ASX Announcement
27 September 2018

Chalice set to drill large-scale gold targets at Pyramid Hill Gold Project, Victoria

Seven high-priority targets identified from gravity surveys and soil geochemistry to be tested by maiden 8,500m drill program commencing in late October

Highlights

- Initial program of **8,500m of Reverse Circulation/Aircore drilling** to commence next month at the **Pyramid Hill Gold Project**, on granted Exploration Licences EL6661 and 6737 located 20-50km north-west of the 22Moz Bendigo Goldfield in central Victoria.
- Drilling will test **large-scale targets** defined by peak gold-in-soil geochemical anomalies and basement gravity features in favourable structural settings, proximal to **known gold-bearing regional faults**.
- **Three major regional faults** (Sebastian, Muckleford and Campbelltown) which control multi million-ounce gold deposits such as Bendigo, Ballarat and Castlemaine are interpreted to trend within Chalice's tenure.
- Drill lines will be widely-spaced to provide the **first effective and comprehensive test** of the prospective Bendigo Zone geology below areas of Murray Basin cover. The thickness of the overlying cover is estimated to be 20m to 100m in the areas selected for initial drill testing.
- The Victorian Government initiative 'Gold Undercover' estimates a potential **~32Moz undiscovered gold endowment** in the Bendigo Zone beneath Murray Basin cover, where Chalice has a total tenement holding of **3,080km^2**.

Chalice Gold Mines Limited ("Chalice" or "the Company") (ASX: CHN | TSX: CXN) is pleased to announce that it is gearing up for its maiden drilling program at the **Pyramid Hill Gold Project**, located north-west of the 22Moz Bendigo Goldfield in central Victoria.

The Company has made significant progress in advancing exploration activities at Pyramid Hill over the last two months. Successful targeting work has culminated in the identification of three large-scale priority gold targets which will be tested by an initial 8,500m Reverse Circulation/Aircore drill program due to commence next month.

Drilling is designed to test the West and East gold-in-soil geochemical targets (West and East Anomalies), as previously validated by the Company in July 2018, together with prominent gravity features identified from a recently completed 250-line km ground gravity survey and a historic airborne Falcon gravity survey.

8,500m RC/Aircore Drilling Program

An 8,500m program of RC/Aircore drilling is planned over seven drill traverses that are located between 20-50km north-west of the town of Bendigo (Figure 1). Four of the seven drill traverses will test the two largest gold-in-soil anomalies identified to date (the West and East Anomalies), each of which extend over a 12km strike length, with drilling prioritised over gravity highs which are interpreted as 'buried hills' beneath Murray Basin cover, where

bedrock should be closer to surface. The southernmost two drill lines will test a large-scale gravity anomaly associated with the prospective Muckleford fault in the same area that reported anomalous gold in historic drill holes, including 1m @ 0.38g/t Au and 5m @ 0.11 g/t Au.

Drilling has previously been attempted in the vicinity of the West and East Anomalies, although historical Aircore drilling was almost entirely ineffective with most drill-holes terminated within barren Permian tillite cover – which is known to occur throughout part of EL6661. Chalice plans to utilise RC drilling in these areas of deeper cover in order to provide the first effective test of the underlying Bendigo Zone succession (including saprolite) which hosts the primary gold deposits of the Central Victorian goldfields.

All planned drill traverses are at least 3.2km apart, reflecting the district-scale approach to the Company's initial drill testing at the Pyramid Hill Gold Project. Any anomalous results will provide an immediate target for follow-up drill testing and the Company is confident it can fast-track drilling approvals to facilitate a continued aggressive approach to drilling on the project.

Regional soil geochemical programs

Chalice has continued to progress regional surface geochemical surveys elsewhere on the project, including. 417 samples on EL6737, for which assay results are still outstanding. The Company has also commenced an initial approximately 830 sample grid over recently-granted tenement EL6738, which is located approximately 30km north-east of Kirkland Lake Gold's (NYSE / TSX: KL | ASX: KLA) Fosterville gold mine (Figure 2).

EL6738 comprises a westernmost succession of Bendigo Zone sediments, which is the same rock sequence that hosts the Fosterville gold deposits (containing approximately 7 Moz Au), and an older succession of volcanics and sediments that define a strongly magnetic trend in the eastern part of EL6738. Soil sampling has been designed in areas amenable to surface geochemistry – which are areas with less than 100m depth of cover to basement. Gold deposits and occurrences are known throughout both successions, which attests to the prospectivity of the Company's tenement-holding (Figure 3).

Next Steps

RC/Aircore drilling is expected to commence in late October, subject to approvals.

Assays are expected to be received shortly for soil sampling completed within the southern part of EL6737. These results will be reviewed and integrated with recently completed ground gravity data to work up the next phase of drill targets. Soil sampling on EL6738 will continue this month and is expected to be completed by mid-October with assays to follow in mid-November.

Chalice's Chief Executive Officer Alex Dorsch said: *"Our exploration team has made significant progress at Pyramid Hill over the last three months, working up an extremely large area in a short time-frame. We are very excited about the upcoming maiden drill program, which will target the same regional faults that host multi million-ounce gold deposits in the Bendigo region.*

"We believe this a great opportunity for our shareholders to be part of the continued reinvigoration of one of Australia's premier goldfields, which is continuing to deliver exceptional mining and exploration results. We look forward to releasing results from drilling in due course."

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 3,080km^2 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, where Chalice has a total tenement holding of 3,080km^2.

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 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", "anticipates" or "does not anticipate", "believes" , "occur" 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; 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.

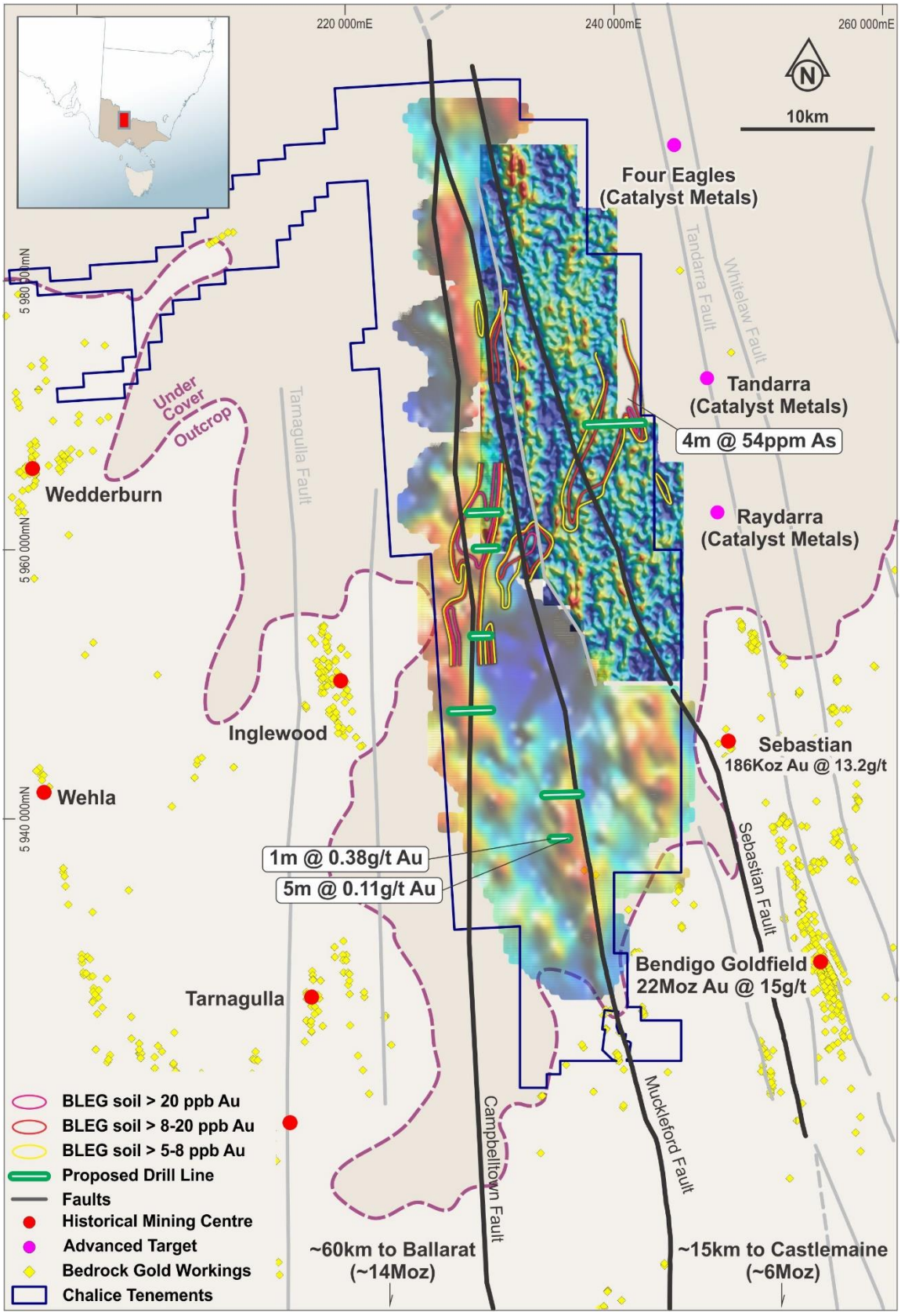

Figure 1. Planned RC/aircore drill traverses over first vertical derivative gravity with gold-in-soil anomaly contours

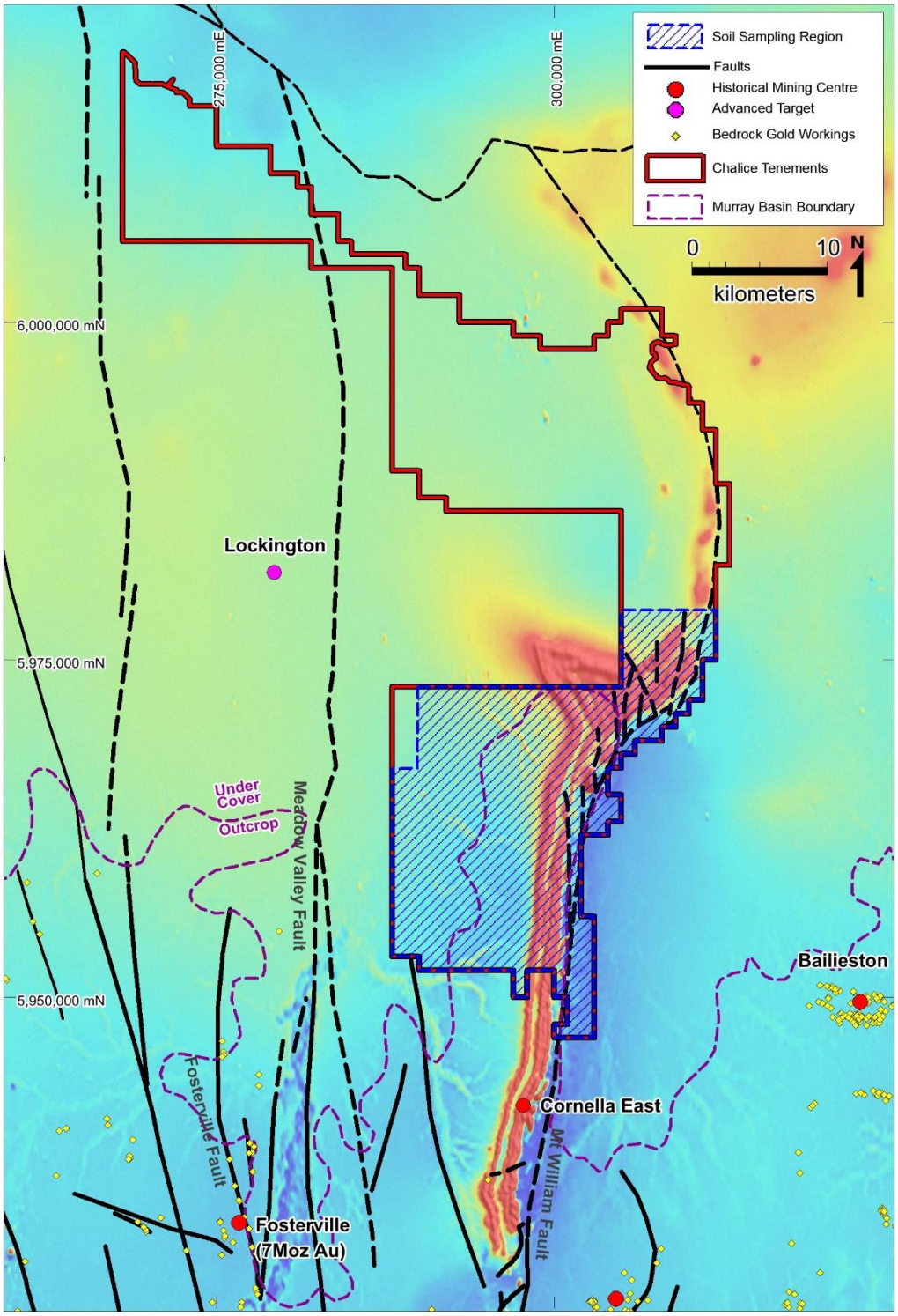

Figure 2. Location of EL6738 showing area of soil geochemical sampling over regional aeromagnetic image

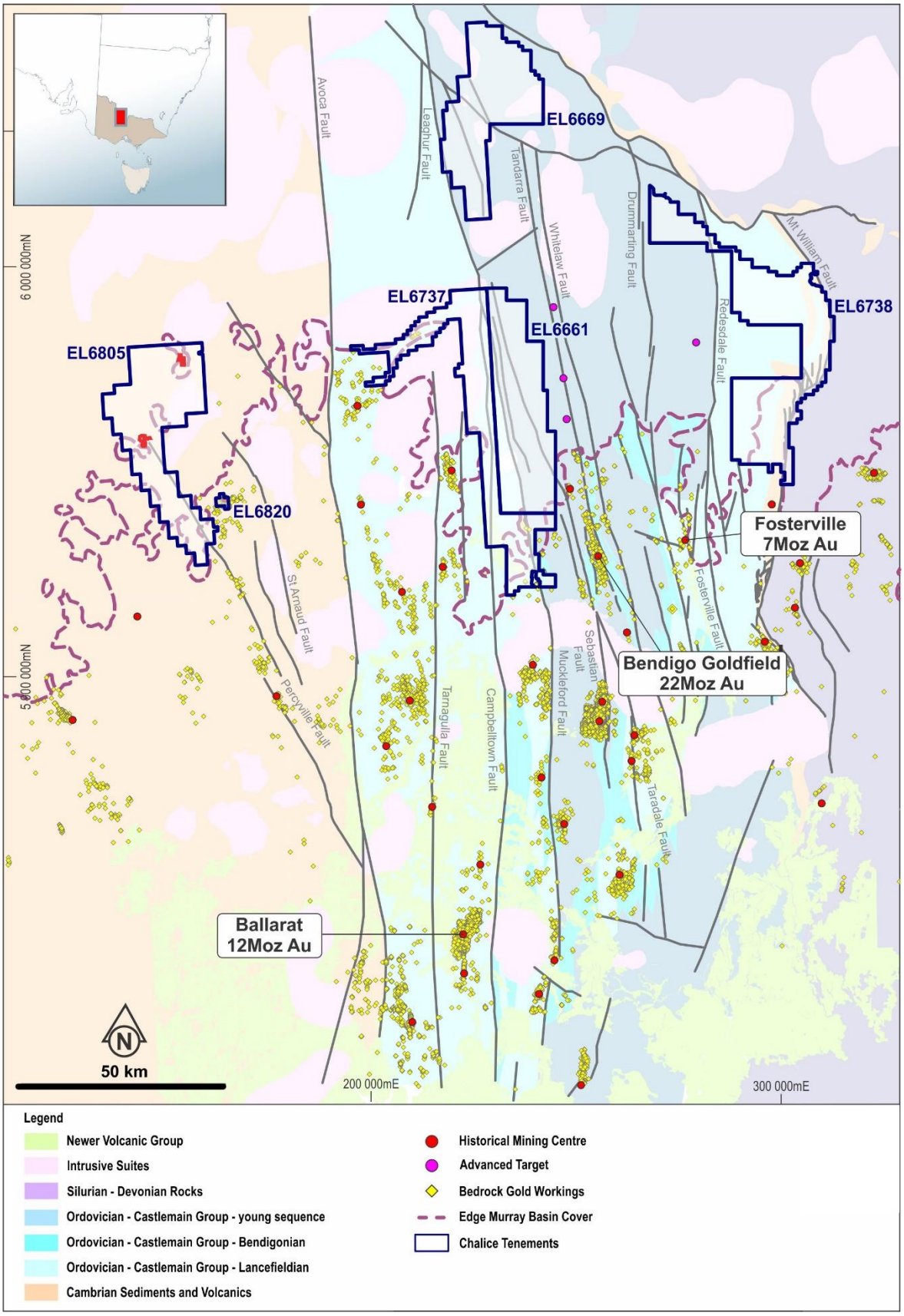

Figure 3. Interpreted geology of Central Victoria showing Chalice tenure

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 738 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 *(*)Note: Samples collected over EL3738 will be assayed for gold via aqua regia digest rather than BLEG due to identification of coincident gold anomalism from an orientation survey comparing both digest methods.* 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 2554 ground gravity measurements were acquired over EL6661 and EL6737 with a 1,600m x 100m grid by Atlas Geophysics. This grid is coincident with the soil sample program described above. Repeat measurements were acquired for 3% of the survey stations with a required repeatability of better than 0.02 mGal (0.01 mGal for control stations). Control stations were used to assess instrument accuracy routinely throughout the survey.
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

Criteria	JORC Code explanation	Commentary
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.*	No drilling completed A short field description of each soil sample was collected including colour, clay content, sand content, percent of rock and quartz fragments
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.* *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.* *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.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	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, 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 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 Sample sizes are considered appropriate
Quality of assay data and laboratory tests	*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.*	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 Geophysical survey equipment comprised: • V100 GNSS RTK System (location instrument) • Scintrex CG-5 digital gravity meter GNSS and gravity control stations were established in each survey area (for without pre-existing control stations). Measurements from these stations are tied to the Geocentric Datum of Australia (GDA94), the Geodetic Reference System 1980 (GRS80), and the Australian Height Datum (AHD). Gravity meters are calibrated both pre- and post-survey using the Geoscience Australia calibration range at Helena Valley, WA. The calibration process validates each gravity meter's scale factor. Weekly tilt-tests and cycles were conducted to ensure meter drift and tilt correction factors are valid. Drift rates were monitored daily using AGRIS software. Repeat measurements were acquired for 3% of the survey stations. If two separate readings do not agree to better than 0.02 mGal (0.01 mGal for control stations), then the operator will continue taking readings until the tolerance between consecutive readings is achieved. 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

Criteria	JORC Code explanation	Commentary
		multi-element data. Acceptable levels of accuracy and precision have been established
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	No drilling completed 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.* *Specification of the grid system used* *Quality and adequacy of topographic control.*	Soil sample locations were collected using a handheld GPS unit which has an accuracy of approximately +/- 5m Gravity data locations were collected using a V100 GNSS RTK System which provides sub-cm accuracy The grid system used is UTM GDA 94 Zones 54 and 55 datums Nominal RL's based on regional topography
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *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.* *Whether sample compositing has been applied.*	Chalice soil samples collected on approximately: • 1600m x 500m grid with maximum spacing of 5000m x 500m over EL6661 & EL6737 • ≤1600m x 400m grid over regions containing Murray Basin cover & a ≤1600m x 200m grid over regions of shallow to no cover Existing data not applicable to estimate mineral resources 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 tenements EL6661, 6737 & 6738, and EL6669, 6805 & 6020 which were applied for by CGM (WA) Pty Ltd a wholly owned subsidiary of Chalice Gold Mines Ltd EL6661, 6737 & 6738 are in good standing and there are no known impediments to operating in the area. EL6669, 6805 & 6820 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. Chalice has reviewed and assessed all previous exploration results available 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. St Barbara completed 2 traverses of aircore drilling with anomalous results from drillholes on both drill lines. Previous work by North Ltd, Geopeko and Metex included minor drilling, hydrogeochemical sampling of water bores and regional geophysical surveys. Providence Metals completed a large program of aircore drilling (c. 104) with nearly all holes failed to test basement (Castlemaine Supergroup sediments) with the majority of holes terminated in Permian tillite which occurs across a large part of EL6661.
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 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 & 6737 are 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 south-eastern 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 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*	No drilling completed

Criteria	JORC Code explanation	Commentary
	above sea level in metres) of the drill hole collar • *dip 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 and should be stated.* *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.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Not applicable Not applicable Not applicable
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *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').*	Not applicable
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 plan view of drill hole collar locations and appropriate sectional views.*	See figures in body of report
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).*	Further regional soil sampling and assessment of results before air-core and RC drilling.