<sub>2</sub>O<sub>5</sub>, Ni, Cu, Cr, Pb and Zn, results of which are referred to in this announcement</li> <li>Three diamond holes were completed by Bestbet Pty Ltd targeting Fe-Ti-V situated approximately 3km NE of JRC001. No elevated Ni-Cu-PGE assays were reported</li> <li>Bestbet Pty Ltd undertook 27 stream sediment samples within E70/5119. Elevated levels of palladium were noted in the coarse fraction (-5mm+2mm). Finer fraction samples did not replicate the coarse fraction results.</li> <li>A local AMAG survey was flown in 1996</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Geology</b>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<p>by Alcoa using 200m line spacing which has been used by Chalice for targeting purposes</p> <ul style="list-style-type: none"> <li>The target deposit type is a magmatic Ni-Cu-PGE sulphide deposit, within the Yilgarn Craton. The style of sulphide mineralisation intersected consists of massive, matrix, stringer and disseminated sulphides typical of metamorphosed and structurally overprinted magmatic Ni sulphide deposits.</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>No drilling results reported</li> <li>No material information has been excluded.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg. cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>Soil assay results are reported only</li> <li>Metal equivalent values are not reported</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg. 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>No drilling results reported</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with</li> </ul>	<ul style="list-style-type: none"> <li>Refer to figures in the body of text.</li> </ul>



Criteria	JORC Code explanation	Commentary
	scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>All significant results from the Julimar Complex soil sampling program and Gonneville orientation soil sampling program are reported.</li> </ul>
<b>Other substantive exploration data</b>	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	<ul style="list-style-type: none"> <li>Ground Gravity surveying undertaken on a 50m x 50m grid over Gonneville, 100m x 100m spacing at the Hartog prospect and on a 200m x 200m grid over the Julimar Igneous Complex using a Scintrex CG-5 Autograv TM gravity meter.</li> <li>Gravity data has been processed to bouguer anomaly, terrain corrected and displayed on a 50m cell size grid.</li> <li>All relevant and material data and results are reported</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>Infill soil sampling is planned over the Julimar Complex</li> <li>Moving-loop EM surveys are planned over newly identified soil targets with additional infill also planned over AEM targets</li> </ul>