

# Chalice Earn-in Joint Venture Agreement

## Agreement Signed with Chalice Mining Limited

Northam Resources Ltd (**NRL** or the **Company**) is pleased to announce that it has recently signed an Earn-in Joint Venture Agreement (the **Agreement**) with Chalice Mining Limited (**Chalice** or **CHN**). This Agreement provides the right for Chalice to explore NRL's tenement portfolio to earn up to a 70% interest over the next 8 years.

This deal will deliver up to \$20.6m in cash and expenditure value to NRL's shareholders, including a total of \$150k in cash, up to \$3.46m in cash or shares, and up to \$17m in exploration expenditure. The final amounts are conditional on Chalice completing its Due Diligence, and completing both stages of the earn-in. A summary of the key commercial terms is included in Appendix A.

It is also noteworthy that this agreement is in addition to the previously signed Bolgart Earn-in agreement<sup>1</sup> worth up to \$4m, and that both companies have agreed to terminate the previous \$1m IPO Commitment Agreement.

In total, if all stages are completed under both agreements, the total value represented to NRL shareholders would be up to \$24.6m.

## Superior Shareholder Option Value

During the last 9 months, in conjunction with the Executive, the Board has explored a large number of strategic options to grow the business and commence exploration, ideally via an IPO. This has included relaunching the IPO, issuing a convertible note, and reviewing potential RTO's.

Following the above analysis, the Board is unanimous in the belief that, given prevailing market conditions, this earn-in agreement with Chalice represents significantly superior value to NRL shareholders than any of other options considered.

The merits of this deal include:

- Strong commercial metrics, up to \$0.24c per share of attributed value, potentially up to 5 times higher than other options;

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<sup>1</sup> The Bolgart earn-in agreement was initially signed 23rd September 2022

## Superior Shareholder Option Value (continued)

- It provides NRL shareholders with a minimum benefit of \$4.5m in cash and exploration expenditure, effectively risk-free over the next two years<sup>2</sup>;
- It retains exposure to 30% upside potential should Chalice make an economic mineral discovery,
- Chalice has demonstrated that its Ni-Cu-PGE Exploration team lead by Kevin Frost is experienced, well-resourced and is able to apply industry leading exploration technology systematically to explore NRL's tenement portfolio.
- Since the Bolgart earn-in agreement was signed, a constructive working relationship has been established between the two companies, based on trust and mutual respect.
- Both companies are focused on delivering tangible growth and shareholder value, whilst maintaining a high level of trust and respect in the local community and all stakeholders.

## Chalice's ASX Announcement

The ASX announcement from Chalice can be found here: [Chalice NRL Announcement](#)

### Further Information

Further information on the Company and its projects can be found on our website: [www.northamresources.com](http://www.northamresources.com)

This announcement was prepared by Craig Moulton, CEO Northam Resources Ltd.

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<sup>2</sup> Subject to all conditions precedent being satisfied and the deal completing

## Appendix A Summary of Key Commercial Terms

- Chalice to pay a Deposit of **\$150,000** on signing the Agreement.
- The Deposit includes a non-refundable break fee of **\$50,000**.
- Chalice to issue unrestricted ordinary shares to NRL worth **\$2,450,000** (5-day VWAP) or cash on satisfaction of its Due Diligence.
- Chalice may then proceed to Stage 1.

### Stage 1 Earn-in

- Chalice to spend **\$7,000,000** on exploration on NRL's tenements within 4 years to earn a 51% interest in the tenements.
- Chalice must spend a minimum of **\$2,000,000** within 2 years before it can exit with no retained interest.
- At the end of Stage 1 Chalice can elect to proceed to Stage 2 or form a Joint Venture (JV) with NRL.

### Stage 2 Earn-in

- On proceeding to Stage 2, Chalice must issue a further **\$1,000,000** (5-day VWAP) in unrestricted ordinary Chalice shares or cash.
- Chalice to spend a further **\$10,000,000** on NRL's tenements within 4 years to earn a further 19% interest in the tenements (70% total).
- At the end of the Stage 2 earn-in, Chalice and NRL can form a Joint Venture.

### Other Considerations

- This agreement is in addition to the Bolgart Earn-in Joint Venture Agreement (Bolgart Agreement initially signed 23<sup>rd</sup> September 2022) between Chalice and NRL.
- NRL and Chalice have agreed to cancel the previous Commitment Agreement, which required Chalice to contribute \$1,000,000m to a future NRL IPO.
- If Chalice complete all stages of this Agreement, and the Bolgart Agreement, the total value to NRL shareholders will be \$24,600,000.

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