



ASX Announcement 12 July 2018

Chalice identifies two 12km+ gold-in-soil anomalies at Pyramid Hill Project, Bendigo

Additional regional sampling and gravity surveys to commence immediately; initial aircore drilling planned for October

Highlights

- Two extensive and coherent gold-in-soil anomalies, each approximately 12km long, identified from historical exploration data and now largely validated by Chalice on its 100% owned Pyramid Hill Gold Project
- Anomalies overlie major regional faults which are an important control on the multi-million ounce gold deposits located along strike, such as Bendigo, Ballarat and Castlemaine
- Chalice's tenure in the area now covers ~70km of strike along each of these faults
- The anomalies are located within ~30km of the 22Moz Bendigo Goldfield and within ~20km of Catalyst Metals' (ASX: CYL) Four Eagles Project, where outstanding shallow gold intercepts were recently reported
- Ground gravity and additional soil geochemistry programs will commence immediately over Chalice's granted tenure, to expand and refine targets for initial Aircore drilling in October 2018, subject to approvals
- Victorian Government initiative 'Gold Undercover' estimates a potential ~32Moz undiscovered gold endowment in the Bendigo Zone beneath Murray Basin cover, where Chalice now has a ground position of 3,080km²

Chalice Gold Mines Limited ("Chalice" or "the Company") (ASX: CHN | TSX: CXN) is pleased to advise that it has made a strong start to its maiden exploration campaign at the 100%-owned Pyramid Hill Gold Project, located within the highly endowed Bendigo Goldfields region of central Victoria, after identifying four coherent and highly prospective gold-in-soil anomalies.

The two largest anomalies are approximately 12km long and have significantly upgraded the exploration potential of the project. The areas of anomalism will be the initial focus of the Company's large-scale, ground-based exploration campaign, which is now underway.

Chalice has validated historic gold-in-soil anomalies through a program of Bulk Leach Extractable Gold (BLEG) soil sampling. Given the success of this initial geochemical program, Chalice is planning additional geochemical sampling along strike of the western anomaly which is currently open to the north and south, to test continuity, and to cover other highly prospective fault trends which have limited historical exploration work.

Chalice has also reprocessed regional geophysical datasets to better define the location of the key regional faults which are important controlling structures for the major gold deposits of the region. The Sebastian, Muckleford



and Campbelltown Faults which localise the Bendigo, Castlemaine and Ballarat gold deposits are interpreted to trend through the Company's tenure.

In addition to the expanded geochemical sampling program currently underway, Chalice will shortly commence ground-based gravity surveys over granted tenure to refine targets for a planned initial phase of Aircore drilling scheduled to commence in October 2018, subject to approvals.

Soil Geochemistry

Four coherent BLEG soil anomalies have been outlined (Figure 1), with dimensions at the >5.5ppb Au contour level listed in the table below:

Anomaly Name	Length (km)	Width (km)	Peak Gold Value (ppb Au)
West	12	up to 2.8	81
East	12	2.7	21.5
Central	5	2.7	20.7
North	5	up to 2.0	9.6

The West anomaly is open along strike to the north and south and Chalice plans to complete infill sampling in this area to better define the limits of the soil anomalism.

Three of the four BLEG soil anomalies were originally identified by *Homestake Gold of Australia* (Homestake) in the late 1990s, with the fourth discovered by Chalice. Chalice has also successfully verified a large portion of the ~20 year old historical sampling results, which is highly encouraging.

Homestake undertook one traverse of aircore drilling comprising five holes at 300m spacings along an east-west line located north of the West anomaly. Four holes appear to have terminated in Murray basin sediments (70-90m depth) and the most westerly hole intersected bedrock at 48m depth. No anomalous gold was reported from this drilling however four of the five holes are interpreted to have stopped short of the target Bendigo Zone basement.

Chalice will commence a follow up program of BLEG geochemical sampling on granted tenement EL6661 immediately, and thereafter on EL6737 (which is expected to be granted shortly). The Company will continue with sampling north and south of the West anomaly, while also extending coverage into other unsampled areas which overlie the Sebastian, Muckleford and Campbelltown Faults.

Gravity Geophysics

Ground and airborne gravity surveys have defined the position of important regional faults where they trend under Murray Basin cover. Public domain ground and airborne gravity surveys have been reprocessed and the current interpretation shows that three significant sub-parallel NNW trending mineralised structures (the Sebastian, Muckleford and Campbelltown Faults) extend through the Company's tenure (Figure 2).

Chalice has identified a prospective three-way convergence of these structures in the northern part of its tenement holding and this will be further investigated with detailed ground gravity surveys and follow-up soil geochemical sampling.

Most of the orogenic gold deposits and occurrences (i.e. non-alluvial deposits) in the Bendigo region show a strong spatial association with large-scale regional faults including the Sebastian, Muckleford and Campbelltown Faults and more specifically, within second-order west-dipping faults and splays that develop along anticlinal hinge zones in the hanging wall of the regional faults. The position and continuation of these gold bearing structures and the Chalice tenure is shown in Figure 3, demonstrating the potential of the Project.



The Bendigo Zone

The Bendigo region is currently enjoying a significant renaissance in gold exploration and development with the continued success of several nearby projects. These include the outstanding exploration results reported recently by *Catalyst Metals'* (ASX: CYL) at its Four Eagles Project, where Catalyst recently announced the best gold intersection ever recorded at the Boyd's Dam Zone – 16m @ 63.0g/t Au including 12m @ 83.7g/t Au including 1m @ 810.0g/t Au from 43m in FERC222)¹. The Four Eagles Project is located ~20km to the east, directly adjacent to Chalice's tenure.

Renewed interest in the area has been driven by the >7Moz Fosterville Gold Mine, owned by Canadian-based *Kirkland Lake Gold (NYSE / TSX: KL | ASX: KLA)*. The mine is one of the world's highest-grade gold mines and is currently the largest gold producer in Victoria. Kirkland Lake recently reported updated 2018 guidance for Fosterville, with production of 260-300koz Au and operating cash costs of US\$270-290/oz² – demonstrating that it is currently one of the lowest cost and most profitable mines in the world.

The Pyramid Hill Project extends to the north-west of the world-class >22Moz Bendigo Gold Field. From 1850 to 1890, Bendigo was the largest gold producer in the world. The deposit's surface footprint is approximately three times the size of the Kalgoorlie Superpit, and every 100 vertical metres contained a prolific 3-5Moz of gold.

The Project is also well placed to leverage off the Victorian Government's 'Gold Undercover' initiative, which estimates a potential ~32Moz of undiscovered gold endowment in the Bendigo Zone under Murray Basin cover³, where Chalice now has granted Exploration Licences and applications over a total area of 3,080km².

The success of undercover exploration techniques employed by other operators in the region highlights the significant potential to make new gold discoveries. Chalice has extensive experience with these innovative undercover exploration techniques from ongoing exploration activities at its East Cadillac Gold Project in the prolific Abitibi region of Quebec. This experience gives Chalice a unique skillset in exploring the Bendigo region and will prove valuable as it ramps up exploration activities over the coming months.

The area also has excellent established infrastructure (road, rail, power and water) as well as multiple gold processing facilities.

Next Steps

EL6661 is granted, while three additional Exploration Licences at the Project are expected to be granted shortly (EL6669, EL6737 and EL6738). Additional regional soil geochemical sampling programs are underway and extended ground gravity work will commence immediately on granted tenure. The results will be used to plan shallow Aircore drilling, scheduled for October 2018, subject to approvals.

Chalice's Chief Executive Officer Alex Dorsch said: "The Bendigo region is now firmly back on the radar for gold investors around the world, thanks to the exceptional exploration results which have been reported recently in the area. Despite this growing level of exploration activity, the region is surprisingly under explored undercover, which creates a huge opportunity for Chalice."

"We established the Pyramid Hill Gold Project based on our confidence in applying modern exploration techniques to unlock the true potential of an area within an earshot of world-class gold deposits. We now hold a strategic ground position of over 3,000km² and we have delivered some exciting early results from our initial exploration activities."

¹ CYL ASX Announcement 25 June 2018

² KLA ASX Announcement 2 May 2018

³ V. Lisitsin, A. Olshina, D.H. Moore & C.E. Willman 2007, Assessment of undiscovered mesozonal orogenic gold endowment under cover in the northern part of the Bendigo Zone, GeoScience Victoria Gold Undercover Report 2, Department of Primary Industries



"The four large gold anomalies identified by our initial work are exciting indications of prospectivity at this early stage, and we are looking forward to seeing what our systematic and accelerated approach to exploration can deliver."

Alex Dorsch

Chief Executive Officer

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About the Pyramid Hill Gold Project, Victoria

The 100%-owned Pyramid Hill Gold Project covers an area of 3,080km² north of Bendigo, Victoria. The Project extends to the north-west of the world-class >22Moz Bendigo Goldfield and to the north-east of one of the world's highest grade gold mines, the >7Moz Fosterville Gold Mine owned by Kirkland Lake Gold (NYSE / TSX: KL | ASX: KLA). The 'Gold Undercover' initiative by the Victorian Government estimates a potential ~32Moz of undiscovered gold beneath Murray Basin cover in the Bendigo Zone, which includes the Pyramid Hill Gold Project.



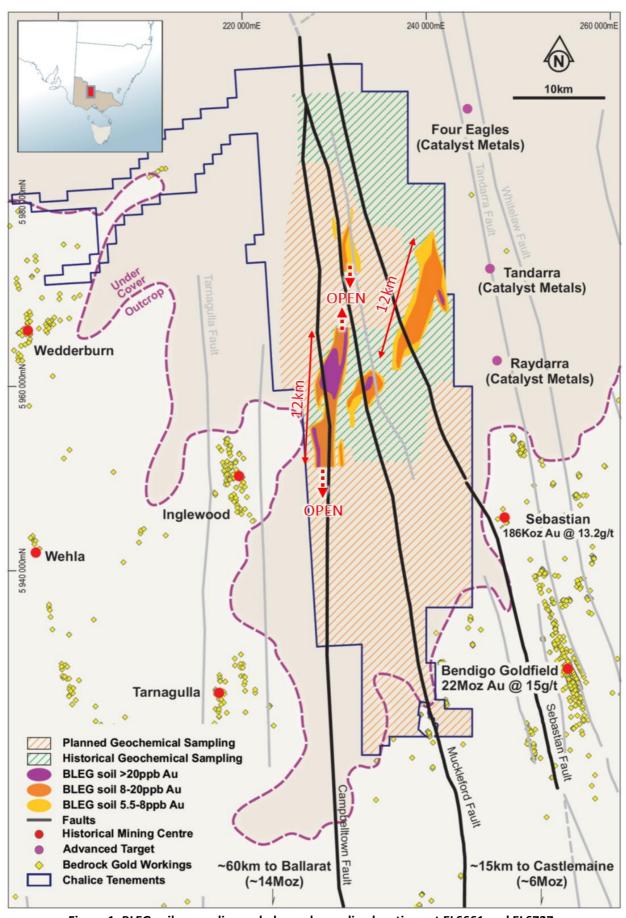


Figure 1. BLEG soil anomalies and planned sampling locations at EL6661 and EL6737



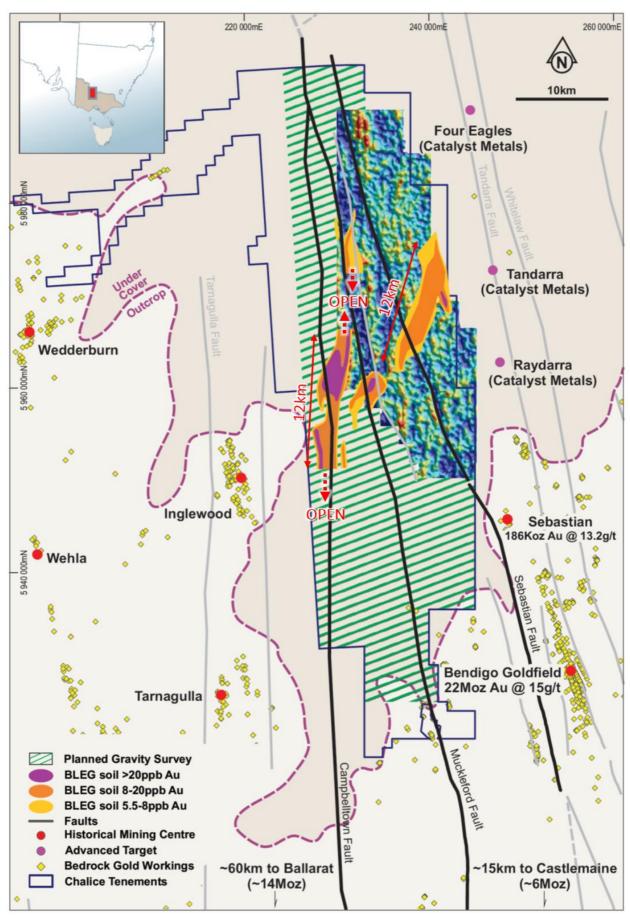


Figure 2. Ground gravity, planned gravity surveys and BLEG soil anomalies at EL6661 and EL6737



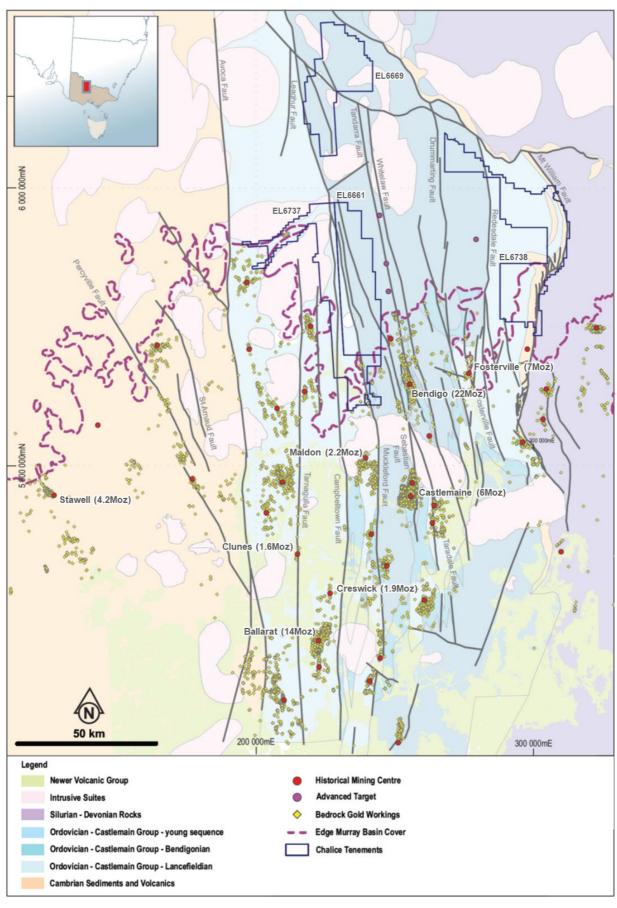


Figure 3. Bendigo Zone regional geology and Chalice tenure



Competent Persons and Qualifying Persons Statement

The information in this report that relates to Exploration Results in relation to the Company's Projects is based on information compiled by Dr. Kevin Frost BSc (Hons), PhD, who is a Member of the Australian Institute of Geoscientists. Dr. Frost is a full-time employee of the company and has sufficient experience in the field of activity being reported 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 release of information in the form and context in which it appears here.

Forward Looking Statements

This document 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 document 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 estimation of mineral reserve and mineral resources, the realisation of mineral reserve estimates, the likelihood of exploration success at the Company's projects, 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", "expects" or "does not expect", "is expected", "will", "may", "would", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes" 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; 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; 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.

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

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	Nature and quality of sampling (e.g. 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. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.	Chalice sampling includes 313 soil and QAQC samples. Soil samples collected over Murray Basin Cover sequence at the base of the grass root zone, between 5 cm and 50 cm depth. Soils are initially sieved to -5mm. Two samples at each location are then collected: • -1 mm sample weighing approximately 1 kg for bulk leach extractible gold (BLEG) • +1 mm -5 mm sample weighing approximately 200 g for aqua regia digest ICPMS/AES for Ag, As, Bi, Sb plus Fe, Cu, Pb, Zn Hg For approximately every 50 samples sent to the lab, there is one certified CRM standard, two duplicate samples, and one certified CRM blank sample included. Duplicate samples are collected in the field 42 orientation samples were collected to replicate sample results from Homestake Australia Ltd (1997) and the +1 mm -5 mm sample were also analysed for Au by 40 g Aqua regia ICPMS determination Results are reported for the first 102 samples of 313
Drilling techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. 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).	No drilling completed
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. 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.	No drilling completed
Logging	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. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged.	A short field description of each soil sample was collected including colour, clay content, sand content, percent of rock and quartz fragments



Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Soil samples sieved and collected dry to slightly moist. Six wet clay samples were only sieved to -5mm Samples were prepared using Bureau Veritas PR001,
	For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	PR302, "Dry then pulverize to better than 85% passing 75 microns" for BLEG, the entire sample was analysed. For base metal analysis, a mini aqua-regia digest of 5 g of material was analysed
	Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/secondhalf sampling.	Within every subset of approximately 50 samples sent to the lab, there is one certified CRM standard, two duplicate samples, and one certified CRM blank sample included. Scrutinising the QAQC results to ensure that there is no sample smear or unexplainable results/anomalies
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are considered appropriate
Quality of assay data and laboratory tests Verification of sampling and assaying	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 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. 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 The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes.	Laboratory procedures and assay data have been carefully selected based on appropriate techniques for the type of analysis required. BLEG samples are total digest and base metal samples are partial digest No geophysical surveys conducted Four different CRM are utilised with gold values in the range of 12ppb to 96 ppb, and a range of certified multi-element values provide checks on the multi-element data. Acceptable levels of accuracy and precision have been established No drilling completed
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data.	No drilling completed All sample data manually collected and entered into Excel spreadsheet, which is backed up and stored on a server. GPS locations are downloaded and exported in CSV format, before being merged into the primary database. All electronic data is routinely backed up. All hard copy assay certificates are kept in the Perth Office None applied
Location of data points	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.	Soil sample locations were collected using a handheld GPS unit which has an accuracy of approximately +/- 5m
	Specification of the grid system used	The grid system used is UTM GDA 94 Zones 54 and 55 datums
	Quality and adequacy of topographic control.	Nominal RL's based on regional topography



Criteria	JORC Code explanation	Commentary
Data spacing and distribution	Data spacing for reporting of Exploration Results.	Chalice soil samples collected on approximately 1600m x 500m grid with maximum spacing of 5000m x 500m
	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.	Existing data not applicable to estimate mineral resources
	Whether sample compositing has been applied.	No compositing applied
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 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.	Sampling traverses are oriented to achieve as close as possible to orthogonal intersection of the interpreted mineralised trends, and this was achieved with a relatively high degree of confidence No drilling completed
Sample security	The measures taken to ensure sample security.	Senior geologist responsible for all sampling. Samples initially placed in boxes and polyweave bags in the field and securely stored until delivery to transport company where these are shipped to the lab in pallets
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	None completed

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	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. 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.	The Pyramid Hill Project comprises granted tenement EL6661 and applications EL6737, EL6738 and EL6669 which were applied for by CGM (WA) Pty Ltd a wholly owned subsidiary of Chalice Gold Mines Ltd EL6661 is in good standing and there are no known impediments to operating in the area. EL6737, 6738 and 6669 are under application
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	There have been multiple phases of exploration in the region most notably in the 1990's and Chalice is currently assessing previous exploration results in the public domain. Homestake Australia Ltd completed regional BLEG and partial leach soil sampling in 1996 on approximately 50% of EL6661 and 10% of EL6737. Anomalous values up to 81 ppb Au highlighted several anomalies.
		Homestake drilled 1 traverse of five air core holes spaced at 300m apart, and a few other single holes on the project area. Several weak anomalies were located with up to 25 ppb Au on the eastern part of EL6661. Previous work by North Ltd, Geopeko and Metex included minor drilling, hydrogeochemical sampling of water bores and regional geophysical surveys
Geology	Deposit type, geological setting and style of mineralisation.	Exploration on the Pyramid Hill project is for quartz-reef related Ordovician Slate Belt gold deposits similar to those at Bendigo and Ballarat. These deposits belong to the orogenic class of gold deposits. Gold mineralisation is



Criteria	JORC Code explanation	Commentary
		localised along tightly folded anticlines and related west dipping reverse faults
		The project contains large areas of Neogene Murray Basin sediment cover which occur to depths of typically 0-100m and locally over 100m depth. The Murray Basin succession comprises flat lying, weak to moderately consolidated, marine and non-marine sediments. A restricted part of EL6661 is also covered by young Neogene Newer Volcanics and the entire cover sequence is interpreted to overlie a basement of sedimentary rocks belonging to the Ordovician Castlemaine Supergroup. The basement rocks include packages of bedded sandstone, siltstone and carbonaceous shale. The Castlemaine Supergroup outcrops in the southeastern corner of tenement EL6661 and continues into the southern third of ELA6737
Drill hole Information	A summary of all information material to the understanding of the exploration results	No drilling completed
Injoination	including a tabulation of the following	
	information for all Material drill holes:	
	easting and northing of the drill hole collar	
	elevation or RL (Reduced Level – elevation	
	above sea level in metres) of the drill hole	
	collardip and azimuth of the hole	
	down hole length and interception depth	
	hole length.	
Data aggregation methods	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	Not applicable Not applicable
	and should be stated.	The spanning of the spanning o
	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.	Not applicable
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	
Relationship between	These relationships are particularly important in the reporting of Exploration Results.	Not applicable
mineralisation widths and intercept lengths	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	
	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').	
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a	See figures in body of report



Criteria	JORC Code explanation	Commentary
	plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	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.	Previous exploration results are reported
Other substantive exploration data	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.	All meaningful and material data reported
Further work	The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).	Ground gravity is planned on traverses at approximately 1.6km and spacing of 50m, further regional soil sampling and assessment of results before air-core drilling.