ASX Announcement

March 2020 Quarterly Activities Report

28 April 2020

Significant nickel-palladium discovery at Julimar delivers a transformational quarter for Chalice

Highlights

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

- **A significant greenfield nickel-palladium sulphide discovery made ~70km NE of Perth – a new magmatic sulphide province in WA.**
- The discovery was made at the newly named Gonneville Intrusive, at the southern end of the ~26km long Julimar Intrusive Complex – **~24km of the complex is yet to be explored.**
- The very first drill hole (JRC001) intersected **33m @ 6.5g/t Pd**, 0.7g/t Pt, **1.6% Ni**, 0.7% Cu and 0.09% Co from **44m**, including **19m @ 8.4g/t Pd**, 1.1g/t Pt, **2.6% Ni**, 1.0% Cu and 0.14% Co in **massive/matrix sulphides**.
- Diamond drilling subsequently confirmed the geological interpretation of a steep westerly dipping zone (**JRC001 intercepts near-true width**) and provided initial mineralogy of the well-preserved high-grade sulphide zone (pyrrhotite-pentlandite-chalcopyrite).
- A further five high-priority MLEM and one soil geochemical target were tested with Reverse Circulation (RC) holes, resulting in the discovery of a **new wide-open parallel high-grade zone** to the east of the discovery zone.
- In addition, every hole assayed to date has intersected **broad zones of palladium mineralisation** – confirming the **large-scale potential** of the Intrusive.
- Levels of potentially **deleterious elements** including arsenic, bismuth, cadmium, selenium and tellurium are **all low** in the holes assayed to date.
- The Gonneville Intrusive is modelled as **~1.6km x 0.7km chonolith body**, a geometry similar to other large-scale magmatic sulphide deposits globally, including **Jinchuan** in China.
- **An RC and a diamond rig are currently drilling**, and Pd, Pt and base metal assays have been received for the first six RC holes only – **assays are pending for five RC and three diamond holes, as well as for other PGEs**.
- Chalice expanded its regional licence holding significantly with **>2,000km²** of new exploration licence applications – open-file compilation work over this area has commenced.

Pyramid Hill Gold Project – Victoria (100%-owned)

- The first diamond hole on the Project (PHD001), at the **>4km Karri Prospect**, intersected a primary gold zone in a 'blind' target – **2.55m @ 2.29g/t Au** within **11.45m @ 1.02g/t Au** from 284m.
- Step-out and infill AC drilling at Karri has extended the gold trend to **over >4km of strike and the trend remains robust and continuous.**
- The new results within tightly folded Castlemaine Group sediments (a characteristic feature of the large gold systems in the Bendigo Zone) suggest the potential for a **significant gold system at Karri.**
- **Two diamond rigs are currently drilling,** and assays have been received for the first two diamond holes only – **assays are pending for 27 AC holes and 2 additional diamond holes.**

- The **>5,000km²** Project remains a key focus for Chalice, and submissions have been made for three blocks in the North Central Victorian Goldfields Ground Release tender, north of the Fosterville Gold Mine owned by Kirkland Lake Gold (NYSE / TSX: KL | ASX: KLA).

Corporate

- Chalice's market capitalisation has increased significantly from ~$60 million at the end of 2019 to its current level at ~$330 million.
- Chalice accepted Ramelius Resources Limited's (ASX: RMS) takeover offer for its ~97 million shares in Spectrum Metals Limited (ASX: SPX).
- Subsequent to quarter-end, Chalice sold its holding in RMS for ~$10.6 million, resulting in a net gain from its investment in SPX of **~$6.5 million.**
- Chalice remains fully funded to continue its systematic exploration programs in Western Australia and Victoria, with a current working capital and investments balance of **~$25.4 million**, including **~$18.7 million in cash,** as of 27 April 2020.
- The COVID-19 pandemic has had **minimal impact** on Chalice's operational schedule, however, appropriate protocols are in place to minimise the associated risks to employees and contractors.

1. OVERVIEW

Commenting on the March Quarter, Chalice's Managing Director, Alex Dorsch, said: *"Our significant nickel-palladium discovery at the Julimar Project in WA is an outstanding achievement and has transformed the Company. The discovery establishes a new magmatic sulphide province for WA, vindicates our corporate strategy and is a credit to our technical team.*

"Our achievements this quarter have gained significant market attention from all corners of the investment community, and we are pleased to see this translate into a significant increase in the value of the Company. Our goal remains to make a tier-1 scale discovery, and Julimar certainly ticks a lot of boxes in working towards that aspiration.

"To make a discovery in the very first drill hole into a greenfield target has been very rewarding, and our excitement has been further bolstered by the discovery of broad zones of palladium mineralisation in all drill holes assayed to date.

"Our exploration activities at the Project have ramped up as we continue to define and understand the geology of the discovery. The results continue to demonstrate the potential to deliver a project of considerable scale and, most excitingly, demonstrate the prospectivity of the >26km long Julimar Intrusive Complex.

"Julimar will remain front and centre for the quarter ahead with ongoing diamond and RC drilling, extensive reconnaissance work, initial metallurgical work and access applications progressing simultaneously.

"Meanwhile in Victoria, our diamond drilling program delivered immediate results at the large-scale Karri Prospect. This provides further evidence for the potential discovery of a major gold system at Karri and, ultimately, elsewhere under cover across our wider >5,000km² land holding. We have the technical and financial capacity to continue exploration on two district-scale Projects and that is what we intend to do going forward.

"All of these advancements have occurred against the challenging backdrop of the COVID-19 pandemic. I am proud of the Chalice team's dedication, focus and adaptability throughout this period of uncertainty. As a result, the impact on our activities has been minimal.

"Chalice's sizeable, multi-pronged and rapid exploration approach is made possible by our ongoing strong financial position, and once again we enter the new quarter in a position of strength with over $25 million in cash and investments."

Figure 1. GM – Exploration, Dr Kevin Frost with core from JD002 at the Julimar Project, April 2020.

2. EXPLORATION ACTIVITIES

2.1 Julimar Nickel-Copper-PGE Project

The 100%-owned Julimar Nickel-Copper-PGE Project is located ~70km north-east of Perth in Western Australia on private land and State Forest. The Project was staked in early 2018 as part of Chalice's global search for high-potential nickel sulphide exploration opportunities.

*Chalice interpreted the possible presence of a mafic-ultramafic layered intrusive complex at Julimar based on high resolution regional magnetics. The large complex is interpreted to be ~26km long and ~7km wide and considered prospective for nickel, copper and platinum group elements. However, it had never been explored for these metals (**Figure 2**).*

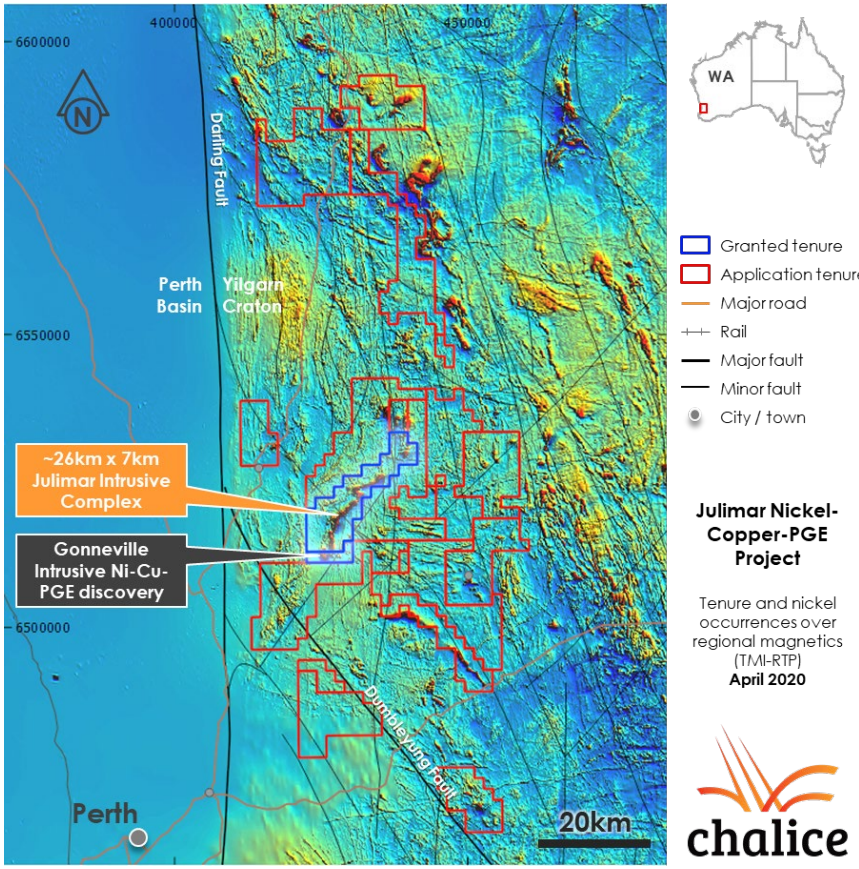


Figure 2. *Julimar Project tenure and nickel occurrences over regional magnetics.*

Chalice is targeting high-grade nickel-copper-PGE discoveries and commenced a systematic, greenfield exploration program in mid-2019 in the southern portion of the Project on private land. This included 200m-spaced Moving Loop Electromagnetic (MLEM) with selective 100m infill lines, targeted soil geochemistry over high-priority MLEM conductors, and geological mapping which failed to identify any bedrock exposures over the area of interest.

Two MLEM conductors were shown to be associated with anomalous nickel-in-soils and preferentially located along the margins of a ~2km x 0.5km discrete magnetic anomaly interpreted as a potential feeder zone located near the southern extent of the intrusive complex.

Overview of Activities

A maiden RC drill program commenced in mid-March 2020 to test several high-conductance MLEM targets and one soil geochemical anomaly identified in Q4 2019 at the Gonneville Intrusive. The Gonneville Intrusive is located on private land immediately south of the Julimar State Forest.

The following activities (including the first ever drilling targeting magmatic sulphides) at the Project were completed during the quarter:

- Four RC holes for 946m were completed as part of an initial reconnaissance program (which is ongoing) – aiming to provide a first-pass test of high-priority MLEM targets and also step-out around known zones of mineralisation;
- Subsequent to quarter-end, a further seven RC holes and three diamond drill holes have been drilled.
- Diamond drilling (which is ongoing) is aiming to provide geological and structural information and provide initial core samples for mineralogy and preliminary metallurgical testwork;
- Downhole EM (DHEM) was completed on five drill holes (ongoing) – aiming to generate EM targets at depth as drilling continues;
- A 25m line spaced airborne magnetic survey was completed at Gonneville to improve structural understanding of the intrusive;
- A 50-100m spaced ground gravity survey was completed at Gonneville to improve understanding of the geometry of the intrusive.

Partial assay results have been received for holes JRC001-006 only and all other assays, including those for 5 additional RC holes, 3 diamond holes and all other PGEs (iridium, osmium, rhodium and ruthenium) remain pending. Importantly, levels of potentially deleterious elements including arsenic, bismuth, cadmium, selenium and tellurium are all low in the holes assayed to date.

The very first drill hole (JRC001) into the intrusive intersected high-grade nickel-copper-cobalt-PGE sulphides close to surface and subsequent drill holes JRC002-006 have intersected further zones of palladium and/or nickel +/- copper-cobalt mineralisation (**Figure 3**).

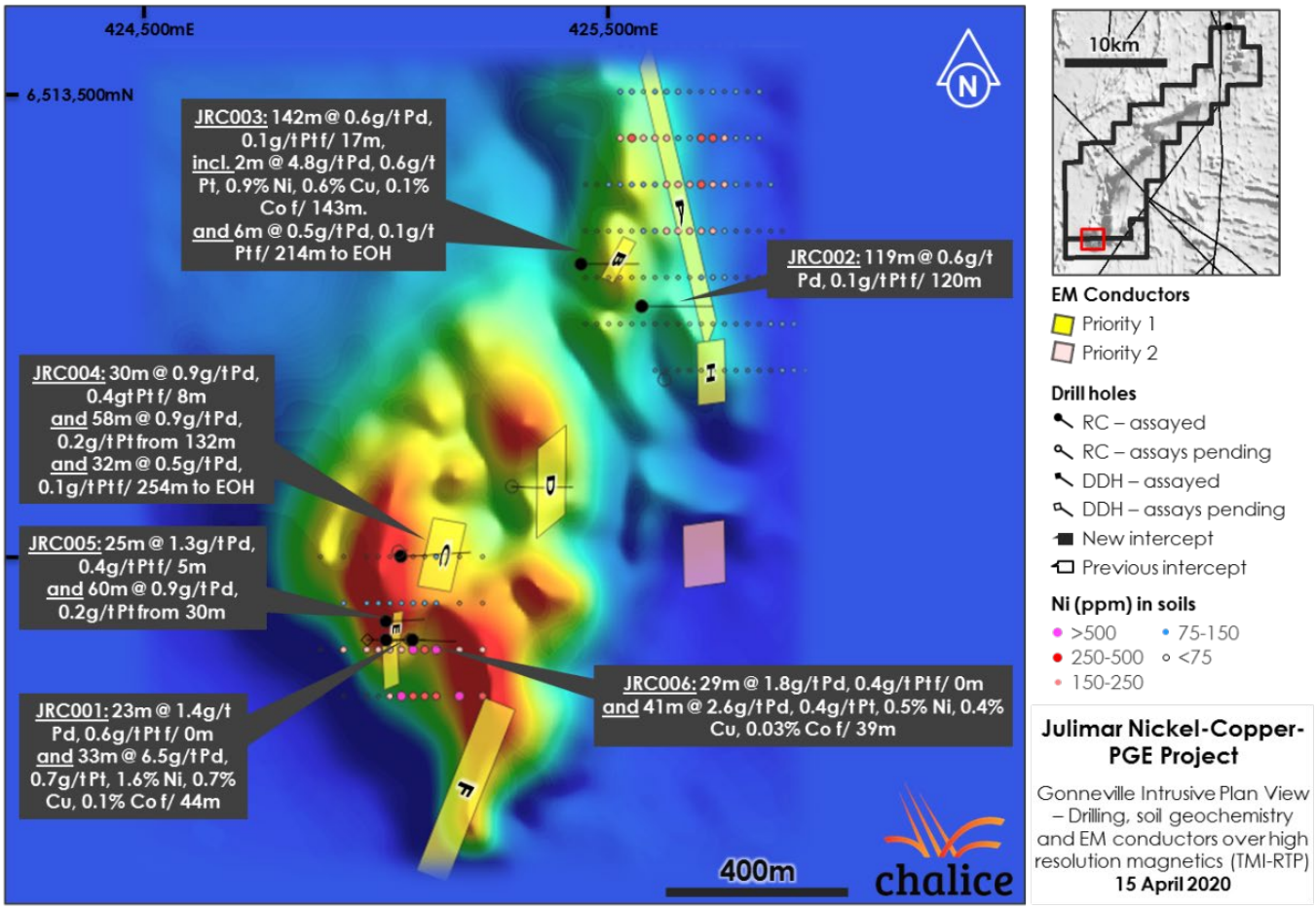


Figure 3. Gonneville Intrusive Plan View – Drilling, EM conductors and soil geochemistry over high-resolution airborne magnetics.

Following the discovery, Chalice expanded its regional licence holding significantly, with >2,000km^2 of new exploration licence applications in the area. Open file compilation work for the wider Project area as well as granted tenure at the Company's Barrabarra Nickel-Copper-PGE Project, located ~250km north of Julimar, is underway.

Gonneville South Drilling Results

Conductors 'E', 'D' and 'C' at the southern end of the Gonneville Intrusive were tested with RC drill holes, and JRC006 intersected a parallel zone of Ni-Cu-Co-PGE mineralisation located ~60m east of discovery hole JRC001 (**Figure 4**).

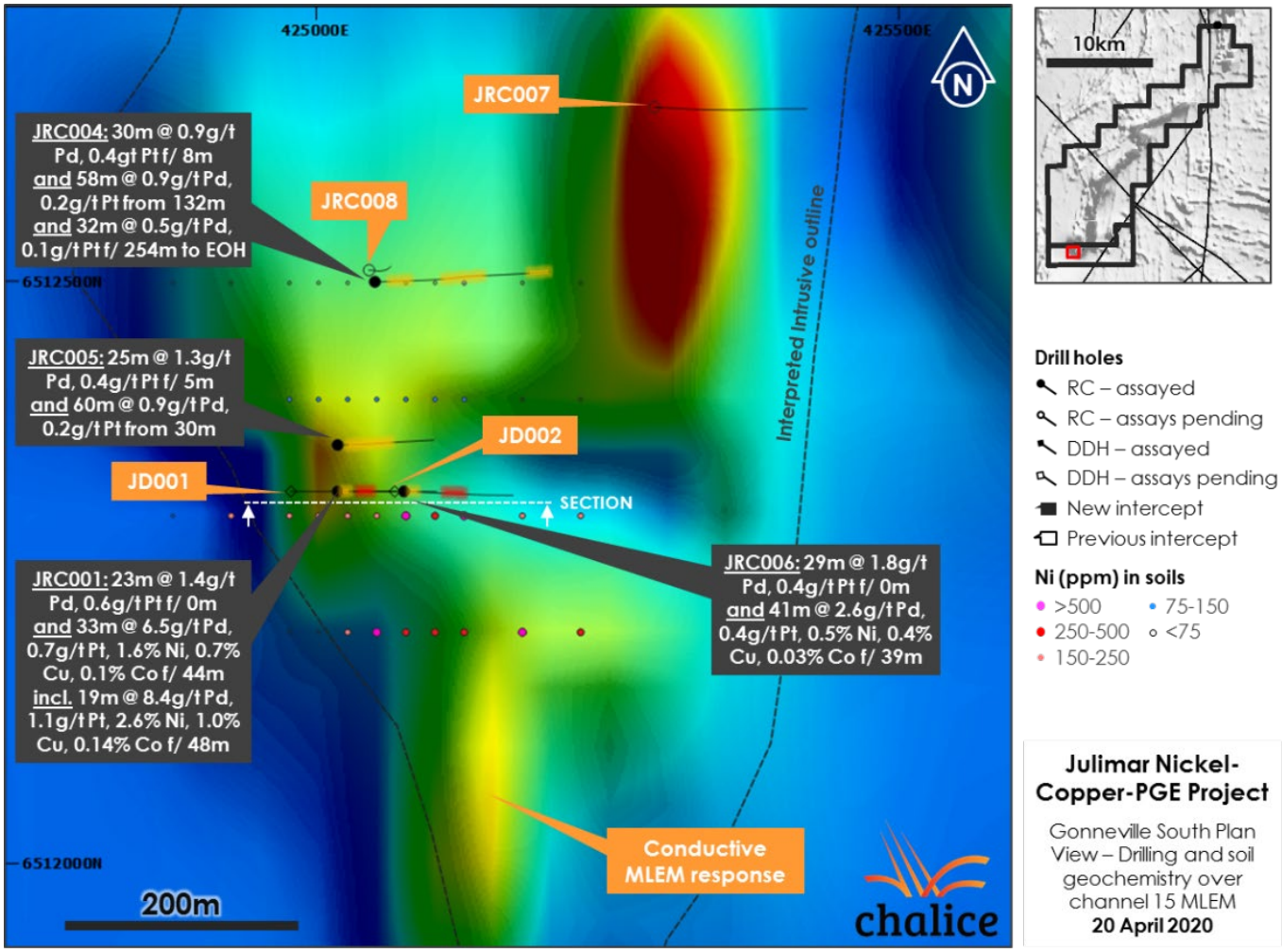


Figure 4. Gonneville South Plan View – Drilling and soil geochemistry over channel 15 MLEM.

Discovery Zone (JRC001)

JRC001 was drilled to test MLEM Conductor 'E', the strongest MLEM conductor identified, and returned several significant intersections including:

- 23m @ 1.37g/t Pd, 0.63g/t Pt, 0.16% Ni, 0.23% Cu and 0.01% Co (oxide) from surface;
- 33m @ 6.54g/t Pd, 0.72g/t Pt, 1.56% Ni, 0.68% Cu and 0.09% Co from 44m; including:
    - 19m @ 8.4g/t Pd, 1.1g/t Pt, 2.6% Ni, 1.0% Cu and 0.14% Co; including:
        - 13m @ 8.85g/t Pd, 1.09g/t Pt, 3.15% Ni, 1.19% Cu and 0.17% Co in massive sulphides;
- 23m @ 0.60g/t Pd and 0.17g/t Pt from 99m; and,
- 23m @ 0.50g/t Pd and 0.12g/t Pt from 127m to EOH.

The true width of the intervals was unknown at the time, however Conductor E was modelled as a north-south striking, steep westerly dipping plate, indicating near-true width intersections.

JRC001 was logged with DHEM, which identified a strong off-hole Conductor ('E1'). This conductor was tested with two diamond drill holes (JD001 and JD002) subsequent to quarter-end. JD001 was drilled 40m down-dip of JRC001 and failed to intersect a zone of massive sulphides which would explain Conductor E1.

A possible explanation for this was a fine-grained mafic/gabbro intrusive logged over 105-114.5m and 116.5-121m which may have stopped-out the massive sulphide zone at that depth.

Consequently, JD002 was designed as a 'scissor hole', at a low angle to the interpreted dip of the mineralised zone, to determine the accuracy of DHEM modelling and to confirm the previous geological interpretation.

JD002 intersected the strongly mineralised zone of massive, matrix and disseminated sulphides in fresh rock from 34.9m to 101m down-hole (not true width), confirming the interpretation of a steep westerly dipping zone (**Figure 5**).

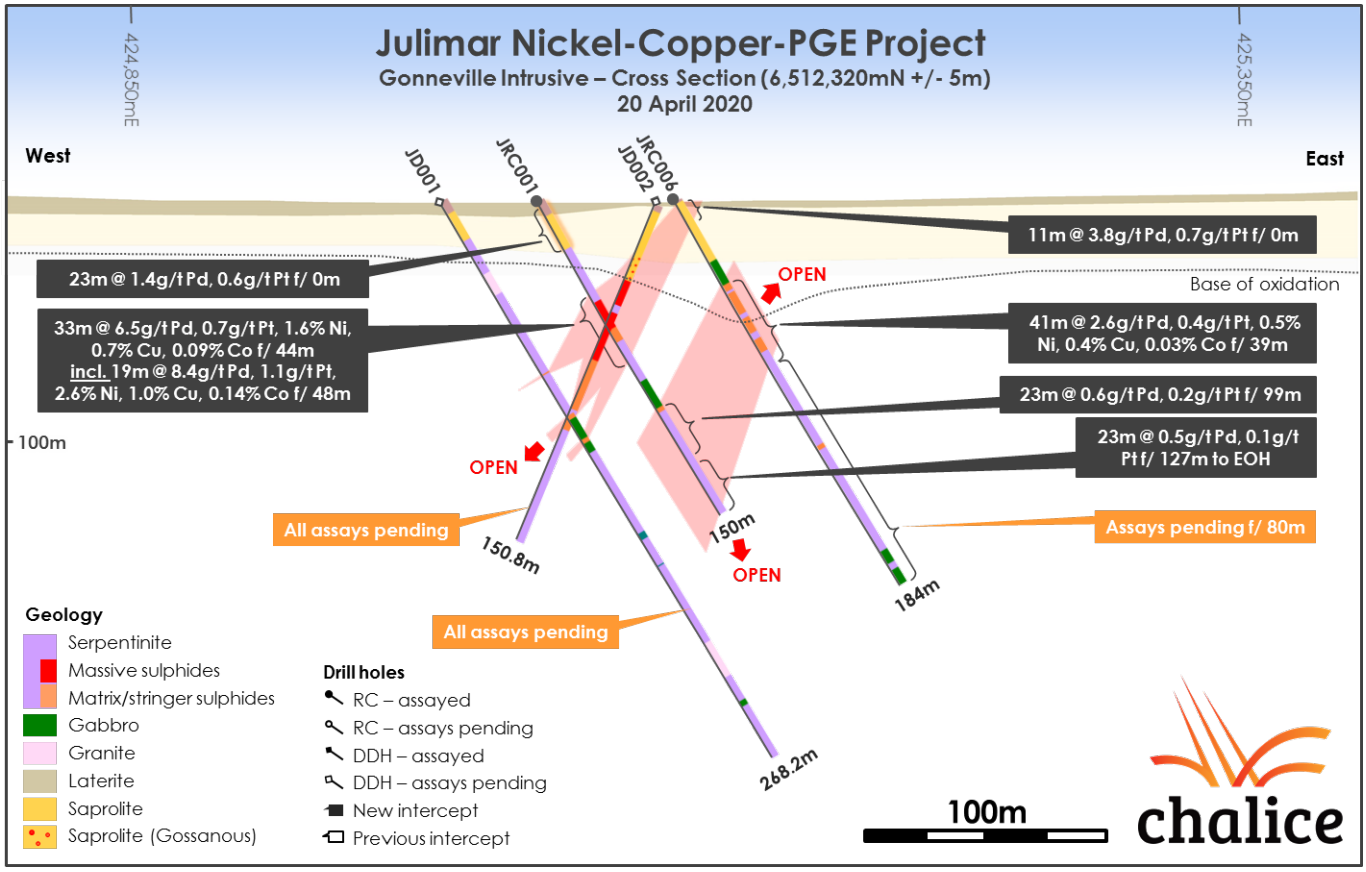


Figure 5. Gonneville Cross Section (JRC001, 006 and JD001, 002).

Figure 6. Typical sulphide mineralisation intersected in JD002: hypogene massive sulphides comprising pyrrhotite-pentlandite-chalcopyrite at ~49.5m down-hole (*left*) and matrix/net textured pyrrhotite-pentlandite-chalcopyrite at ~90.5m down-hole (*right*).

Logging of JD002 confirms that the zone of massive and matrix sulphide mineralisation is well preserved at this relatively shallow depth of drill testing (**Figure 6**).

Logging also revealed no evidence of a mafic intrusive unit (or any significant faults). This supports the interpretation that the mafic intrusive in JD001 is orientated oblique to the drill section and is therefore unlikely to have a significant effect on the continuity of sulphide mineralisation in the broader target area.

Eastern Zone (JRC006)

JRC006 was drilled ~60m east of discovery hole JRC001 to test the eastern continuation of a coincident Ni-Cu soil anomaly. JRC006 intersected:

- 29m @ 1.85g/t Pd and 0.36g/t Pt from surface in oxide, including:
    - 11m @ 3.81g/t Pd and 0.70g/t Pt from surface; including:
        - 5m @ 5.83g/t Pd and 1.13g/t Pt from 1m; and,
- 41m @ 2.58g/t Pd, 0.41g/t Pt, 0.55% Ni, 0.40% Cu and 0.03% Co from 39m to the limit of assays (assays below 80m are pending), in predominantly moderately oxidised matrix sulphides, subordinate massive sulphides and minor zones of serpentinite; including:
    - 31m @ 3.27g/t Pd, 0.51g/t Pt, 0.67% Ni, 0.48% Cu and 0.04% Co from 40m.

The above sulphide zones were not directly detected with MLEM, however the new intercept is located ~200m north of, and along strike from, a moderate conductance, early to mid-time MLEM anomaly (**Figure 4**), indicating considerable strike potential to the zone.

Gonneville North Drilling Results

Conductors 'A' and 'B' at the northern end of the Gonneville Intrusive were tested with RC drill holes (**Figure 3**). Significant intercepts to date include:

- 119m @ 0.58g/t Pd and 0.12g/t Pt from 120m (JRC002); including:
    - 12m @ 1.40g/t Pd and 0.22g/t Pt from 175m.
- 142m @ 0.60g/t Pd and 0.13g/t Pt from 17m (JRC003); including:
    - 2m @ 4.77g/t Pd, 0.65g/t Pt, 0.94% Ni, 0.64% Cu and 0.10% Co from 143m, within a zone of semi-massive sulphides, which corresponds with the modelled MLEM plate, however DHEM is yet to be completed on this hole.
- 6m @ 0.47g/t Pd and 0.10g/t Pt from 214m to EOH (JRC003).

The elevated Pd and Pt is associated with disseminated sulphides in predominantly serpentinised ultramafic intrusive rock-types.

The mineralisation intersected in both JRC002 and JRC003 remains open in all directions, which suggests potential upside to the discovery.

Geophysical Modelling

An inversion of regional 200m line spacing aeromagnetic data was performed by Chalice's geophysicist, in order to define a potential geometry of the intrusive in three dimensions.

The Gonneville Intrusive is modelled as a ~1,600m long x ~700m wide x ~650m deep chonolith body (an igneous rock intrusion of irregular shape but with a demonstrable base), with an interpreted gentle northerly plunge (**Figure 7**).

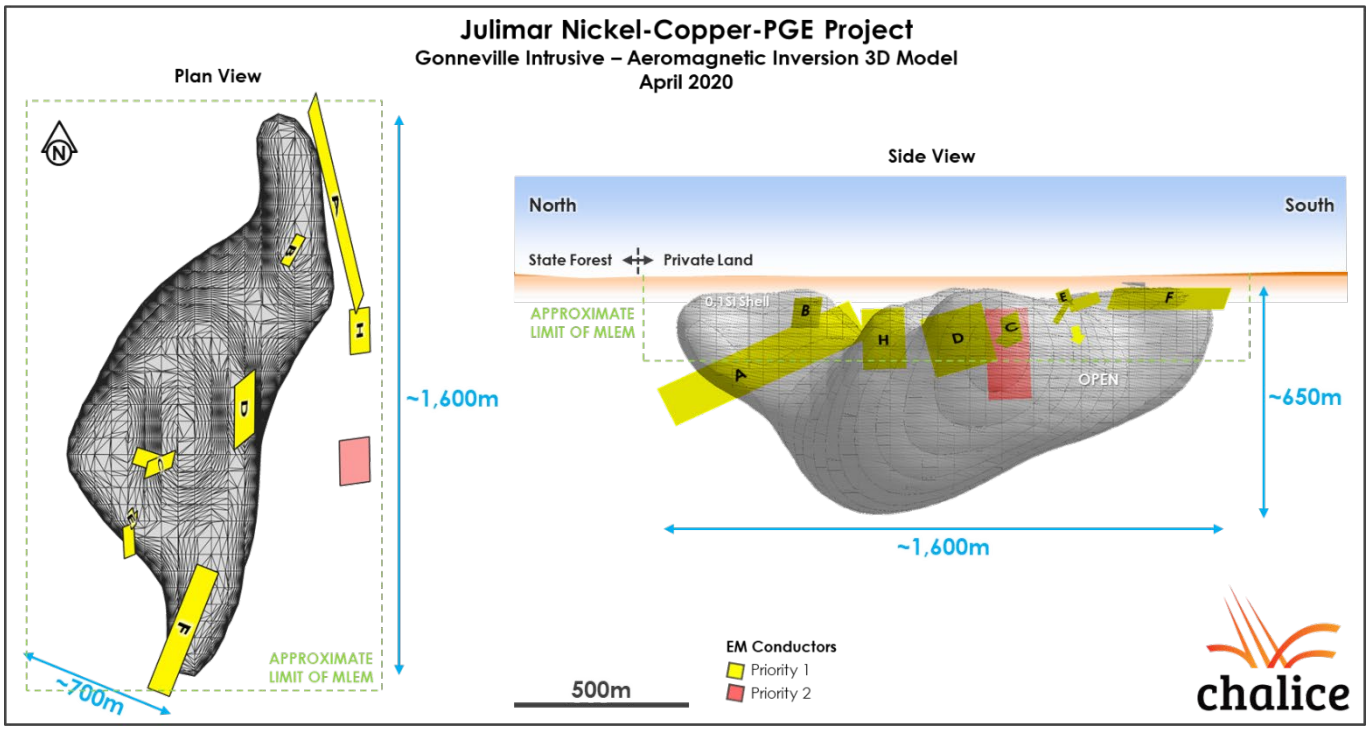


Figure 7. The Gonneville Intrusive – Aeromagnetic Inversion 3D Model and modelled EM conductors.

The interpreted chonolith geometry is considered significant, as similar irregular intrusive bodies host globally significant magmatic Ni-Cu+/-PGE sulphide deposits including Jinchuan in China and Kabanga in Tanzania.

Option and Earn-in Agreement – Boomer Hill Project

The Boomer Hill Project includes two exploration licence applications (E70/5009 and E70/5010) covering an area of ~17km^2 at the northern end and contiguous with Chalice's Julimar Project granted tenure.

An Option and Earn-in Agreement has been executed, whereby the vendor has granted Chalice an exclusive option to earn a 90% JV interest in the licences.

Forward Plan

The following activities are planned over Q2 2020:

- **Diamond drilling** will continue test key DHEM targets, including a recently identified off-hole conductor on JRC004 that is interpreted to be sourced from massive sulphides.
- **Downole EM** will continue to play a critical role in identifying potential targets for follow-up drilling and will be completed on all holes.
- **Targeting at the Gonneville Intrusive**
    - Detailed **soil sampling** over the entire Intrusive including for PGEs, which were not covered with the existing Portable X-Ray Fluorescence (pXRF) soil sampling data. Any additional areas of Ni-Cu-PGE-in-soil anomalism will aid future drill targeting.
    - A **high-resolution ground gravity** survey is underway in order to refine the geological understanding of the Intrusive

- A **Superconducting Quantum Interference Device (SQUID) EM** survey is planned to commence in the coming weeks, aiming to provide a deeper detection capacity than the previous ground EM survey.

- **RC drilling** will be halted temporarily in order to complete the reconnaissance exploration activities outlined above. A Phase 2 RC drill program is being planned, to step-out around known zones of mineralisation. This program is expected to commence in the coming weeks.
- **Mineralogy / metallurgy** – the new drill core from JD002 will be utilised for further mineralogy and petrographic analysis, as well as potentially preliminary metallurgical testwork.
- **Access approvals** – preparations are underway to gain access to the State Forest covered areas of the Julimar Intrusive Complex, to the north of the Gonneville Intrusive. The approval process is anticipated to take 4-6 months and will be progressed in parallel to activities at Gonneville.
- **Regional targeting** – open file compilation work is underway on all of Chalice's granted and application tenure areas in the region, including at the Barrabarra and SW Nickel Projects.

2.2 Pyramid Hill Gold Project, Victoria

*The 100%-owned Pyramid Hill Gold Project was staked in late 2017 and now covers an area of >5,000km^2 in the Bendigo region of Victoria. The Project comprises three key districts within the Murray Basin covered North Bendigo and North Stawell Zones: Muckleford, Mt William and Percydale (**Figure 8**).*

The central Muckleford Area extends to the north-west of the high-grade historic >22Moz Bendigo Goldfield. The Mt William Area extends to the north-east of one of the world's highest-grade producing gold mines, the ~9Moz Fosterville Gold Mine owned by Kirkland Lake Gold (NYSE / TSX: KL | ASX: KLA). The Percydale Area is located north-west of the historical St Arnaud Goldfield within the Stawell Zone.

The 'Gold Undercover' initiative by the Victorian Government in 2006-2009 estimated a potential ~32Moz (P50 mid-case) of undiscovered gold beneath Murray Basin cover in the Bendigo Zone. However, the vast majority of the covered area remains sparsely explored. Given there is highly variable, shallow cover over a large portion of the Project, the Company believes that there is excellent potential for the discovery of new commercially viable gold deposits.

Chalice is targeting tier-1 scale (>US$1bn NPV), high-grade gold discoveries under cover and is currently conducting a systematic, regional-scale greenfield exploration program. The Company is utilising all available targeting tools at its disposal, including the substantial pre-existing regional geophysics database (including crustal scale 2D seismic), regional-scale soil sampling and ground geophysics.

Low-cost reconnaissance air-core (AC) drilling to the top of the target basement on wide-spaced lines is currently being used effectively to narrow the target search space over the very large Project area. Chalice's phased drilling program to date includes over 700 reconnaissance AC drill holes and 5 reconnaissance diamond drill holes.

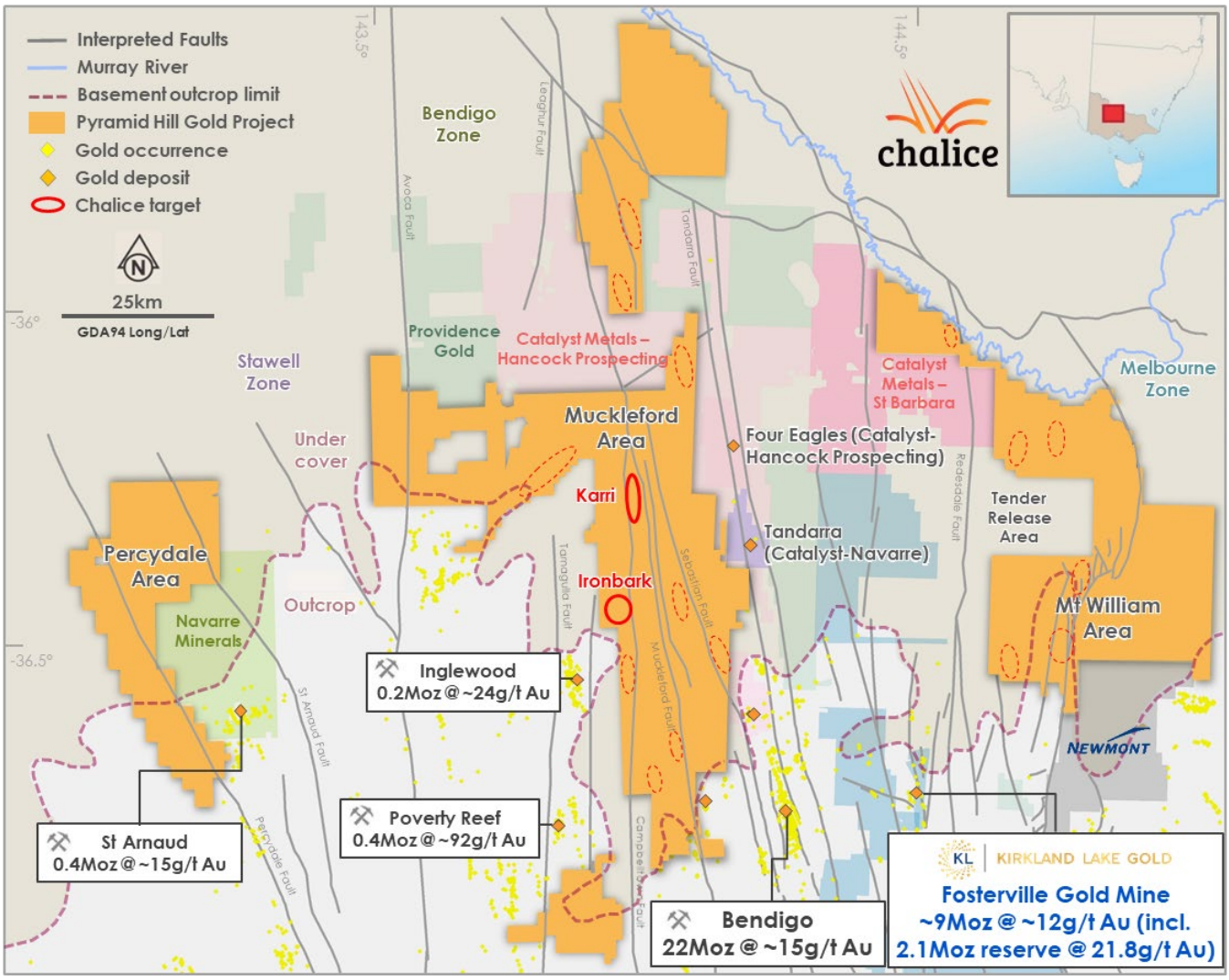


Figure 8. *Pyramid Hill Gold Project tenure, regional land holders, gold deposits and occurrences.*

Overview of Activities

The Company continued its systematic exploration drilling program at the Pyramid Hill Gold Project during the quarter, which included:

- A ~250 hole, ~25,000m Phase 2 reconnaissance AC drill program at the Karri, Ironbark and Beech Targets in the Muckleford Area – commenced in late Q3 2019 and completed in mid Q1 2020;
- A ~140 hole, ~14,000m step-out and infill AC drill program at the Karri and Ironbark Targets – commenced in early February 2020 and completed in mid-March 2020; and,
- A ~9 hole, ~2,500m maiden diamond drill-hole program at the Karri and Ironbark Targets – commenced in mid-January 2020 and is ongoing.

The infill AC drill program aimed to test the continuity and extent of previously intersected gold mineralisation at the Karri Prospect on a 250-500m x 50m infill and step-out grid.

All AC holes were drilled vertically to AC blade refusal, which typically occurs at the base of weathering in the Castlemaine Group sediments - the target basement sequence which hosts >60Moz of high-grade historical gold production from the outcropping areas of the Bendigo Zone to the south of the Project.

The ongoing maiden diamond drill program at the Karri Prospect is designed to provide a first-pass geological assessment of the Castlemaine Group sediments beneath the >4km long gold trend identified from shallow AC drilling.

Assays are currently pending for a further 27 AC drill holes and an additional two diamond drill holes completed at Karri.

The Company's maiden 15 line-km 2D seismic survey was completed over the northern part of the Muckleford Area, including over the Karri Prospect, in mid-February.

This initial trial aimed to determine if the technique can resolve stratigraphic horizons and structural complexity, which could then be used to model the regional and prospect-scale geological setting and highlight any areas of enhanced prospectivity for gold mineralisation.

AC drill results – Karri Prospect

The Karri Prospect is located 65km north-west of Bendigo, under 50-85m of Murray Basin cover.

Encouraging new AC assays were received throughout the quarter including 3m @ 3.86g/t Au to EOH (within 23m @ 0.67g/t Au) which is associated with a zone of laminated quartz veining and is located at the end of a drill line in a poorly tested area. As such, the newly identified zone remains open to the east and requires further infill drilling to refine.

The re-split and fire assay of the previous best AC drill intercept of 4m @ 3.97g/t Au returned the best intercept to date of 1m @ 15.85g/t Au within 2m @ 11.54g/t Au within 30m @ 1.12g/t. This zone contains a relatively small amount of vein quartz (5-25%) and occurs above a graphitic black shale.

This is an encouraging result, as it indicates that the gold is likely to be associated with high-grade veining.

Several new zones of gold mineralisation were identified and importantly, all infill drilling continues to demonstrate the robustness of the multi-kilometre scale gold trends, with the main Karri gold trend extended to over ~4km of strike, open along strike to the north and open at depth – further supporting the potential for a significant gold system at depth (**Figure 9**).

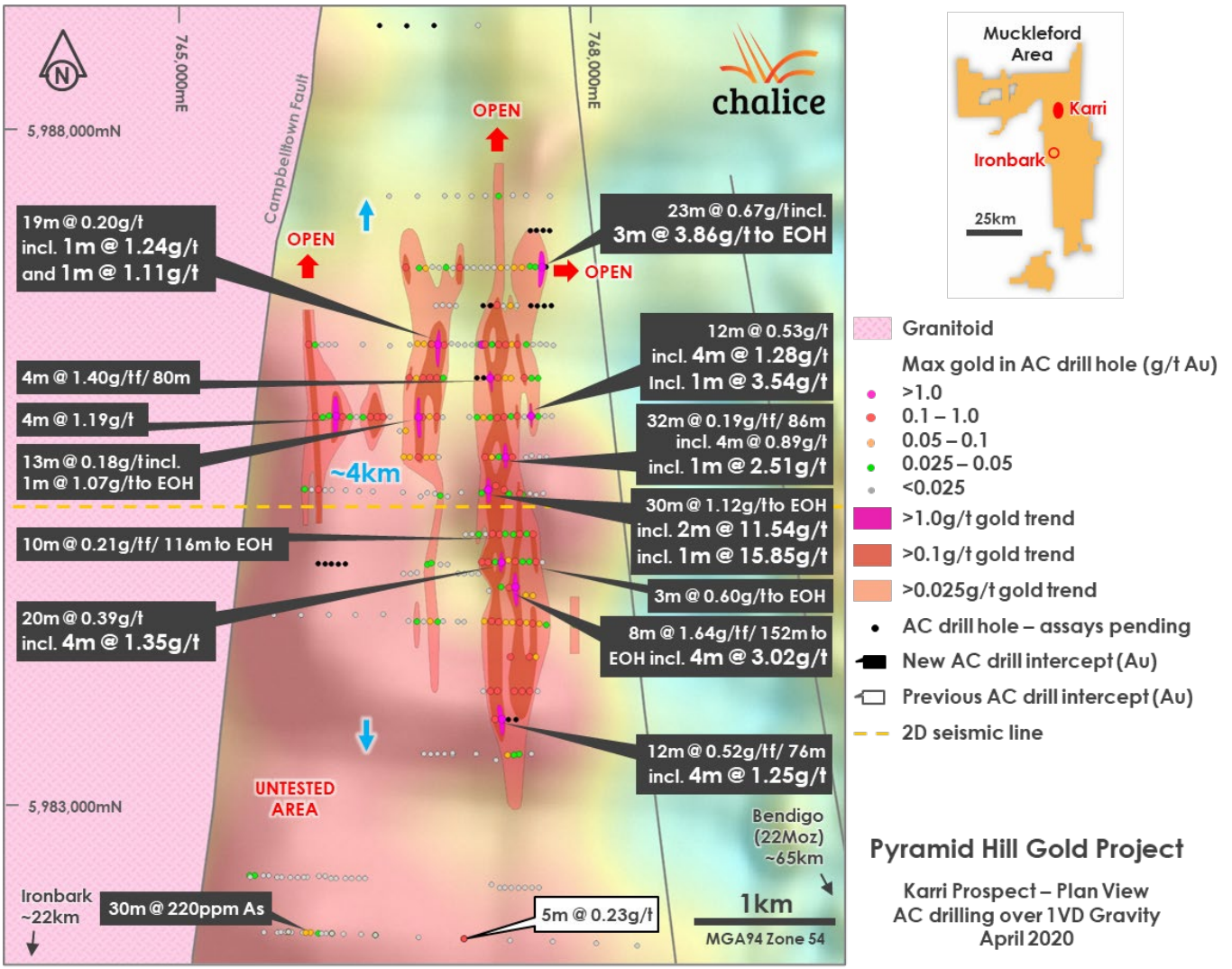


Figure 9. Karri Prospect Plan View – AC drilling results over gravity geophysics.

Diamond drill results – Karri Prospect

Diamond hole PHD001 was collared at the northern end of the main gold trend to test beneath a sub-horizontal secondary dispersion zone of anomalous gold and pathfinder metals (As, Sb, Te) within two 50m-spaced vertical AC drill holes (**Figure 10**).

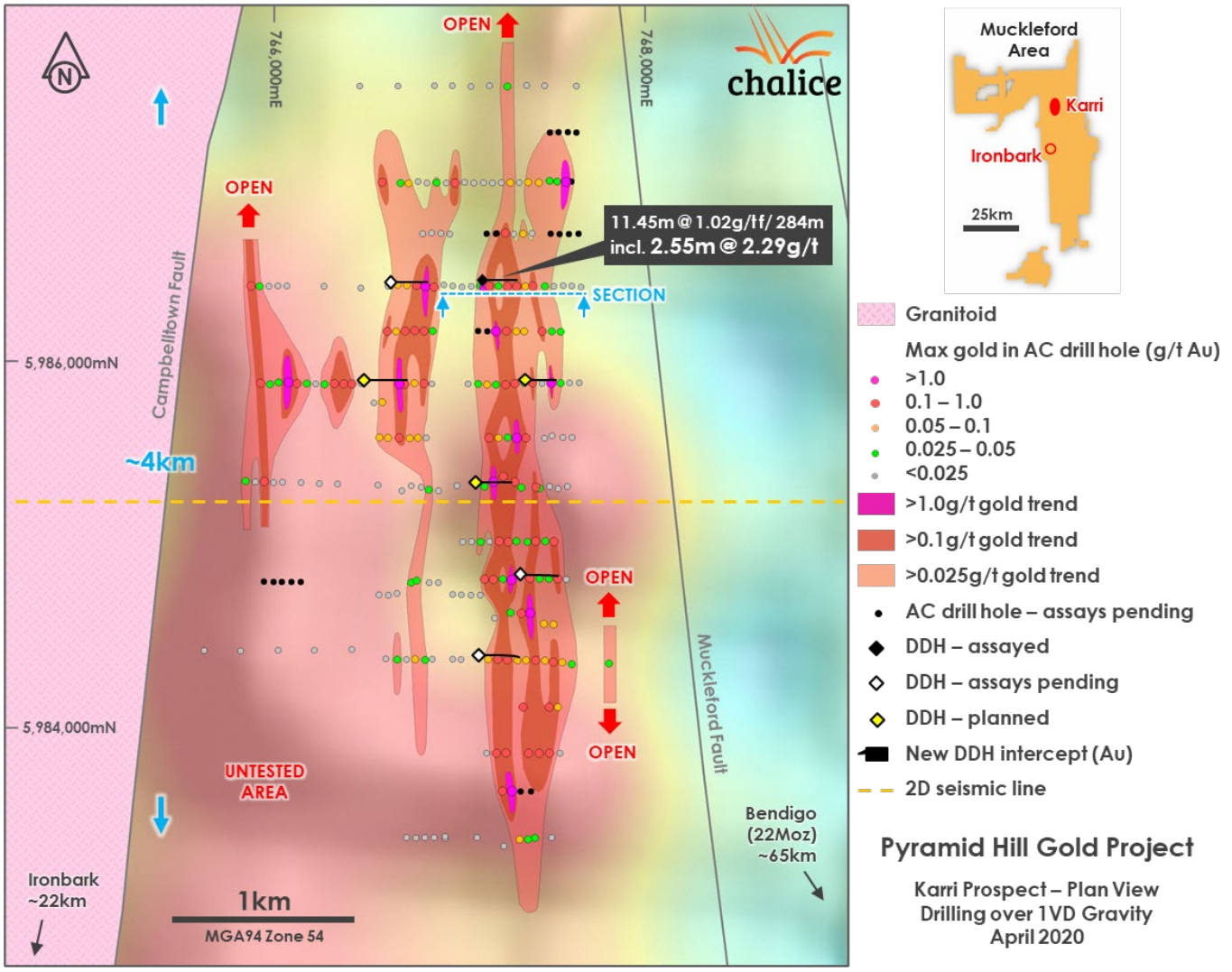


Figure 10. Karri Prospect Plan View – Drilling results over gravity geophysics.

PHD001 intersected a tightly folded sequence of interbedded sandstone and shales of the Castlemaine Group sediments including a pronounced stockwork zone of mineralised quartz veins (5-20cm wide) which assayed 2.55m @ 2.29g/t Au within 11.45m @ 1.0g/t Au from 284m downhole.

Several other intervals of anomalous gold were intersected in PHD001 and are associated with narrow quartz veins, showing that the gold system extends to depth, below the AC drilling (**Figure 11** and **Figure 12**).

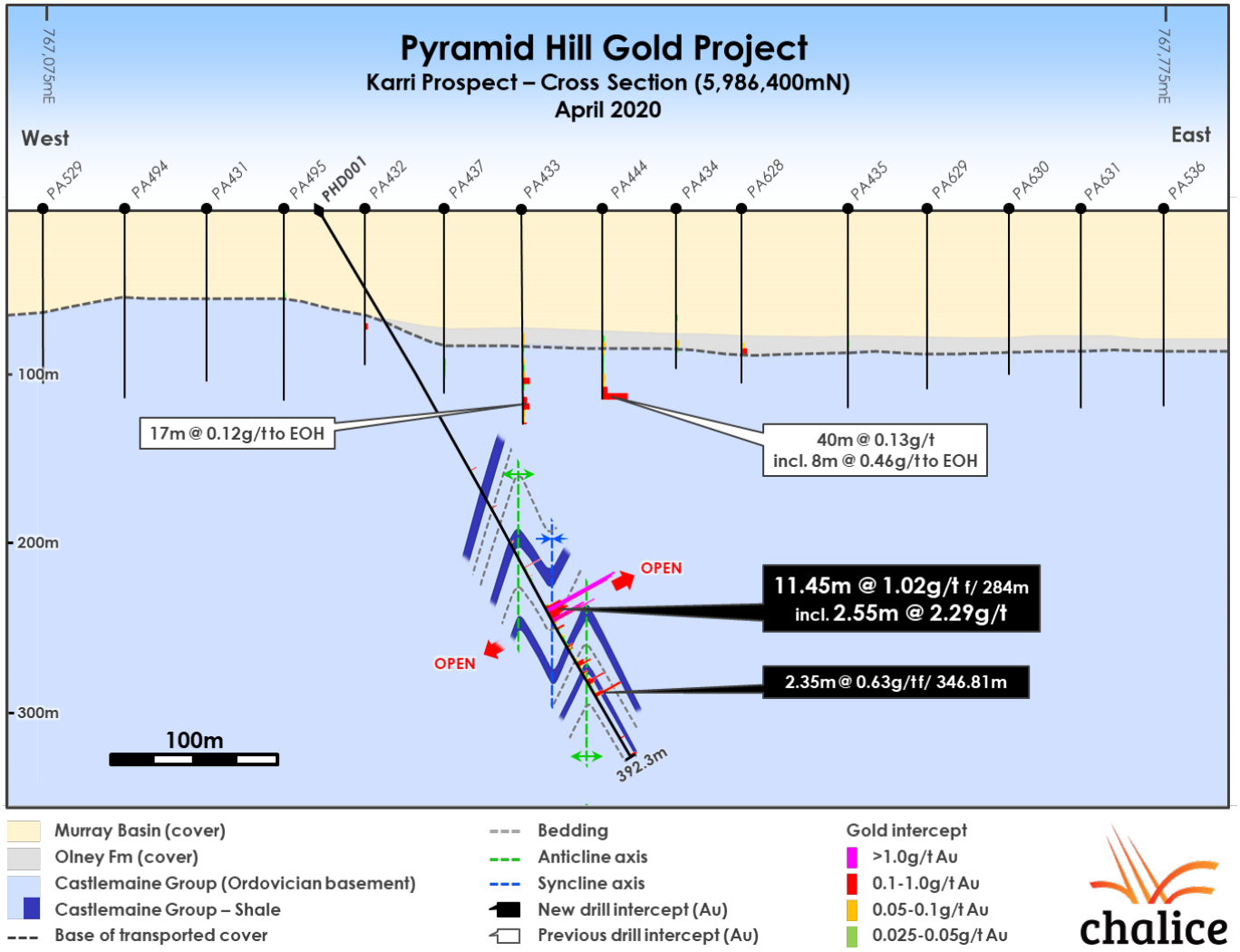


Figure 11. Karri Prospect Cross Section 5,986,400mN (PHD001).

Figure 12. Quartz veining within PHD001 (285.1m to 288.5m shown).

Structural measurements from oriented drill core indicate that the gold zone is developed within a localised fold hinge which itself is part of a larger anticline-syncline fold pair.

This structural setting is analogous to other gold deposits in the region which are associated with hinge zones of tight upright folds. These initial results from Karri continue to support the presence of a prospective gold system and represent a significant technical milestone for the prospect.

The zone of gold mineralisation is also highly anomalous in arsenic (11.45m @ 1,877ppm As) with a peak of 4,180ppm As. Arsenic is considered an important pathfinder metal for gold mineralisation in the region.

2D Seismic Results – Karri Prospect

The 2D seismic survey completed during the quarter was designed to image the relatively shallow part of the underlying Castlemaine Group sediments and associated structures within ~2km of surface.

The preliminary interpretation has resulted in the identification of several zones of increased structural complexity directly beneath the Karri Prospect; as defined by an increase in fold abundance within the hanging wall of several steep, westerly dipping faults. Further interpretation work is ongoing.

Two highlighted zones, defined by strong contrasts of acoustic impedance, are interpreted as potential zones of alteration and are considered key targets. The results have increased the Company's confidence that Karri has the geological ingredients to host a significant gold system (**Figure 13**).

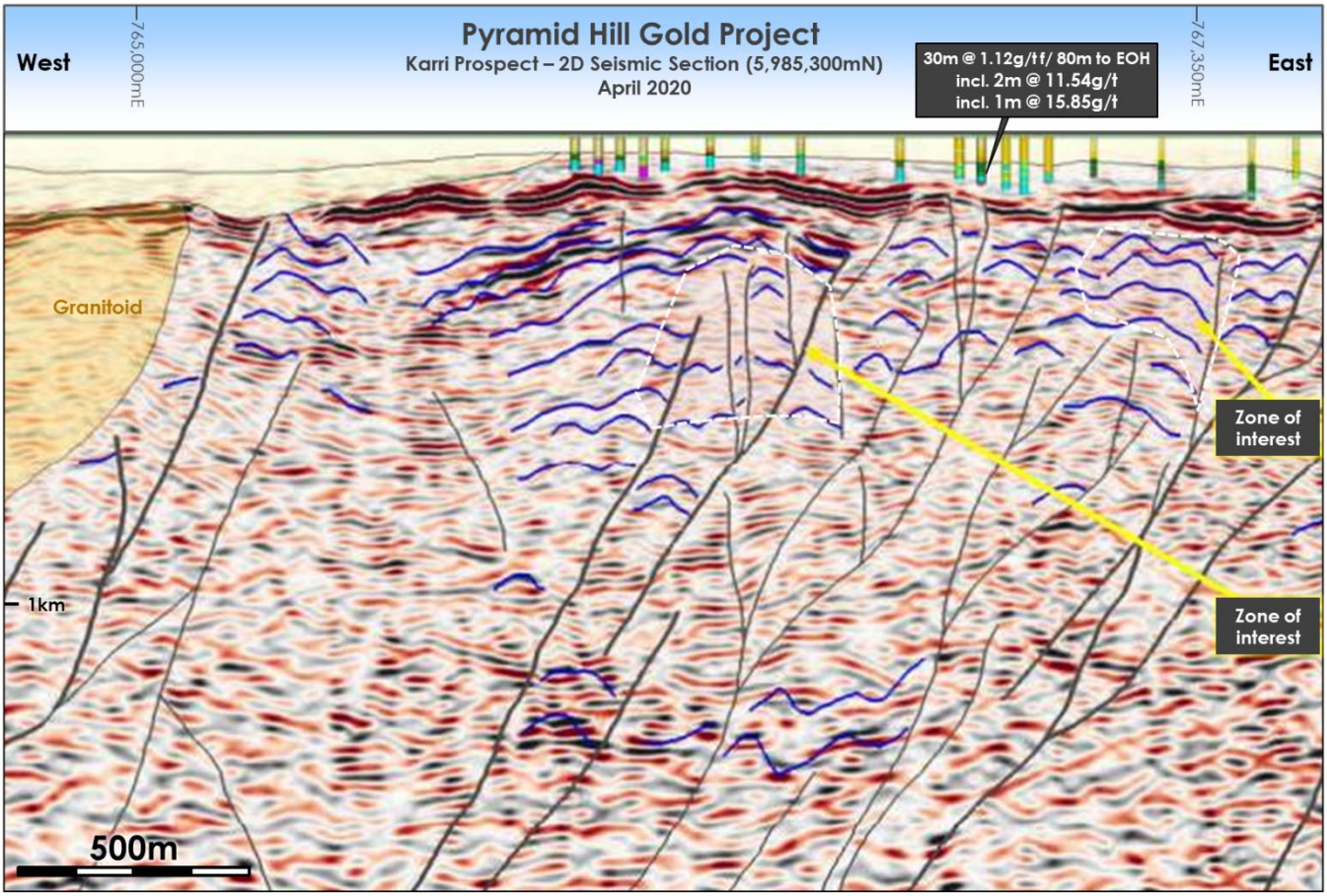


Figure 13. Preliminary 2D Seismic interpretation (over PSTM data) at the Karri Prospect.

Diamond drill results – Ironbark North Target

The Company also received assays from its first diamond drill hole at the Ironbark North target (PHD002), which was designed to test the western margin of the prospective diorite intrusive, beneath an AC drill intercept of 20m @ 0.85g/t Au from 102m to EOH incl. 8m @ 2.0g/t Au.

Encouraging indications of mineralisation were intersected throughout the hole, including 2.6m @ 0.76g/t Au from 155.3m, where the gold is associated with a zone of strong pervasive sericite alteration. This style of alteration is a common feature of the high-grade Woods Point gold deposits of the Melbourne Zone, often occurring as alteration selvages to high-grade laminated quartz veining.

The contact between diorite and surrounding Castlemaine Group sediments was not intersected and therefore further diamond drilling is planned. The eastern diorite contact at Ironbark North is planned to be tested in the current diamond drill program.

Forward Plan

The following activities are planned over Q2 2020:

- **Diamond drilling** at Karri will continue with two rigs until late April when access is restricted temporarily by farming activities. Drilling is expected to then continue at Ironbark, as this area has fewer access restrictions. Drilling will then likely recommence in Q3 2020.
- **Geological interpretation** – evaluation of 2D seismic data is ongoing. Based on the logged geology and structural measurements from all diamond holes as well as 2D seismic interpretation, a 3D geological model will be built. This model is anticipated to be the primary targeting tool at Karri going forward.
- **Regional targeting** – open file compilation work on new tenure is ongoing, which is aimed at generating additional target areas within the district scale land holding. The Company is also awaiting the outcome of the North Central Victorian Goldfields Ground Release tender, where it has made submissions for three new blocks.

2.3 King Leopold Nickel Project, Western Australia

No field activities were undertaken during the Quarter due to the summer wet season, which prevented site access. Planned field activities including ground EM and RC drilling are expected to re-commence in mid-2020 once access is regained, contingent on COVID-19 restrictions.

2.4 Generative Projects

No exploration activity was undertaken on the Warrego North, Mt Jackson, Auralia, Flinders River and SW Nickel Projects during the Quarter. These Projects are early-stage opportunities where low-cost prospect generation can contribute to a diversified pipeline of future projects in the Chalice portfolio. The Company has commenced seeking joint venture partners for certain projects.

2.5 Non-Operated Joint Ventures

Nulla South and Gibb Rock Gold Projects, Western Australia (Ramelius earning 75%)

Operator Ramelius Resources Ltd (ASX: RMS) reported that no exploration drilling was undertaken during the Quarter due to access constraints. Ramelius continues to advance land access discussions and is designing work programs over selected target areas.

3. CORPORATE

As at 31 March 2020, Chalice had a combined working capital and investments balance of ~$25.4 million. This included ~$7.6 million in cash, $9.8 million in Ramelius Resources Limited ("Ramelius", ASX: RMS) shares, $5.9 million in O3 Mining Inc. (TSX-V: OIII) shares, $1.8 million in net receivables and $0.3 million in other listed equities.

The Company also has a contingent $5 million payment receivable upon commercial production at the Nyanzaga Gold Project in Tanzania from OreCorp Limited ("Orecorp", ASX: ORR). OreCorp is currently awaiting grant of a Special Mining Licence.

During the Quarter, the Company spent ~$1.9 million on exploration activities, ~$0.4 million on administration, business development, transaction and corporate costs (net of interest and receipts). Receipts from investing activities (excluding sale of RMS shares subsequent to quarter-end) was ~$0.1 million. Further details are available in the attached Appendix 5B.

Chalice will continue to monitor the current advice from the Government and health authorities with regards to restrictions imposed due to the COVID-19 pandemic, and to ensure the ongoing health and well-being of its employees and contractors.

3.1 Spectrum Metals Ltd Investment

During the quarter, Ramelius announced a recommended takeover offer ("Offer") to acquire Spectrum Metals Ltd ("Spectrum", ASX: SPX) in exchange for 1 Ramelius share for every 10 Spectrum shares plus cash consideration of $0.017 per Spectrum share.

The Company accepted the Offer for its ~97 million shares held in Spectrum and on 26 March 2020, the Company received ~9.7 million Ramelius shares. On 1 April 2020, the Company received the cash consideration of $1.65 million.

Subsequent to quarter-end, the Company disposed of the ~9.7 million Ramelius shares for total proceeds of ~$10.6 million. The disposal resulted in a total gain of ~$6.5 million from the investment in Spectrum.

As at the date of this report, following the disposal of the Ramelius shares, the Company has cash on hand of ~$18.7 million.

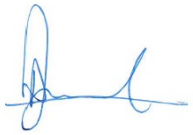
3.2 Appendix 5B – Payments to Related Parties of the Entity and their Associates

Payments of $174k reported in Item 6.1 of the attached Appendix 5B, relates to salaries and fees (including superannuation) paid to Directors of $160k and payments made to Liontown Resources Ltd (a director related entity) for the provision of geological consultant services and storage rent at cost ($14k)

4. TENEMENT SCHEDULES

In accordance with ASX Listing Rule 5.3, please refer to Appendix 1 for a listing of all tenement holdings.

Authorised for release on behalf of the Company by:



Alex Dorsch
Managing Director

For further information, please visit www.chalicegold.com to view our latest corporate presentation, or contact:

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Competent Persons and Qualifying Persons Statement
The information in this report that relates to Exploration Results is based on information prepared by or compiled by Dr. Kevin Frost BSc (Hons), PhD, a Competent Person, who is a Member of the Australian Institute of Geoscientists. Dr. Frost 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. Dr. Frost 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 report that relates to exploration results for the Julimar Project is extracted from the following ASX announcements:

- "High-grade nickel-copper-palladium sulphide intersected at Julimar Project in WA", 23 March 2020
- "Preliminary results from second target at Julimar Project", 24 March 2020
- "Significant nickel-palladium discovery confirmed at Julimar", 15 April 2020
- "Second diamond hole intersects discovery zone at Julimar", 20 April 2020

The Information in this report that relates to the exploration results for the Pyramid Hill Project is extracted from the following ASX announcements:

- "Discovery of new >2km gold trend in air-core drilling at Karri Target indicates potential for a significant gold system", 12 December 2019
- "Several new gold zones discovered in first drill holes at Ironbark North Target", 19 December 2019
- "Karri gold trend expanded to over 3km of strike extent", 13 January 2020
- "Infill AC drilling at Karri returns best intercept to date of 4m at ~4g/t gold", 3 February 2020
- "New High-Grade Gold Zones at the Large-Scale Karri Target", 4 March 2020
- "First diamond drill hole at Karri hits primary gold zone", 7 April 2020

The above announcements are available to view on the Company's website at www.chalicegold.com. The Company confirms that it is not aware of any new information or data that materially affects the information 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 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 Gold Mines 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 price of O3 Mining securities, receipt of tax credits and the value of future tax credits, the estimation of mineral reserve and mineral resources, the realisation of mineral resource estimates, the likelihood of exploration success at the Company's projects, the prospectivity of the Company's exploration

projects, 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 "plans", "planning", "expects" or "does not expect", "is expected", "will", "may", "would", "potential", "budget", "scheduled", "estimates", "forecasts", "intends", "prospects", "anticipates" or "does not anticipate", "believes", "occur", "impending", "likely" or "be achieved" 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; 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; possible variations in mineral resources or ore reserves, 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 O3 Mining securities and future proceeds and timing of potential sale of O3 Mining securities, as well as those factors detailed from time to time in the Company's interim and annual financial statements, all of which are filed and available for review on SEDAR at sedar.com, ASX at asx.com.au and OTC Markets at otcmarkets.com.

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

Appendix 1. Portfolio and Tenement Schedule

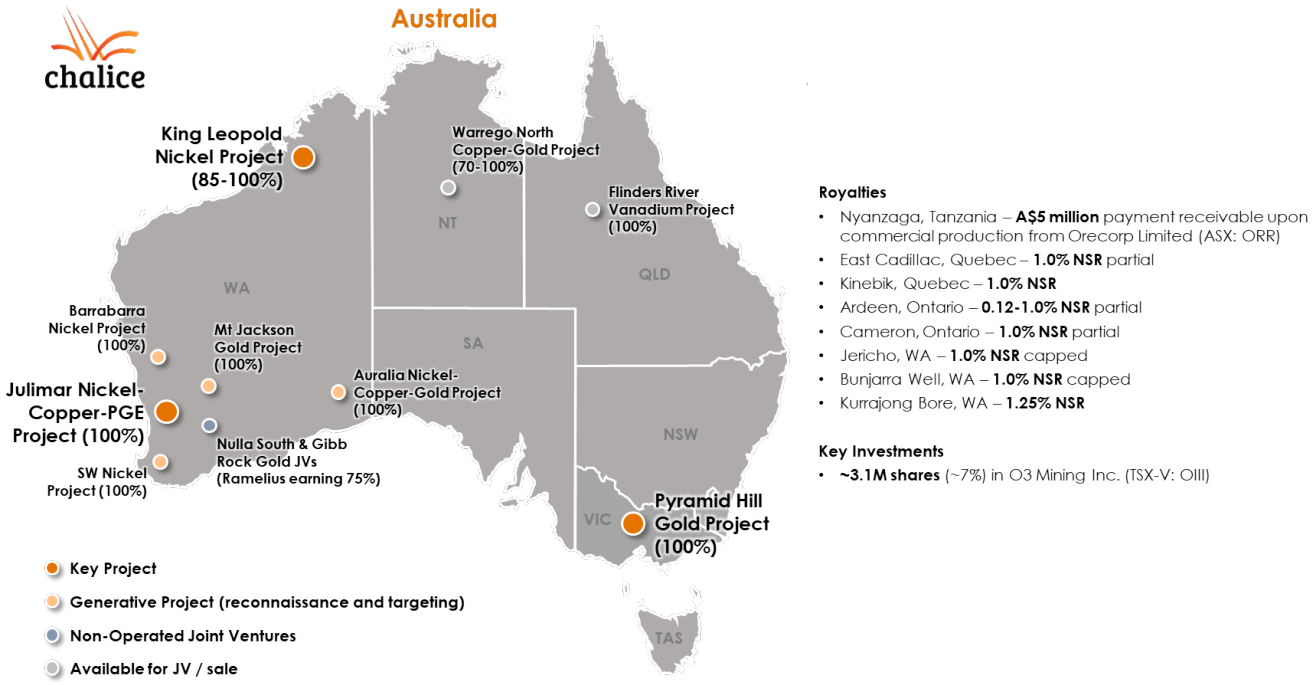

Figure 14. Chalice's project locations in Australia, non-operated JV interests, investments and royalties.

The following information is provided in accordance with ASX Listing Rule 5.3 for the Quarter ended 31 March 2020.

1. Listing of tenements held

Location	Project	Tenement No.	Registered Holder	Nature of interest
Western Australia	King Leopold	E04/1169	Waterford Bay Pty Ltd	100% of the hard-rock mineral rights
		E04/2405	Waterford Bay Pty Ltd	100% of the hard-rock mineral rights
		E04/2563	Kimberley Alluvials Pty Ltd	100% of the hard-rock mineral rights
		E04/2299	Strategic Metals Pty Ltd	0% - Farm-in agreement, right to earn up to 85% interest
		E04/2325	Strategic Metals Pty Ltd	
		E04/2562	North West Nickel Pty Ltd	100%
	Gibb Rock	E70/4869	CGM (WA) Pty Ltd	95% - Farm-out agreement, Ramelius Resources Ltd has the right to earn up to 75% interest
		E70/5194	CGM (WA) Pty Ltd	100% - Farm-out agreement, Ramelius Resources Ltd has the right to earn up to 75% interest
	Nulla South	E77/2353 to E77/2354	CGM (WA) Pty Ltd	95% - Farm-out agreement, Ramelius Resources Ltd has the right to earn up to 75% interest
	Julimar	E70/5118 to E70/5119	CGM (WA) Pty Ltd	100%
	Auralia	E69/3636 to E69/3637	CGM (WA) Pty Ltd	100%
		E69/3700	CGM (WA) Pty Ltd	100%
	Barrabarra	E70/5263	CGM (WA) Pty Ltd	100%

Location	Project	Tenement No.	Registered Holder	Nature of interest
		E70/5264	CGM (WA) Pty Ltd	100%
	Mt Jackson	E77/2577	CGM (WA) Pty Ltd	100%
	SW Nickel	E70/5086	Banks, Aaron Peter; Keil, Michael; Roseberry Holdings Pty Ltd	100%
Victoria	Pyramid Hill	EL006661	CGM (WA) Pty Ltd	100%
		EL006737 to EL006738	CGM (WA) Pty Ltd	100%
		EL006669	CGM (WA) Pty Ltd	100%
		EL006805	CGM (WA) Pty Ltd	100%
		EL006864	CGM (WA) Pty Ltd	100%
		EL006898	CGM (WA) Pty Ltd	100%
		EL006901	CGM (WA) Pty Ltd	100%
		EL006960	CGM (WA) Pty Ltd	100%
Northern Territory	Warrego North	EL23764	CGM (WA) Pty Ltd (51%) & Meteoric Resources NL (49%)	Farm-in agreement, right to earn up to 70% interest
		EL31608	CGM (WA) Pty Ltd	100%
		EL31610	CGM (WA) Pty Ltd	100%
Queensland	Flinders River	EPM26861	CGM Lithium Pty Ltd	100%
		EPM26864 to EPM26866	CGM Lithium Pty Ltd	100%

2. Listing of tenements acquired (directly or beneficially) during the Quarter

Location	Project	Tenement No.	Registered Holder	Interest at end of Quarter
Western Australia	Barrabarra	E70/5264	CGM (WA) Pty Ltd	100%
	King Leopold	E04/2563	Kimberley Alluvials Pty Ltd	100% of the hard-rock mineral rights

3. Tenements relinquished, reduced or lapsed (directly or beneficially) during the Quarter

Location	Project	Tenement No.	Registered Holder	Interest at end of Quarter
Queensland	Flinders River	EPM26858	CGM Lithium Pty Ltd	0%
		EPM26863	CGM Lithium Pty Ltd	0%

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
Chalice Gold Mines Limited	
ABN	**Quarter ended ("current quarter")**
47 116 648 956	31 March 2020

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (9 Months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers[1]	106	306
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(1,947)	(4,576)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(297)	(1,023)
	(e) administration and corporate costs	(216)	(764)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	47
1.5	Interest and other costs of finance paid[3]	(3)	(12)
1.6	Income taxes refunded/(paid)	110	110
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)		
	- Business development costs	(191)	(666)
	- Canadian transaction and restructuring costs[2]	-	(273)
	- Other	38	60
1.9	**Net cash from / (used in) operating activities**	**(2,395)**	**(6,791)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(9)	(15)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	(5,633)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 Months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	615
	(b) tenements	-	-
	(c) property, plant and equipment	-	9
	(d) investments	128	636
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	1	11
2.6	**Net cash from / (used in) investing activities**	**120**	**(4,377)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(8)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings(3)	(50)	(146)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(50)**	**(154)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,696	18,621
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,395)	(6,791)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	120	(4,377)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(50)	(154)
4.5	Effect of movement in exchange rates on cash held	223	295
4.6	**Cash and cash equivalents at end of period**	**7,594**	**7,594**

(1) Includes receipts from corporate services provided by Chalice staff and subleases.
(2) Canadian transaction (eg. legal fees etc.) and restructuring costs associated with the disposal of the East Cadillac and Kinebik Gold Projects and discontinuing operations in Canada.
(3) Year to date cash flows have been reclassified to reflect the adoption of AASB 16 Leases.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	7,594	9,696
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**7,594**	**9,696**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	174
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,395)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(2,395)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	7,594
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5) (1)	7,594
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	3

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not Applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not Applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not Applicable

(1) On 1 April 2020, the Company received cash consideration of $1.65 million from the disposal of the investment in Spectrum Metals Limited (Spectrum) following acceptance of the takeover offer by Ramelius Resources Ltd (Ramelius). In addition, subsequent to quarter end the Company has disposed of its investment in in Ramelius for net proceeds of $10.6 million.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2020

By the Board

Authorised by: .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.