

29 October 2018

### Chalice resets for potentially transformational drilling programmes after identifying outstanding new gold targets in Victoria and Quebec

#### Highlights

##### Pyramid Hill Gold Project – Bendigo Region, Victoria

- **Seven high-priority targets** identified by peak gold-in-soil geochemical anomalies and gravity features.
- **Maiden 8,500m Aircore/Reverse Circulation drilling programme** set to commence in **early November**.
- Drilling commencing on granted Exploration Licences **20-50km north-west of >22Moz Bendigo Goldfield**.
- **New multi-purpose AC/RC rig** to be mobilised to give operational flexibility.
- Chalice now a **well-established and active explorer in the region**, with **~3,080km<sup>2</sup>** of Exploration Licences.

##### East Cadillac Project – Quebec, Canada

- **Several new, extensive and coherent gold-in-soil anomalies** defined in new geochemistry results.
- **~3.4km x 1.3km Legrand anomaly**: similar geochem and structural signature to >16Moz Canadian Malartic gold mine, ~70km to the west
- **~2.3km x 0.5km Anderson anomaly**: on a regional structure that hosts several large gold deposits.
- These **untested targets to be drilled in early 2019** as part of the upcoming winter drill season.
- **Key western project area consolidated** following acquisition of remaining 30% interest from Monarques Gold Corporation (TSX-V: MQR), giving Chalice 100% ownership (including the two new anomalies).

##### Corporate

- **Strong cash balance of ~A\$34.1 million** at Quarter-end plus liquid investments and receivables of ~A\$5.1 million (equivalent to total current assets of **~A\$39.2 million or ~A14.7c per share**).
- **Chalice refined its growth strategy** to focus principally on **high-impact gold exploration opportunities**.
- As such, a proposed capital reduction and return of up to **A4c per share (~A\$10.7 million)** was announced, to be voted on by shareholders at the upcoming Annual General Meeting.

## 1. OVERVIEW

Commenting on the September Quarter, Chalice CEO, Alex Dorsch, said: "This was an important quarter for Chalice, both in terms of the exploration progress we made across our two district-scale gold projects in the highly-endowed gold regions of Bendigo, Victoria and the Abitibi, Quebec, and our decision to reset our growth strategy.

The proposed capital return to be voted on at our upcoming AGM sends a strong signal that the Board believes our ability to execute well-funded and targeted exploration programmes in Tier-1 gold districts represents a sound risk-reward proposition for shareholders.

With this strategy in mind, the Company is about to embark on two such programmes, initially at our Pyramid Hill Gold Project in the Bendigo region of Victoria and then, in the New Year, at our East Cadillac Gold Project in Canada.

At Pyramid Hill, we have assembled an extensive and highly prospective ground position in what has emerged as one of the world's most exciting gold districts, and we are looking forward to drilling the high-potential targets.

At East Cadillac, we have consolidated a district-scale gold project which is now beginning to attract significant attention in North America. We have recently identified some new, very large gold-in-soil anomalies, which we plan to drill-test early next year as part of our winter exploration season."

## 2. EXPLORATION ACTIVITIES

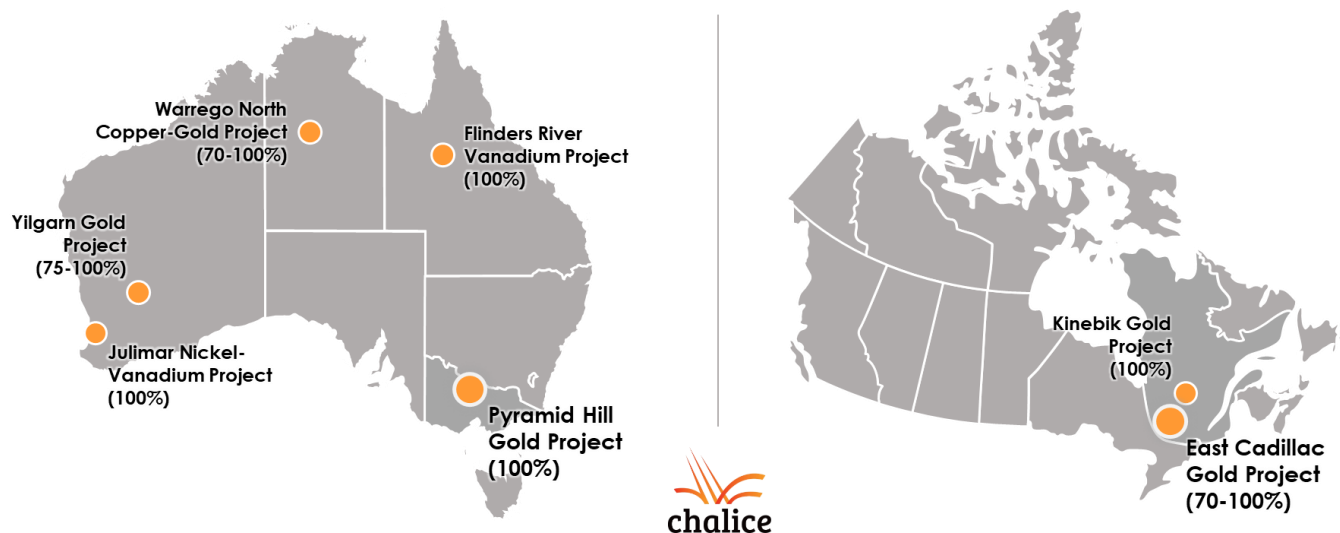


Figure 1. Chalice's project locations in Australia and Canada.

## 2.1 Pyramid Hill Gold Project, Victoria, Australia

*The 100%-owned Pyramid Hill Gold Project covers an area of 3,080km<sup>2</sup> north of Bendigo in 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 estimated a potential ~32Moz of undiscovered gold beneath Murray Basin cover in the Bendigo Zone, where Chalice now holds a district-scale land position.*

During the Quarter, the Company made significant progress in advancing exploration activities at the Pyramid Hill Gold Project. Successful targeting work has culminated in the identification of three large-scale priority gold targets which will be tested by an initial 8,500m Aircore (AC) / Reverse Circulation (RC) drill programme due to commence in early November 2018.

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

### Maiden Drilling Programme

The proposed AC / RC drilling programme is planned over seven drill traverses that are located between 20-50km north-west of the town of Bendigo (Figure 2).

Four of the seven drill traverses will test the two largest gold-in-soil anomalies identified to date (the **West and East Targets**), 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.

Drilling has previously been attempted in the vicinity of the West and East Targets, 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, providing the first effective test of the underlying Bendigo Zone succession (including saprolite) which hosts the primary gold deposits of the Central Victorian goldfields.

The southernmost two drill lines will test the **South Target**, 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.

All planned drill traverses are at least 3.2km apart, reflecting the district-scale regional 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, given the Company's strong financial position, a continued aggressive approach to drilling on the project is possible without additional funding.

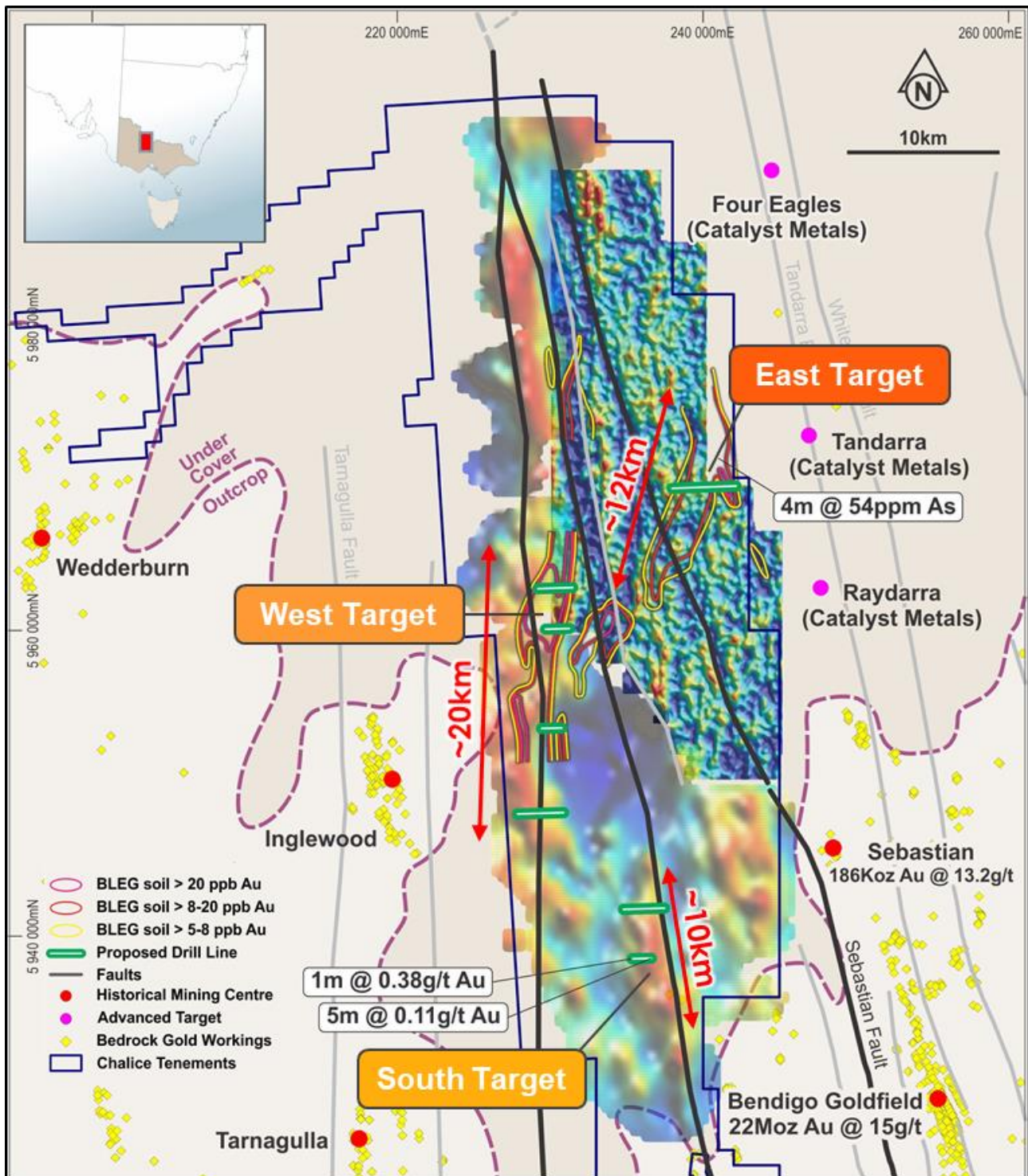


Figure 2. Planned Aircore / RC drill collars and gold-in-soil anomaly contours over 1VD gravity.

Chalice has engaged drilling contractors Wallis Drilling and Strike Drilling to undertake its maiden 8,500m drill programme over the Project. The drill rigs are ideally suited to cover an expected wide range of drilling conditions, ranging from areas of relatively thin cover through to deep Murray Basin and Permian tillite overburden.

The Wallis Aircore rig is suitable for drill testing in areas of known shallow cover, while the Strike drill rig (Schramm T450; 430psi/1000cfm) is a dual-purpose Aircore-slimline RC drill rig, which has the capacity to drill to a depth of 200m in areas of expected thick cover where RC drilling may be required for first-pass drill testing (Figure 3). The Strike drill rig is expected to give operational flexibility and will be the only rig of its type to be mobilised into Victoria.



Figure 3. Strike Drilling Schramm T450 Rig (photo courtesy Strike Drilling).

### **Regional Soil Geochemistry**

Chalice has continued to progress regional surface geochemical surveys elsewhere on the project, including collecting 417 samples on EL6737 for which assay results are still outstanding.

The Company has also commenced an initial ~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 4).

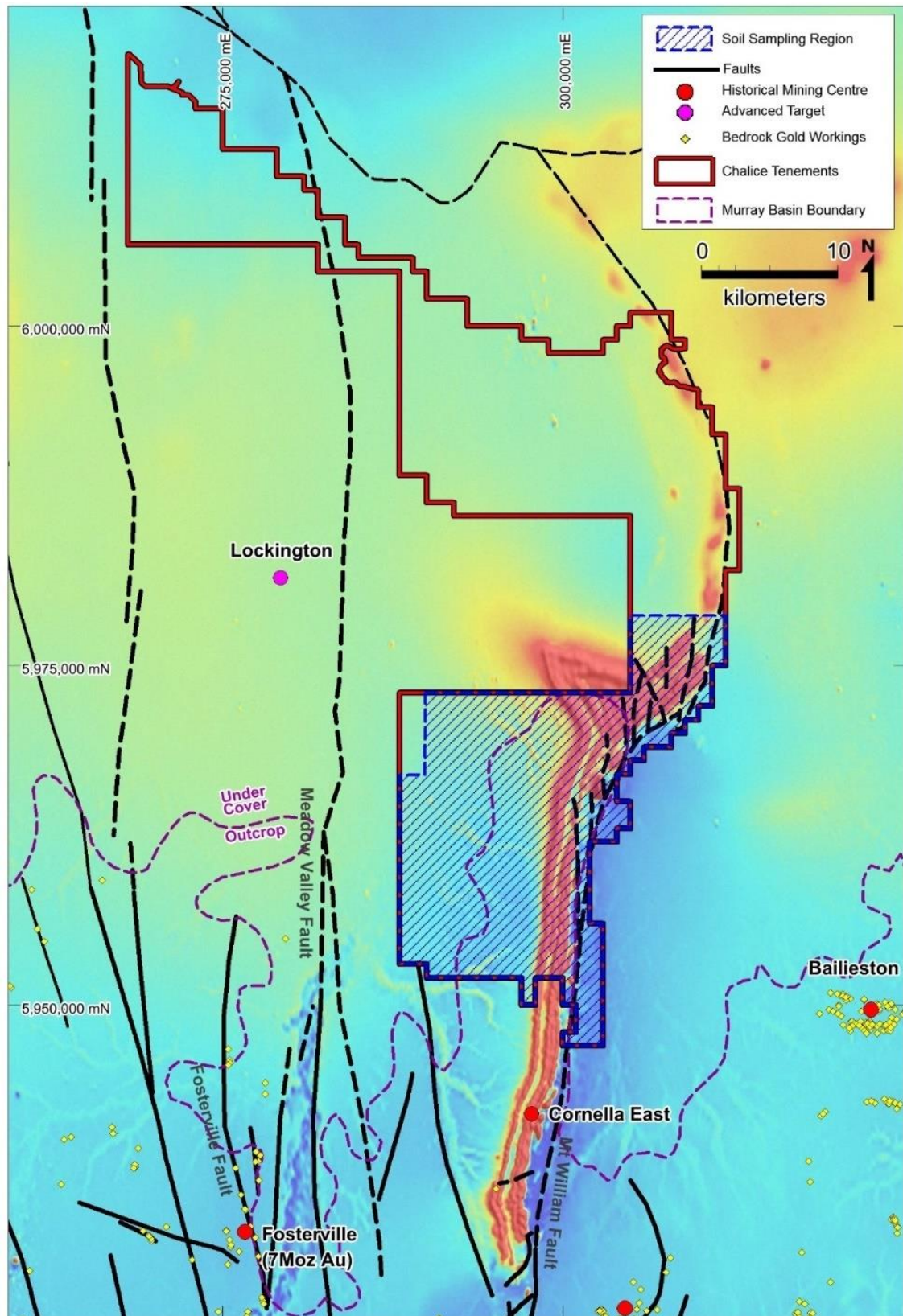


Figure 4. EL6738 showing area of soil geochemical sampling over regional aeromagnetic image.

EL6738 comprises a westernmost succession of Bendigo Zone sediments, which is the same rock sequence that hosts the Fosterville gold mine, 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.

## **2.2 East Cadillac Gold Project, Quebec, Canada**

*The East Cadillac Gold Project covers an area of 245km<sup>2</sup> and is located ~35km east of the >20Moz Val-d'Or gold camp in Quebec, Canada. With land-holdings encompassing a strike length of 27km of the Larder Lake-Cadillac Fault, the most prolifically endowed gold trend in the southern Abitibi, the Project is situated amongst some of the region's most significant mines and surrounds the historical Chimo gold mine, owned by Cartier Resources (TSX: ECR).*

*The East Cadillac Project was acquired by Chalice in late 2016 and further consolidated with several earn-in option agreements (Chalice earning 70 to 100%) and 100%-owned claims. Since acquiring the Project, Chalice has completed a 27,300m regional diamond drilling programme targeting large scale gold systems, with three new discoveries made to date.*

Based on extensive surface geochemistry programmes completed during the Quarter, the Company has defined several new large-scale gold-in-soil anomalies at the East Cadillac Gold Project. The newly-defined anomalies represent high-priority drill targets.

The recent soil, rock chip and geophysical programmes were designed to expand regional data coverage and define new regional drill targets for the upcoming winter drilling season, building on previous regional work completed by Chalice in 2017.

### **Regional Soil Geochemistry**

A total of 1,504 mobile metal ion (MMI) soil samples were collected from both newly optioned / acquired claims and in-fill samples were collected over target areas defined from the wide-spaced 2017 soil sampling programme. The MMI soil sampling results have identified four new significant gold and pathfinder soil anomalies in areas subject to limited or no previous drilling (Figure 5).

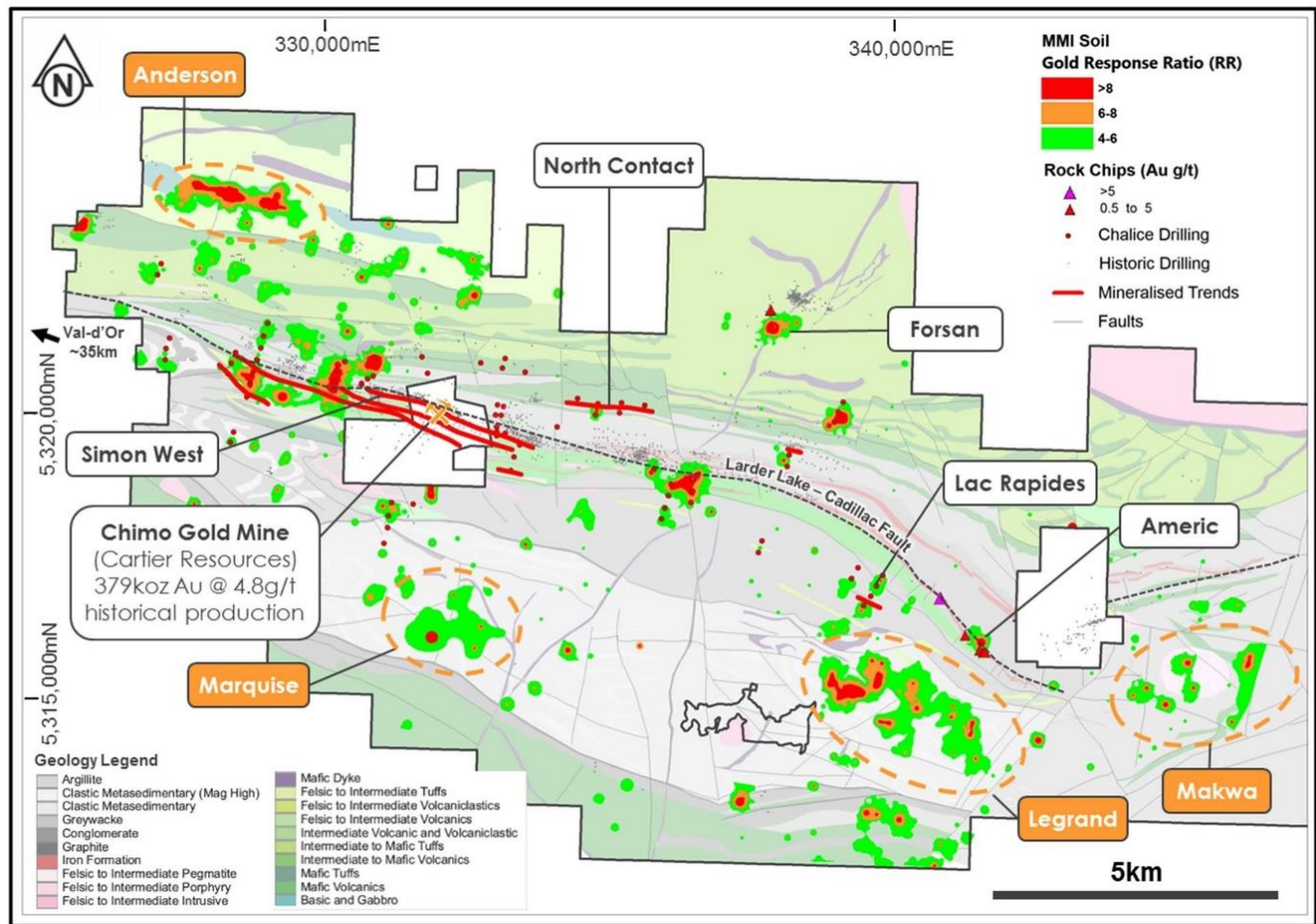


Figure 5. MMI gold-in-soil geochemistry, rock chip sampling and interpreted geology.

Table 1 below summarises the main attributes of the geochemical anomalies. Importantly, the MMI gold anomalies are mostly associated with gold pathfinder elements, providing more evidence that the anomalies are related to bedrock gold mineralisation.

Table 1. MMI soil anomaly properties

Anomaly Name	Approx. Length at RR=4 contour (km)	Approx. Width at RR=4 contour (km)	Peak MMI Gold Value (Response Ratio)	Associated Pathfinder Elements
Legrand	3.4	Up to 1.3	22	As, Bi, W
Anderson	2.3	Up to 0.5	22	Minor Ag, Bi
Marquise	1.4	Up to 0.7	20	As, Sb, Ag
Makwa	Up to 1.5	Up to 0.3	10	W, Ag, Cu

The **Legrand** gold-in-soil anomaly is coherent and covers a large surface area within a 5km x 4km area of anomalous arsenic and tungsten with minor bismuth. No bedrock geology outcrops were recognised in this area, although aeromagnetic interpretation suggests that the Legrand anomaly overlies Pontiac Sediments which also host significant gold deposits elsewhere in the region including the Canadian Malartic gold mine (>16Moz Au at ~1.1g/t Au), located approximately 70km to the WNW (Figure 6).

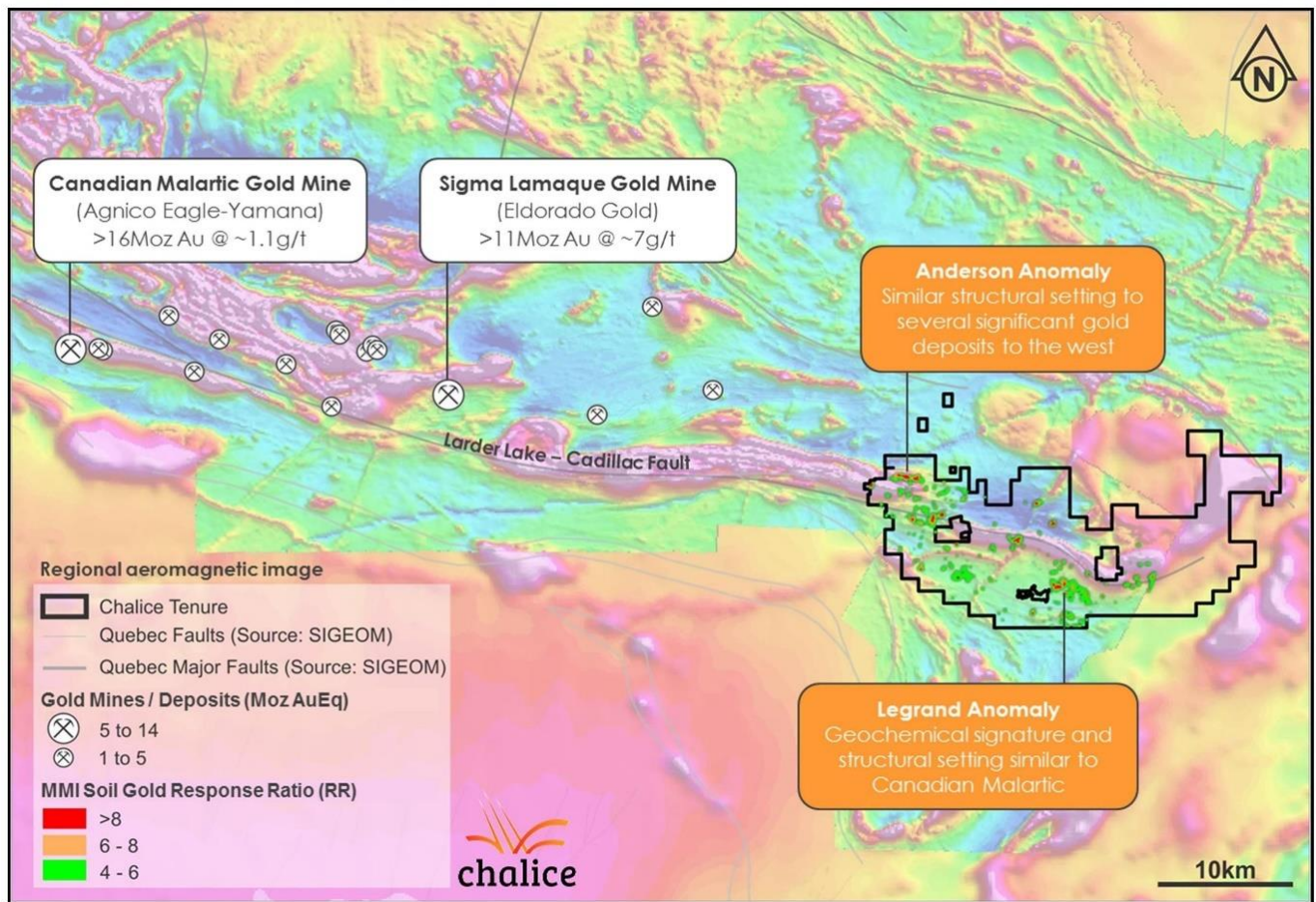


Figure 6. Regional gold deposits and MMI gold-in-soil geochemistry over regional aeromagnetics.

The **Legrand** anomaly overlies a zone of interpreted complex structure in an area of folded sedimentary rocks transected by thrust faults and intruded by felsic dykes, all of which suggests a favourable setting for orogenic gold mineralisation. In addition, the distribution of anomalous pathfinder metals in soils has a similar pattern of the metal zonation documented for the Canadian Malartic gold deposit which displays a zonation from proximal Au-W to distal Cs-Li-Tl. The Legrand anomaly has not been previously drill-tested and is to be prioritised for drilling in the upcoming winter programme.

The **Anderson** anomaly is a strong coherent gold-in-soil anomaly defined over a strike length of 2.3km and located about 2.5km north of the Larder Lake-Cadillac fault zone (LLCFZ). The east-west orientation is similar to other sub-parallel structures that host the Forsan gold deposit and other gold occurrences in the northern mafic succession. The anomaly is also to be prioritised for drill testing.

## Geophysical Surveys

New aeromagnetic and LiDAR geophysical surveys were completed in June-August 2018 on newly acquired tenure to expand existing LiDAR and helicopter-based aeromagnetic coverage to the north and west of the main Larder Lake – Cadillac Fault (Figure 7). In conjunction with field geological mapping, these surveys have improved the Company's geological understanding of the known gold occurrences throughout the project area.

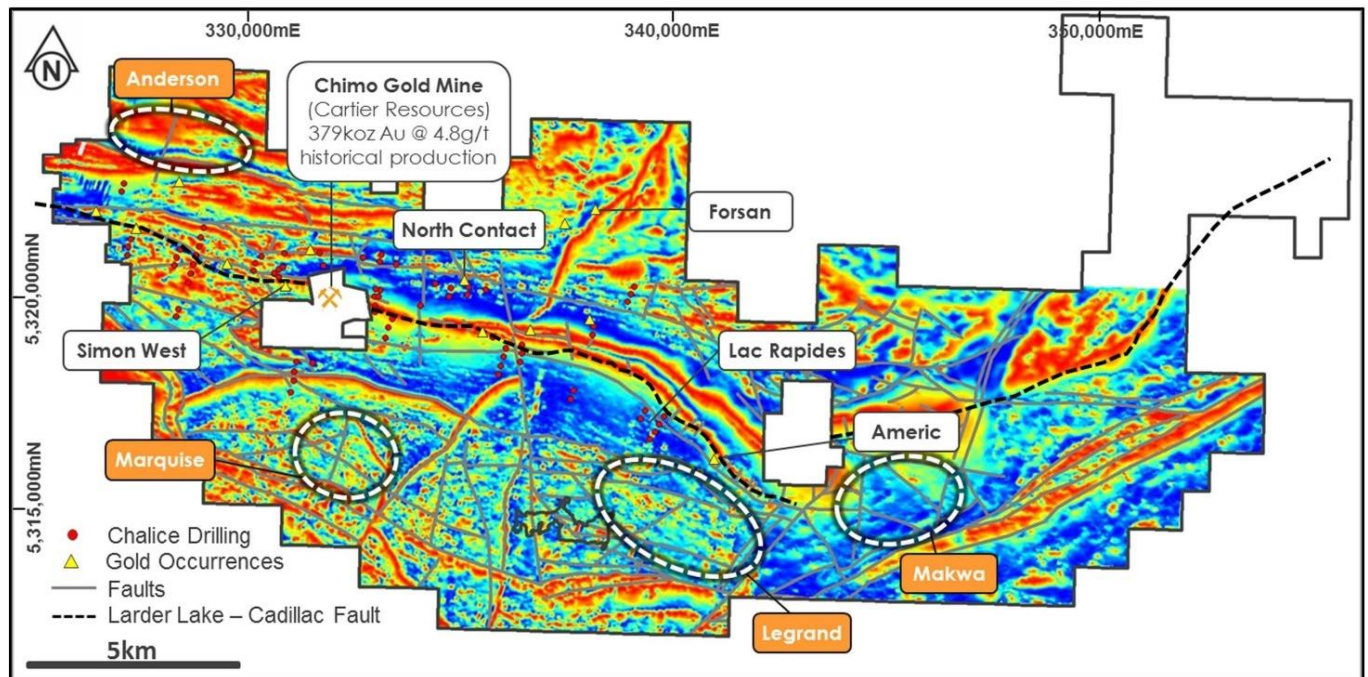


Figure 7. Expanded TDR Aeromagnetic image, showing drilling to date and new geochem anomalies.

### Proposed Future Work

A 3D-IP OreVision survey commenced in early October to extend existing coverage along the Larder Lake-Cadillac Fault for an additional ~7km east of the 2017 survey area (which covered ~16km of strike). The grid is also being extended to the south to cover the new Legrand anomaly to the south-east of Lac Rapides.

The recently received results are being incorporated with the previously acquired data to design a diamond drill programme planned for the upcoming winter drill season, to commence in January 2019. The programme will be designed to test the new surface anomalies as well as testing several zones along strike from existing mineralisation.

### 2.3 Julimar Nickel-Vanadium Project, Western Australia

The Julimar Nickel-Vanadium Project is located 80km north-east of Perth, with excellent access via the Great Northern Highway. The Julimar Project is prospective for both magmatic-style Nickel-Copper-Platinum Group Elements (Ni-Cu-PGE) and intrusion related Iron-Vanadium-Titanium (Fe-V-Ti) mineralisation within an interpreted large (26 x 7km) layered mafic-ultramafic complex.

One of two Exploration Licence Applications have now been granted on the Project. Field reconnaissance work, followed by targeted ground magnetic, gravity and electromagnetic surveys over selected target zones (potential feeder zones), will commence once the final tenement is granted. Any anomalies generated from the initial surface geophysical surveys will form the basis for follow-up drill testing.

### 2.4 Yilgarn Gold Project, Western Australia

The Kurrajong Bore, Bunjarra Well, Jericho, Nulla South and Gibb Rock project areas are located over prospective greenstone belt sequences in the Eastern Goldfields and Southern Cross Goldfields of Western

Australia. The Kurrajong Bore Project (48km<sup>2</sup>) lies ~50km NE of the world class Gwalia gold mine (>5Moz Au) and proximal to other smaller orogenic gold deposits along the Mertondale shear zone.

The Bunjarra Well Project (75km<sup>2</sup>) lies adjacent to the highly prospective Keith Kilkenny Shear Zone, a major regional lineament known for its regional prospectivity and gold endowment. The Nulla South Project (275km<sup>2</sup>) is situated 25km south-east of the active Edna May gold mine (>1Moz Au) over the Westonia greenstone belt. Gibb Rock comprises a single Exploration Licence (55km<sup>2</sup>) located over the Holleaton greenstone belt.

### **Kurrajong Bore**

Assay results were received during the quarter for a 72-hole Aircore drilling programme totalling 4,850m. Several anomalous intercepts were returned and additional follow-up work is being assessed.

### **Bunjarra Well**

Assay results were received during the Quarter for a 12-hole Aircore programme totalling 832m designed to test for strike extensions to anomalous gold (up to 1g/t Au) intersected in historical drilling. Geological logging by Chalice indicates that gold mineralisation is associated with transported regolith (base of palaeochannel).

Additional drilling along strike is being considered to better outline the anomalous footprint of the transported gold with the objective of vectoring towards a potential primary mineralised source.

### **Jericho**

A comprehensive review of historical drilling data has identified shallow, flat-lying, east-dipping gold mineralisation at the Choir Boy prospect, originally discovered by Delta Gold in the mid 1990's. Mineralisation remains open along strike and follow-up work is currently being assessed.

### **Nulla South**

During the Quarter, Chalice agreed to farm-out the Nulla South Project to Ramelius Resources Limited ("Ramelius") (ASX: RMS). Ramelius may earn a 75% interest in the Project for A\$50,000 cash and by spending A\$2 million on exploration within three years (Ramelius may withdraw at any time). Upon earning a 75% interest, Ramelius are required to sole fund all expenditures through to a Decision to Mine.

### **Gibb Rock**

No activity during the quarter.

## **2.5 Warrego North Copper-Gold Project, Northern Territory**

The Warrego North Copper-Gold Project is located approximately 5km north-west of the historical high-grade Warrego copper-gold mine in the western part of the Tennant Creek Mineral Field in the Northern Territory. Warrego was the largest deposit mined in the area with historical production of ~1.6Moz of gold and ~175,000 tonnes of copper, in a classic iron oxide copper gold ("IOCG") geological setting. Chalice optioned part of the Project in April 2016 from Meteoric Resources (ASX: MEI), and can earn up to a 70% interest in two tenements within the project by sole funding A\$800,000. Three additional tenements surrounding the Meteoric JV tenure are 100%-owned.

Four RC drill holes for 1,206m were completed in August on EL31610 as a first-pass test of the Emu prospect. The drilling targeted coincidental aeromagnetic and gravity anomalies thought to possibly represent ironstone units prospective for Tennant Creek-style IOCG mineralisation.

The geology in all holes intersected highly magnetic dolerite intrusives with accompanying sporadic, low tenor copper mineralisation. There were no significant gold readings.

The magnetic dolerites intersected satisfactorily explain the targeted anomalies and, based on the geology and tenor of mineralisation observed, the targets have been down-graded.

Exploration work programmes are being planned on Chalice application tenement ELA 31609, located on freehold aboriginal land. As such, any licence application and future exploration is subject to approval of the Central Land Council (CLC) and Traditional Owners.

## **2.6 Flinders River Vanadium Project, Queensland**

*The 100%-owned Flinders River Vanadium Project is located in central Queensland, ~250km east of Mt Isa and 380km west of Townsville. The project is strategically located within close proximity to the Flinders Highway and Great Northern Railway that connects to the port of Townsville. The region is highly prospective for shallow sedimentary-hosted vanadium mineralisation, with several globally significant vanadium resources nearby held by Intermin Resources Limited (ASX: IRC) / AXF Resources and Multicom Resources.*

Ten Exploration Licence Applications lodged with DNRME (QLD) have now been granted, including five subsequent to Quarter-end. Land access negotiations with pastoral owners are planned, after which field reconnaissance work will commence in 2019.

A shallow drilling programme is envisaged which aims to define the lateral continuity and thickness of the Toolebuc formation over the tenement areas. The programme will involve drilling wide-spaced shallow holes to delineate any potential mineralisation in a low cost and rapid manner.

## **3. CORPORATE**

Chalice's **cash balance was A\$34.1 million** as at 30 September 2018. In addition, Chalice holds various strategic, liquid investments in ASX and TSX listed companies to the value of A\$2.1 million and current receivables of A\$3.0 million (Quebec exploration and tax credits).

The Company also has a contingent A\$5 million payment receivable upon commercial production at the Nyanzaga Gold Project in Tanzania. During the quarter, OreCorp Limited (ASX: ORR) completed an agreement to move to a 100% interest in the Project, and has spent approximately US\$14 million in completing a Pre-Feasibility Study and additional Feasibility Study-related work.

During the Quarter, the Company spent A\$1.5 million on exploration activities and A\$0.85 million on administration, business development and corporate costs (net of interest). The Company also realised a foreign exchange gain of A\$0.65 million.

Estimated outflows for the next quarter include A\$2.6 million on exploration activities and A\$0.49 million on administration, business development and corporate costs. Further details are available in the attached Appendix 5B.

### 3.1 Capital Reduction and Return

In recent years, a significant number of exploration and development opportunities worldwide have been thoroughly reviewed on technical and commercial grounds, with the limited pool of quality opportunities and high degree of competition for those quality projects making the task exceptionally challenging. This combination of a lack of quality opportunities within the Company's financial capability in a highly competitive market place and the promise of the Company's current exploration portfolio has prompted a shift in focus towards its priority exploration stage projects.

The Company proposes to seek shareholder approval under section 256B and 256C of the *Corporations Act (2001)* for an equal capital reduction and return of up to **4.0 cents cash per share (~A\$10.7 million)** to those persons or entities that are shareholders at the appropriate record date.

The Company will submit a Class Ruling request on behalf of shareholders to the Australian Taxation Office ("ATO"), to confirm the tax treatment of the proposed return of capital. Details of the tax treatment of the distribution will be released to shareholders once the Class Ruling has been issued by the ATO.

The capital return is expected to be treated as a reduction in the cost base of each shareholder's holding by 4cps and, accordingly, it is expected to have minimal tax implications.

Subject to shareholder approval, it is anticipated the capital reduction and return would be completed in early December 2018. Full details are outlined in the 2018 AGM Notice of Meeting and Explanatory Statement.

## 4. TENEMENT SCHEDULES

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



Alex Dorsch  
Chief Executive Officer

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### **Competent Persons and Qualifying Persons Statement**

The information in this report that refers to the Pyramid Hill Gold Project is extracted from the announcement entitled "Chalice identifies two 12km+ gold-in-soil anomalies at Pyramid Hill Project, Bendigo" dated 17 July 2018 and "Chalice set to drill large-scale gold targets at Pyramid Hill Gold Project, Victoria" dated 27 September 2018.

The information in this report that refers to the East Cadillac Gold Project is extracted from the announcement entitled "Newly defined large-scale gold anomalies prioritised for drill testing at East Cadillac Gold Project, Quebec" dated 25 October 2018.

The information in this report that refers to the Warrego North Copper-Gold Project is extracted from the announcement entitled "Large copper-gold target to be drilled at Warrego North Project" dated 16 July 2018.

The information in this report that refers to the Flinders River Vanadium and Julimar Nickel-Vanadium Projects is extracted from the announcement entitled "Chalice targets new growth front in battery metals following acquisition of two highly prospective vanadium-nickel projects" dated 23 May 2018.

The above announcements are available to view on the Company's website at [www.chalicegold.com](http://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 original market announcement and that all material assumptions in the market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's and Qualifying Persons findings are presented have not been materially modified from the original market announcement.

### **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 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 programmes 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; the ultimate outcome for shareholders of any Class Ruling received from the Australian Tax Office ("ATO") in relation to any proposed capital return, whether shareholders would vote in favour of such a return of capital if put before them at a meeting of the shareholders; as well as those factors detailed from time to time in the Company's interim and annual financial statements, all of which are filed and available for review on SEDAR at [sedar.com](http://sedar.com).

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. Tenement schedule

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 30 September 2018.

### 1. Listing of tenements held

#### Australia

Location	Project	Tenement No.	Registered Holder	Nature of interest
Western Australia	Yilgarn	E39/1914	CGM (WA) Pty Ltd	95%
		E39/1976	CGM (WA) Pty Ltd	95%
		E70/4869	CGM (WA) Pty Ltd	95%
		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
		P37/8702 to P37/8711	CGM (WA) Pty Ltd	95%
		P39/5600 to P39/5601	CGM (WA) Pty Ltd	95%
		P37/9012 to P37/9023	CGM (WA) Pty Ltd	100%
		P37/9026	CGM (WA) Pty Ltd	100%
		P37/9028 to P37/9031	CGM (WA) Pty Ltd	100%
	Julimar	E70/5118	CGM (WA) Pty Ltd	100%
Victoria	Pyramid Hill	EL006661	CGM (WA) Pty Ltd	100%
		EL006737 to EL006738	CGM (WA) Pty Ltd	100%
Northern Territory	Warrego North	EL23764	CGM (WA) Pty Ltd (51%) & Meteoric Resources NL (49%)	51% - 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	EPM26858 to EPM26860	CGM Lithium Pty Ltd	100%
		EPM26863	CGM Lithium Pty Ltd	100%
		EPM26919	CGM Lithium Pty Ltd	100%

#### Canada

Location	Project	Claim Numbers	Registered Holder	Nature of Interest
Quebec	Kinebik	2448108 to 2448207	Chalice Gold Mines (Quebec) Inc.	100%
		2448409 to 2448497	Chalice Gold Mines (Quebec) Inc.	100%
		2449277 to 2449375	Chalice Gold Mines (Quebec) Inc.	100%
		2454112 to 2454113	Chalice Gold Mines (Quebec) Inc.	100%
		2454308 to 2454320	Chalice Gold Mines (Quebec) Inc.	100%
		2454863 to 2454867	Chalice Gold Mines (Quebec) Inc.	100%
		2466152 to 2466176	Chalice Gold Mines (Quebec) Inc.	100%
		2468010 to 2468013	Chalice Gold Mines (Quebec) Inc.	100%

Location	Project	Claim Numbers	Registered Holder	Nature of Interest
		2470442 to 2470460	Chalice Gold Mines (Quebec) Inc.	100%
		2499665 to 2499668	Chalice Gold Mines (Quebec) Inc.	100%
		2514476 to 2514481	Chalice Gold Mines (Quebec) Inc.	100%
		2515283 to 2515284	Chalice Gold Mines (Quebec) Inc.	100%
	East Cadillac	2385084	Chalice Gold Mines (Quebec) Inc.	100%
		2438140 to 2438211	Chalice Gold Mines (Quebec) Inc.	100%
		2434329	Chalice Gold Mines (Quebec) Inc.	100%
		2434769 to 2434771	Chalice Gold Mines (Quebec) Inc.	100%
		2438058 to 2438067	Chalice Gold Mines (Quebec) Inc.	100%
		2438103 to 2438104	Chalice Gold Mines (Quebec) Inc.	100%
		2438130 to 2438133	Chalice Gold Mines (Quebec) Inc.	100%
		2445500 to 2445501	Chalice Gold Mines (Quebec) Inc.	100%
		2456677 to 2456680	Chalice Gold Mines (Quebec) Inc.	100%
		2456713 to 2456714	Chalice Gold Mines (Quebec) Inc.	100%
		2457365 to 2457366	Chalice Gold Mines (Quebec) Inc.	100%
		2457890 to 2457892	Chalice Gold Mines (Quebec) Inc.	100%
		2458268 to 2458272	Chalice Gold Mines (Quebec) Inc.	100%
		2461488 to 2461495	Chalice Gold Mines (Quebec) Inc.	100%
		2466091 to 2466092	Chalice Gold Mines (Quebec) Inc.	100%
		2468029 to 2468043	Chalice Gold Mines (Quebec) Inc.	100%
		2470586	Chalice Gold Mines (Quebec) Inc.	100%
		2471188 to 2471202	Chalice Gold Mines (Quebec) Inc.	100%
		2472374 to 2472375	Chalice Gold Mines (Quebec) Inc.	100%
		2481223 to 2481300	Chalice Gold Mines (Quebec) Inc.	100%
		2491126	Chalice Gold Mines (Quebec) Inc.	100%
		2491239 to 2491250	Chalice Gold Mines (Quebec) Inc.	100%
		2491522	Chalice Gold Mines (Quebec) Inc.	100%
		2514628	Chalice Gold Mines (Quebec) Inc.	100%
		2515519	Chalice Gold Mines (Quebec) Inc.	100%
		2437791 to 2437811	Globex Mining Enterprises Inc.	0% - Option agreement to earn a 100% interest
		2437862 to 2437873	Globex Mining Enterprises Inc.	
		2437912 to 2437915	Globex Mining Enterprises Inc.	
		2438798 to 2438811	Chalice Gold Mines (Quebec) (40%) Globex Mining Enterprises Inc. (60%)	40% - Option agreement to acquire a further 60% interest
		2438935 to 2438937	Chalice Gold Mines (Quebec) (40%) Globex Mining Enterprises Inc. (60%)	
		2437916 to 2437942	Pershimex Resources Corporation	0% - Option agreement to earn a 70% interest
		2443200 to 2443243	Renforth Resources Inc. 100%	0% - Option and farm-in agreement to earn an 80% interest
		2480250 to 2480258	Renforth Resources Inc. 100%	0% - Option and farm-in agreement to earn an 80% interest

Location	Project	Claim Numbers	Registered Holder	Nature of Interest
		2481131 to 2481222	Renforth Resources Inc. 100%	0% - Option and farm-in agreement to earn an 80% interest
		2405317 to 2405327	Renforth Resources Inc. 100%	0% - Option and farm-in agreement to earn an 80% interest
		2423153 to 2423166	Renforth Resources Inc. 100%	0% - Option and farm-in agreement to earn an 80% interest
		2462745 to 2462751	Renforth Resources Inc. 100%	0% - Option and farm-in agreement to earn an 80% interest
		2477257 to 2477258	Renforth Resources Inc. 100%	0% - Option and farm-in agreement to earn an 80% interest
		2480184 to 2480187	Renforth Resources Inc. 100%	0% - Option and farm-in agreement to earn an 80% interest
		2484903	Renforth Resources Inc. 100%	0% - Option and farm-in agreement to earn an 80% interest

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

Location	Project	Claim Number	Registered Holder	Interest at beginning of quarter	Interest at end of quarter
<b>Western Australia</b>	Yilgarn	P37/9028	CGM (WA) Pty Ltd	0%	100%
	Julimar	E70/5118	CGM (WA) Pty Ltd	0%	100%
<b>Queensland</b>	Flinders River	EPM26858	CGM Lithium Pty Ltd	0%	100%
		EPM26859	CGM Lithium Pty Ltd	0%	100%
		EPM26860	CGM Lithium Pty Ltd	0%	100%
		EPM26863	CGM Lithium Pty Ltd	0%	100%
		EPM26819	CGM Lithium Pty Ltd	0%	100%
<b>Victoria</b>	Pyramid Hill	EL006737	CGM (WA) Pty Ltd	0%	100%
		EL006738	CGM (WA) Pty Ltd	0%	100%
<b>Quebec</b>	East Cadillac	2385084	Chalice Gold Mines (Quebec) Inc.	70%	100%
		2438140 to 2438211	Chalice Gold Mines (Quebec) Inc.	70%	100%

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

Location	Project	Tenement No.	Registered Holder	Interest at end of quarter
<b>Western Australia</b>	Yilgarn	E77/2353	CGM (WA) Pty Ltd	100% - farm-out agreement with Ramelius Resources Limited to acquire a 75% interest
		E77/2354	CGM (WA) Pty Ltd	100% - farm-out agreement with Ramelius Resources Limited to acquire a 75% interest

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Chalice Gold Mines Limited

### ABN

47 116 648 956

### Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	38	38
1.2 Payments for		
(a) exploration & evaluation	(1,481)	(1,481)
(b) development	-	-
(c) production	-	-
(d) staff costs <sup>(1)</sup>	(499)	(499)
(e) administration and corporate costs	(151)	(151)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	127	127
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other:		
- Business development	(325)	(325)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,291)</b>	<b>(2,291)</b>

<sup>(1)</sup>Staff costs for the quarter ended 30 September 2018 includes a one-off payment of cash in lieu of shares on the vesting of performance rights (\$61,000) and the pay out of long service leave entitlements (\$67,000).

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(6)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	50	50
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other:		
	- Tenement security deposits	(23)	(23)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>21</b>	<b>21</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(4)	(4)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(4)</b>	<b>(4)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	35,739	35,739
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,291)	(2,291)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	21	21
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4)	(4)
4.5	Effect of movement in exchange rates on cash held	649	649
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>34,114</b>	<b>34,114</b>

5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,540	8,604
5.2	Call deposits	31,574	27,135
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>34,114</b>	<b>35,739</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

199

-

Includes directors' fees and salaries (including superannuation) of \$199,000.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

**Total facility amount  
at quarter end  
\$A'000**

**Amount drawn at  
quarter end  
\$A'000**

-

-

-

-

-

-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.


<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(2,570)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(276)
9.5 Administration and corporate costs <sup>(1)</sup>	(214)
9.6 Other	-
<b>9.7 Total estimated cash outflows</b>	<b>(3,060)</b>

<sup>(1)</sup>Administration and corporate costs are net of interest revenue and receipts from customers.

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	<b>Western Australia:</b> <i>Yilgarn (Nulla South)</i> E77/2353 E77/2354	Owned Owned	95% 95%	95% - Farm-out agreement, Ramelius Resources Ltd has the right to earn up to 75% interest.
10.2 Interests in mining tenements and petroleum tenements acquired or increased	<b>Western Australia:</b> <i>Yilgarn (Kurrajong Bore)</i> P37/9028  <i>Julimar</i> E70/5118  <b>Victoria:</b> <i>Pyramid Hill</i> EL006737 EL006738  <b>Queensland:</b> <i>Flinders River</i> EPM26858 EPM26859 EPM26860 EPM26863 EPM26919  <b>Canada:</b> <i>East Cadillac Gold Project (Monarques Joint Venture)</i> 2385084 2438140 to 2438211	Owned  Owned  Owned Owned Owned Owned Owned  Owned Owned	0%  0%  0% 0% 0% 0% 0%  70% 70%	100%  100%  100% 100% 100% 100% 100%  100% 100%

### **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.

Sign here: ..  Date: 29 October 2018  
(Company secretary)  
Print name: Leanne Stevens

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.