



ASX Announcement
27 October 2017

September 2017 Quarterly Activities Report

Extensive gold drilling programs underway in Canada and Australia
7,700m in Canada's Abitibi Province; 6,500m in WA's West Pilbara

Highlights

- **A\$7.5m exploration initiative now in full swing across high-potential gold and base metals projects in Canada and Australia:**
 - **East Cadillac Gold Project:**
 - *7,700m diamond drilling program in progress ~35km east of the 20Moz Val-d'Or gold camp in Quebec*
 - *Increased ground position now totaling 132km²*
 - *Significant target generation activities nearing completion – to form the basis of ongoing drilling*
 - **West Pilbara Gold and Base Metals Project:**
 - *Up to 6,500m of RC and Aircore drilling commenced in early October at the West Pilbara Gold Project, following encouraging results from copper and gold rock chip sampling of up to 29% Cu and 9.5 g/t Au*
 - *Additional tenement applications increase total project area to 2,406 km²*
 - *Assessment of newly-secured areas underway to establish the presence of the basal conglomeratic unit of the Fortescue Group, which hosts recently reported high-profile gold discoveries in the Pilbara region, including those by Novo Resources, Artemis Resources, De Grey Mining and others*
- **Chalice well positioned to expand exploration activities based on success, with cash and liquid investments of A\$50m at Quarter-end.**

1. OVERVIEW

Chalice Gold Mines Limited ("Chalice" or "the Company") (**ASX: CHN**) (**TSX: CXN**) is pleased to report on an active Quarter which saw drilling commence at its key gold projects in Canada and Australia as part of the multi-pronged, \$7.5 million exploration initiative outlined last Quarter.

At the **East Cadillac Project Gold Project** in Quebec, two rigs are now operating as part of an initial 7,700m drilling program following extensive field and geophysical program completed over the last few months.

In addition, drilling has commenced at the **West Pilbara Gold Project** in Western Australia. The proposed program, comprising up to 6,500m of RC and aircore drilling, will follow-up on gold targets at Wyloo East, Urandy, Ken's Bore and Derek's Bore and on copper targets at Red Hill and Wyloo West.

Following encouraging exploration results, Chalice has expanded its ground position in this highly prospective district to a total area of 2,406 km² while it also embarks on an assessment of the newly-secured areas to establish the presence of the basal conglomeratic unit of the Fortescue Group – the targeted stratigraphic horizon which hosts a number of high-profile gold discoveries in the Pilbara region.

2. EXPLORATION ACTIVITIES

East Cadillac Gold Project, Quebec, Canada

The East Cadillac Gold Project (“ECG Project”) covers an area of 132km² and is located 35km east of the 20Moz Val-d’Or gold camp (Figure 1). With land holdings encompassing a strike length of 16km 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 is adjacent to the historical Chimo gold mine (owned by Cartier Resources (TSX: ECR)).

No modern surface geochemistry, geological mapping or structural analysis has been completed in the district. The Company has analysed historical exploration information and merged this data with results from recent exploration activities undertaken by Chalice. This compilation provides the basis for an integrated approach to exploration targeting over the Company’s consolidated land position.

In late September 2017, the Company commenced an initial program of 14 holes for approximately 7,700m of diamond drilling to test four high priority gold targets identified from a review of historical exploration data and initial results from current field surveys. Two drill rigs are currently operating to expedite the drill program.

In addition, the Company has expanded its tenement holding around the ECG Project with the new tenure increasing the overall project area by 24.9km² to 132km² (Figure 1). The newly-acquired tenements (see Figure 1) contain three historical gold showings (Lac Villebon, McDonogh, and VC89-7), as recorded on the Quebec Government database (Sigeom). A field sampling program is due to commence shortly over the newly acquired tenements in an effort to complete an initial phase of surface geochemistry and prospecting during the current field season.

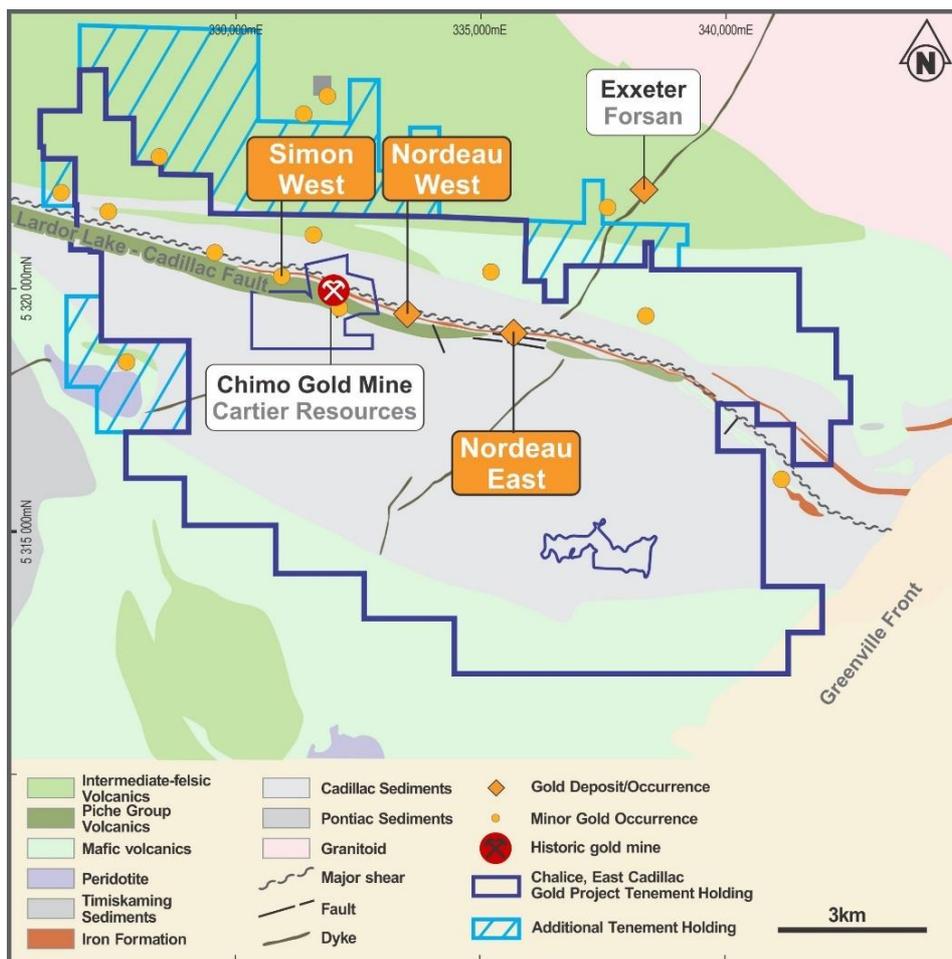


Figure 1. Updated outline of East Cadillac Gold Project showing new tenure

Surface geochemistry

Field activities have ramped up significantly over the current quarter and include a project-wide surface geochemical survey consisting of 1,261 Mobile Metal Ion (MMI) soil, 146 Black Spruce bark and 118 rock-chip samples. MMI soil samples were collected on a detailed 200m x 200m grid across a 3km wide corridor encompassing historical gold deposits and occurrences associated with the Larder Lake-Cadillac fault (Figure 2). The remainder of the property was sampled on a reconnaissance spacing of 400m x 400m. A program of in-fill 200m x 200m sampling was recently completed over a new anomalous trend located in the southern half of the property, and results are expected in November 2017.

Results from the MMI soil geochemical program show numerous gold (and pathfinder) anomalies associated with and along strike from known gold deposits and occurrences on the Larder Lake-Cadillac fault, as well as volcanic-sediment contacts to the immediate north and within the sediment sequence to the south of this gold trend (Figure 2). Of particular interest are four discrete MMI Au anomalies located west of the former Chimo gold mine which occur within and along the southern margin of the Piche Group volcanics. These anomalies are untested on the Chalice ground and occur in the same structural setting as two of the mineralised fault panels documented at the Chimo gold mine.

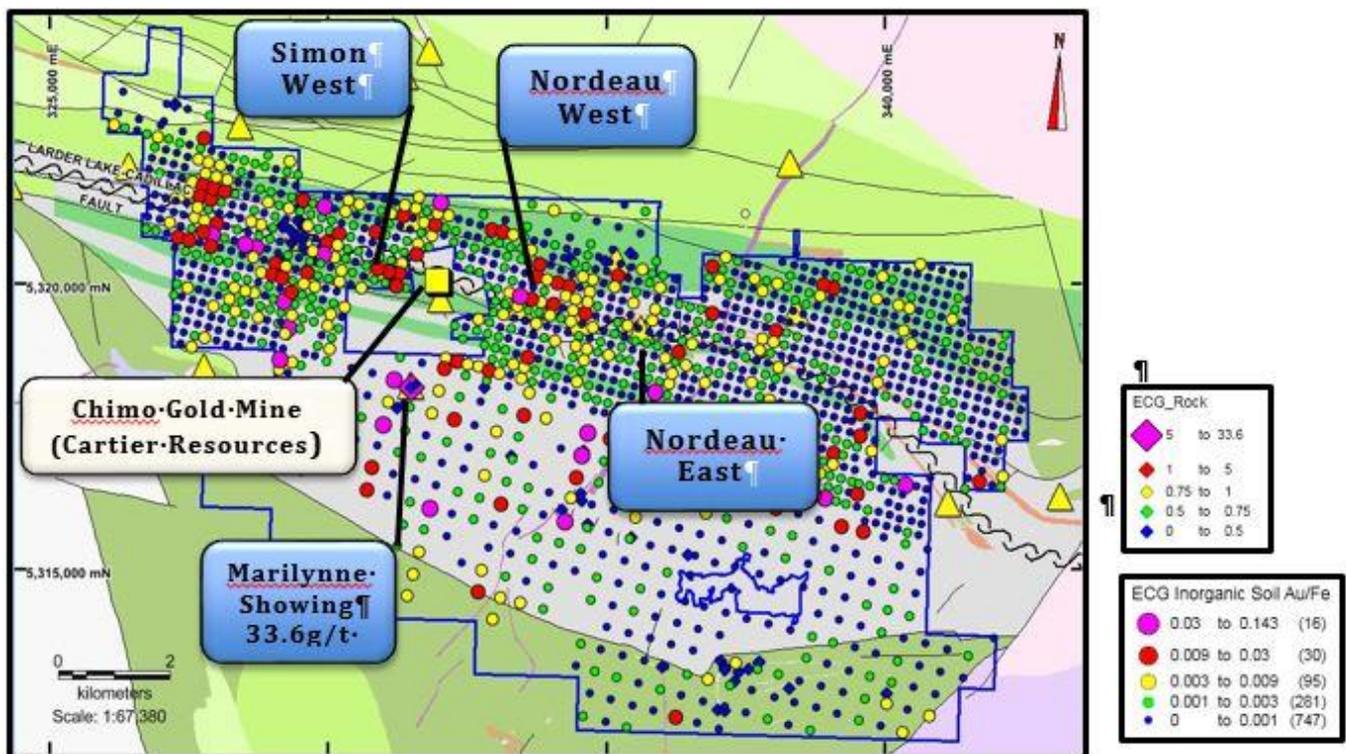


Figure 2: Surface geochemical sampling, East Cadillac Gold Project.

Black Spruce bark sampling was conducted over two test grids to ascertain its usefulness in supporting the MMI soil geochemistry, particularly in areas of low lying wetlands that are not conducive to soil sampling. The widespread distribution of this tree species allowed for more consistent sample spacing. The Nordeau West gold deposit responded well to Black Spruce bark geochemistry compared to the MMI soil geochemistry, which shows a smaller zone of anomalous gold due to a reduced number of effective samples.

Rock-chip sampling has reported a maximum value of 33.6g/t Au from the historical Marilynne showing, situated about 2km south of the Larder Lake-Cadillac fault (Figure 2). High-grade gold mineralisation is associated with a zone of sericite-pyrite-arsenopyrite alteration in sediments, in a setting potentially analogous to the Canadian Malartic gold deposit, located about 50km to the west in the Val-d'Or gold camp.

In addition, multi-element geochemical analysis of outcropping greenstone belt lithologies defined zones of gold pathfinder enrichment trends associated with the main strand of the Larder Lake-Cadillac fault, directly south of the Marilynne showing and within newly acquired ground in the north-west corner of the property.

IP Geophysics

A 3D-Induced Polarisation (IP) survey in progress since July 2017 is about 80% complete. On completion, the survey will cover a 16km long by 3km wide corridor on 200m spaced lines centered on the Larder lake-Cadillac Fault.

Interim results for lines completed between the former Chimo gold mine and the eastern tenement boundary show a series of strong chargeability anomalies, some of which are associated with known gold mineralisation within the Piche volcanics, and other chargeability anomalies which are broadly aligned with contacts between mafic and sediment packages (see Figure 3).

The chargeability anomalies range up to 133 mV/V, some of which are associated with the Nordeau West gold mineralisation. The Nordeau West deposit IP anomalies extend east within Piche Group volcanics (ultramafic to intermediate volcanics/tuffs) through Nordeau East and continue east on the current survey grid (Figure 3).

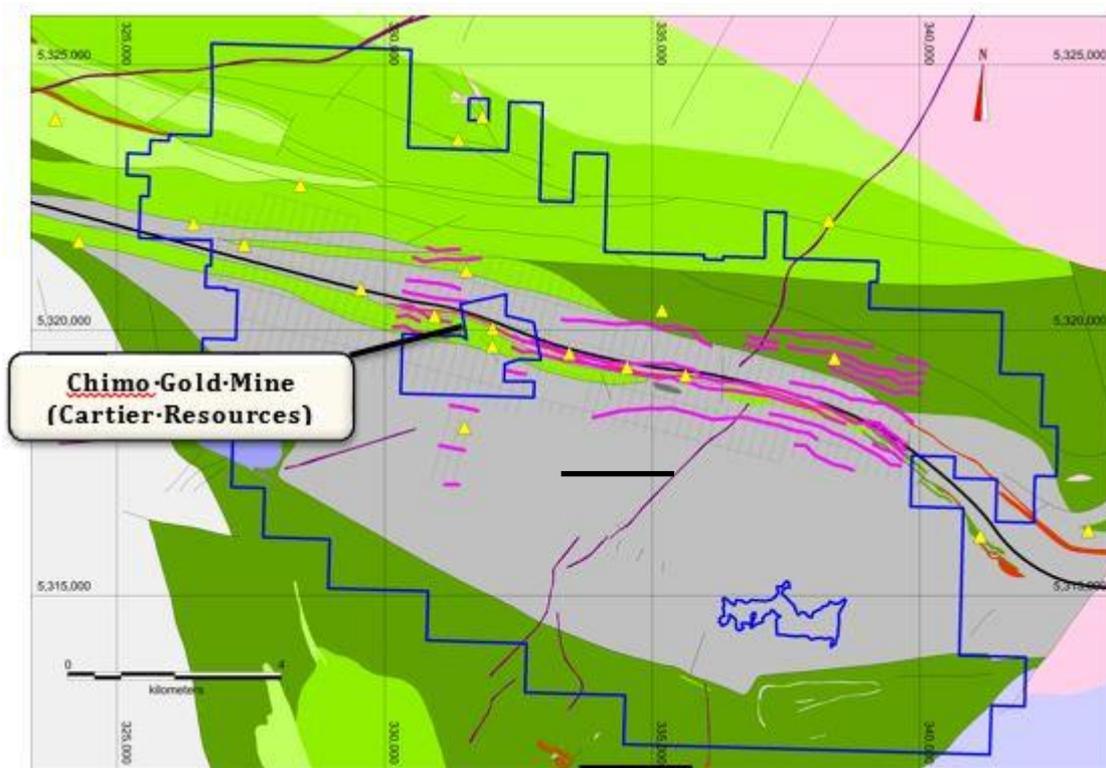


Figure 3. 3D IP survey showing chargeability anomaly trends. Note that surveying is incomplete for survey lines shown west of the Chimo gold mine.

Chargeability anomalies have been identified along other prospective trends and many appear to be localised along sub-parallel sediment-volcanic contacts. A prominent chargeability anomaly is associated with the main contact between the Cadillac sediments and the basement volcanics approximately 1km north of the Larder Lake-Cadillac fault.

Another chargeability anomaly occurs approximately 800m south of, and sub-parallel to, the Larder Lake-Cadillac fault, and three lines extended over the Marilynne showing have delineated three moderate-strength chargeability anomalies. The full survey is expected to be completed by the end of October 2017, at which time the data will be inverted and incorporated into the 3D model.

The Company is in the process of integrating the new exploration data collected this summer field season (geochemistry and IP) with aeromagnetics and interpreted geology in order to prioritise additional targets for drill testing.

Drilling

An initial program of 14 holes for approximately 7,700m diamond drilling is currently underway to test four high priority gold targets identified from a review of historical exploration data and initial results from current field surveys (see Figure 4).

Two drilling targets (Target 1 – Nordeau West and Target 2 – Simon West) are located along the Piche Volcanic mafic succession within the Larder Lake-Cadillac Fault zone which hosts the majority of known gold deposits and occurrences in the region. Target 1 is the interpreted down-plunge/down-dip projection of the Nordeau West gold deposit, which is open at depth. Nordeau West contains an indicated mineral resource of 225,000t @ 4.17g/t gold for 30,200oz Au contained and an inferred mineral resource of approximately 1,112,000t @ 4.09g/t gold for 146,300oz Au contained.

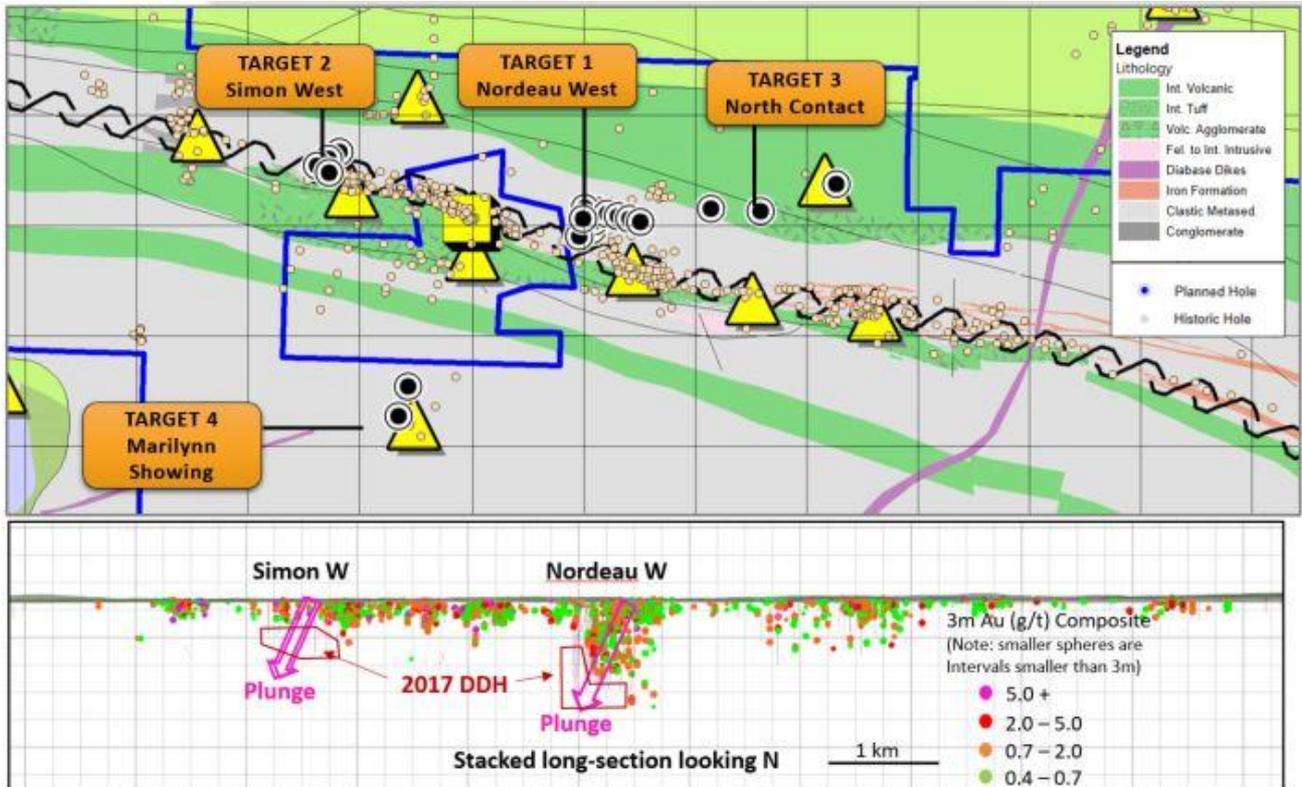


Figure 4: Proposed diamond drilling targets in plan projection and long section projection

Target 1 has a program of four holes for 3,600m currently in progress to test the projected down-plunge/down-dip extension of the Nordeau West deposit at 600-800m below surface on 200m-spaced drill intersections. An in-fill program on 100m centres is provisionally planned subject to sufficient encouragement from the current drill program.

Drilling is underway with two drill rigs to fast track the program, and two holes have been completed to date. Both holes have intersected zones of quartz veining and silica-carbonate-biotite-arsenopyrite alteration, interpreted as the down-plunge projection of the Nordeau West gold mineralisation.

Target 2 is located down-plunge of shallow historical gold intersections at Simon West and drilling will be undertaken on 100m centres to follow-up an interpreted steep north-west plunge of two parallel mineralised fault panels of the Larder lake-Cadillac fault array.

Target 3 represents a new target identified from recent 3D-IP, where a chargeability anomaly is located within a linear Au-Ag-Bi-W-Sb soil geochemical anomaly extending over a 2.5km strike length. The target is interpreted to lie within a sequence of mafic volcanics/intrusives close to the contact with a sediment package to the south that hosts the Nordeau East gold mineralisation. Target 3 will be tested on three sections with one drill hole located near a historical gold showing.

Target 4 is located adjacent to a historical gold showing (Marilynne). Recent sampling by Chalice generated 33.6g/t Au from a rock-chip sample of sediments containing albite-ankerite alteration with disseminated pyrite-arsenopyrite. A broad Au-Ag-As-W-Sb MMI soil geochemical anomaly is located directly south of the outcropping mineralisation and rock chip sampling from the area has identified a multi-element pathfinder geochemical anomaly. The recent 3D-IP survey was extended on three 200m-spaced lines to test the IP response from this showing. Interpretation of initial IP results

identified three moderate to weak chargeability anomalies. Drilling is planned to test a combination of coincident geochemical and geophysical targets.

West Pilbara Gold and Base Metals Project, Western Australia

The 2,406km² West Pilbara Project is located approximately 160km south-southwest of Karratha and has contiguous coverage of 90km of strike of prospective geology along the contact between the Ashburton and Hamersley Basins, referred to as the Paraburdoo Hinge Zone and defined by regional fault/shear zones.

The region is under-explored for both gold and base metals and the south-west boundary of the property is approximately 8km from Northern Star Resources' (ASX: NST) multi-million-ounce Paulsens gold mine. The project is subject to a farm-in and joint venture whereby Chalice can earn up to a 51% interest in the non-iron rights from Red Hill Iron Limited (ASX: RHI) (and up to 70% if Red Hill elects not to commence contributions once Chalice has earned its 51%).

Chalice has commenced a Reverse Circulation (RC) and Aircore drilling program at West Pilbara Gold Project. The drill program has been designed to follow-up on gold targets at Wyloo East, Urandy, Ken's Bore and Derek's Bore and on copper targets at Red Hill and Wyloo West (Figure 5).

Drill programs have been planned following a review of the encouraging gold and copper rock chip results previously reported (see ASX Quarterly Activities Report dated 31 July 2017) and the completion of gradient array Induced Polarisation ("IP") geophysical surveys at the Red Hill, Derek's Bore and Wyloo West prospects. A total of up to 4,000m of aircore and 2,500m of RC drilling will be completed.

Gradient array IP surveys (25.8 line km) have been completed across two copper targets (Red Hill and Wyloo West) and one gold target (Derek's Bore) to follow up high-grade surficial copper and gold results in rock chips. Higher grade rock chip results hosted within hydrothermal quartz breccias at Red Hill and Wyloo West typically range between 1 to 10% Cu with a maximum result of 29% Cu from the Red Hill prospect, while surface gold in brecciated rock chips at Derek's Bore peak at 9.5g/t Au and 12.3 g/t Au at Kens Bore.

Several priority IP chargeability anomalies (>25 mv/V) have been defined at the Red Hill prospect and will be the focus of systematic RC drilling to further assess these anomalies. Several lower priority (< 15 mv/V) IP chargeability targets have been identified at the Wyloo West prospect and will be the focus of systematic air core and/or reverse circulation drilling as an initial test of the anomalies.

No significant chargeability targets were identified at Derek's Bore, although the anomalous rock chip results are coincidental with a well-defined zone of low chargeability – the significance of which remains uncertain but may be caused by alteration. A small RC program is designed to further assess this target.

First-pass RC drilling has also been planned at the Ken's Bore prospect, which hosts high-grade gold in limonitic rock chips up to 12.3 g/t Au within a well-defined (250 x 250m) gold-in-soil anomaly.

In addition to the targeted RC drill programs described above, regional air core programs (240 holes) are proposed along the greater Wyloo West and Urandy gold trends and the B2 copper + zinc trend. These programs are regional in nature with the primary objective of mapping the regional stratigraphy and vectoring into additional areas of geological and geochemical interest.

Increased Land-holding

Based on the encouraging exploration results received to date, Chalice has applied for ten additional Exploration Licences, covering a total area of 1,016km² and located south of Pannawonica in the West Pilbara (Figure 5).

The tenements are located west and south of the existing West Pilbara Project area and cover a continuation of the major structures paralleling the southern and western margins of the Hamersley Basin and the stratigraphy of the Ashburton and Fortescue Group. Chalice has commenced an assessment of the application area to confirm (or not) the presence of the basal conglomeratic unit of the Fortescue Group. This highly prospective unit hosts some of the recently reported gold discoveries in the Pilbara by companies including Novo Resources (TSX-V: NVO), Artemis Resources (ASX:

ARV) and De Grey Mining (ASX: DEG). In addition, Chalice’s tenement applications are adjacent to Novo Resources’ tenements in the Wyloo Dome area.

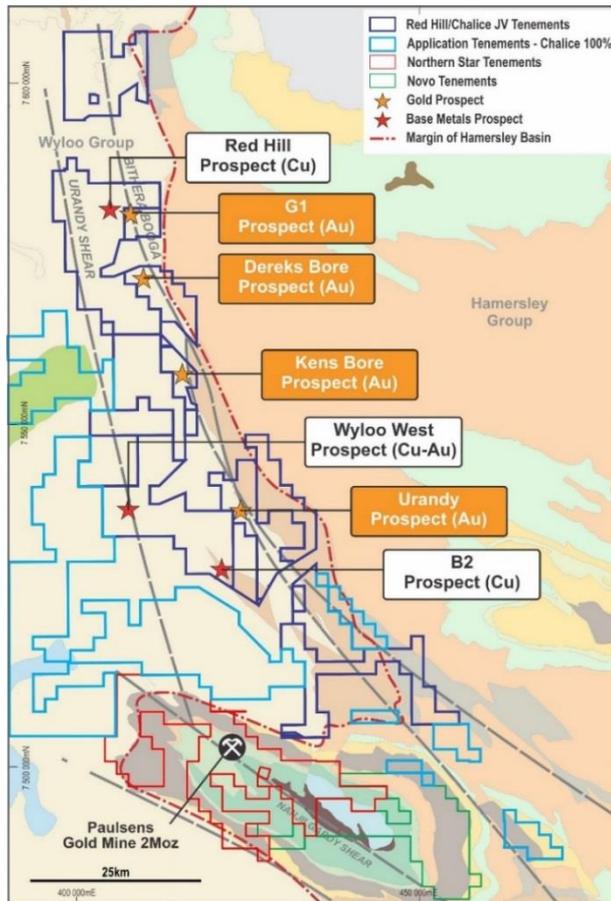


Figure 5: West Pilbara Project Location, Tenure and Geology Map

Kinebik Gold Project, Quebec, Canada

The 100%-owned Kinebik Gold Project covers 187km², including 30km of strike of the Casa Berardi fault in Quebec, which hosts Hecla Mining Company’s (NYSE: HL) Casa Berardi multi-million ounce gold mine 150km to the west, and numerous other gold occurrences.

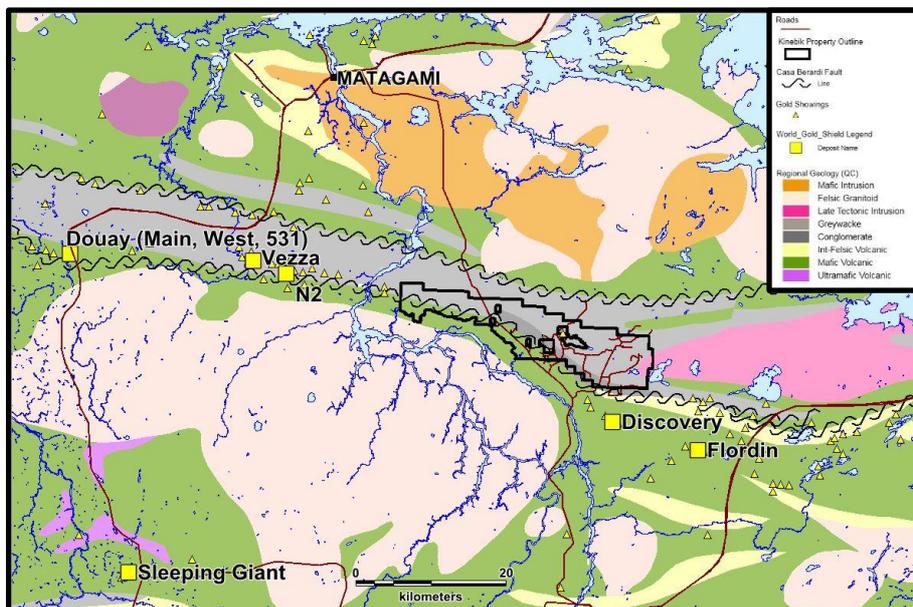


Figure 6: Kinebik location map on regional geology and gold deposits.

Chalice has identified three strong gold plus pathfinder MMI soil geochemical anomalies on the property from the fall 2016 field program and one anomaly (South Anomaly) was prioritised for exploration follow-up given its proximity to the interpreted trend of the Casa Beradi fault. Work completed in the current quarter includes a Black Spruce bark biogeochemical survey (200m x 200m-spaced samples) and a 3D-IP survey (55 line km, 200m sections). All geochemical sampling is complete and the MMI and Black Spruce bark geochemical surveys have defined a number of overlapping anomalies located in a region dominated by meta-sediments and banded Iron Formation (Figure 7). The 3D-IP survey is now complete, however data are only currently available for the eastern part of the grid.

A maiden drill program of nine holes for 1,800m (200m hole depth) is scheduled to commence in late November 2017 to test coincident IP and geochemical anomalies (MMI and Black Spruce bark).

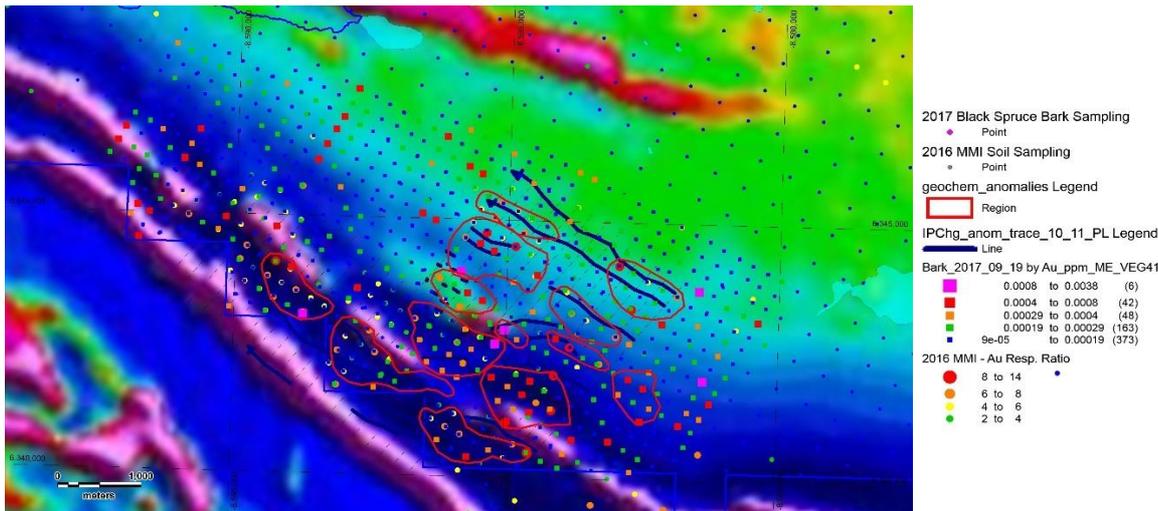


Figure 7. MMI and Black Spruce bark geochemistry, IP chargeability anomalies over a 1VD magnetic image for the South Anomaly target.

Warrego North IOCG Project, Northern Territory, Australia

The Warrego North Project is located approximately 20km 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, Australia. Warrego was the largest deposit mined in the area with historical production of 1.3Moz of gold and 90,000 tonnes of copper from 5 million tonnes of ore at an average grade of 8g/t gold and 2% copper in a classic iron oxide copper gold (“IOCG”) geological setting. Chalice can earn up to a 70% interest in the project from Meteoric Resources NL by sole funding \$800,000.

Geophysics and Surface Geochemistry

In July 2017, a double offset pole-dipole IP survey for 12 line km was completed over the Parakeet prospect. A moderate intensity chargeability anomaly located 500m north-east of Parakeet was identified which could potentially represent concealed sulphide mineralisation (Figure 8). Follow-up surface mapping and systematic rock chip sampling (17 samples) over the chargeability feature identified a major east-west oriented ironstone unit striking over 500m.

Assay results of the sub-cropping ironstone unit returned multiple elevated copper and gold values which the company considers encouraging (Table 1). Additional to the surface sampling, a hematite fertility study has been undertaken on selected surface ironstone samples using laser ablation (LA-ICPMS) techniques carried out by the University of Tasmania. Ironstone samples were classified as being either fertile (deemed prospective) or infertile (deemed non-prospective) for iron oxide copper gold (IOCG) Tennant Creek-style mineralisation based on their hematite chemistry. Initial results are encouraging, with two of three samples returning fertile hematite signatures.

Drilling

One RC and three diamond drill holes with RC pre-collars for 1,575m were drilled to follow-up a previous encouraging result from drill hole WND17-001 (8m @ 1.74% Cu and 0.42g/t Au) central to the Parakeet anomaly (refer to previous ASX announcement dated 16 June 2017). The Parakeet anomaly is a coincident magnetic and gravity anomaly which was targeted for IOCG Tennant Creek style gold-copper mineralisation (Figure 9).

Follow-up drilling completed this quarter was successful in identifying two additional ironstone units in diamond hole WND17-006, located approximately 150m east of WND17-001. Diamond hole WND17-004, drilled directly beneath the previous intersection in diamond hole WND17-001 intersected a zone of intense chlorite alteration with accompanying elevated copper and gold values, which is interpreted to have narrowly missed a prospective ironstone.

Diamond hole WND17-005 tested the western extent of the Parakeet anomaly and RC hole WND17-003 tested an historical chargeability target. Both failed to intersect any zones of mineralisation. Drill results are tabulated in Table 2.

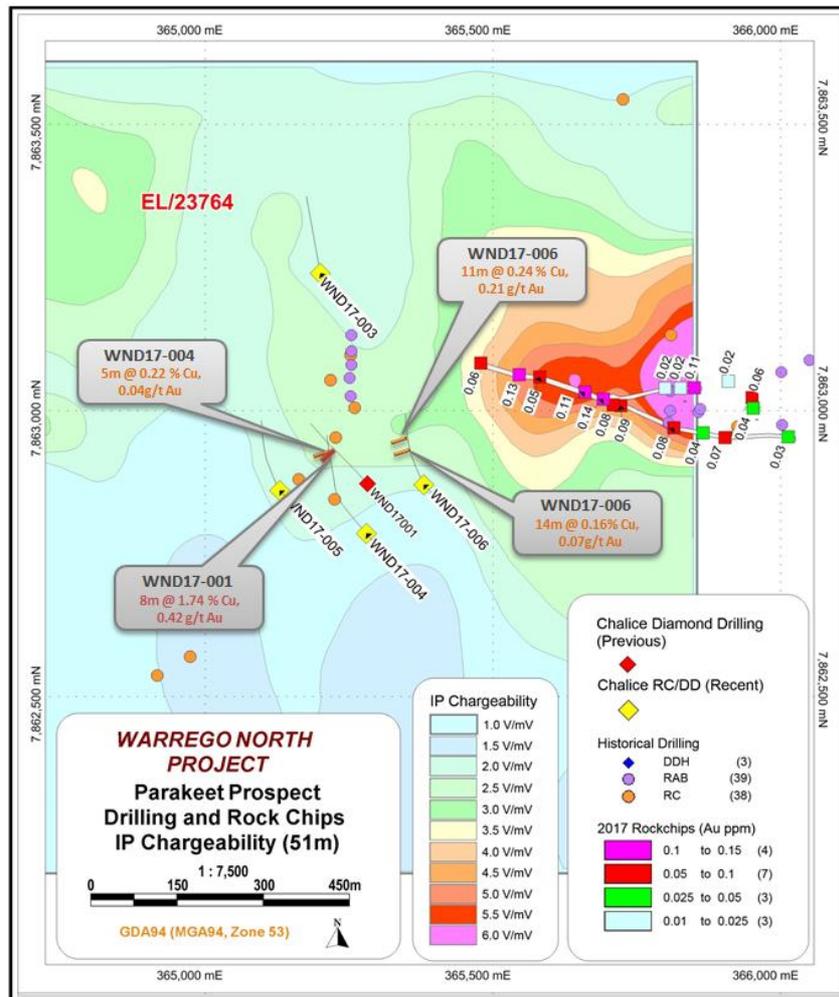


Figure 8: IP chargeability, surface rock chip results and drilling

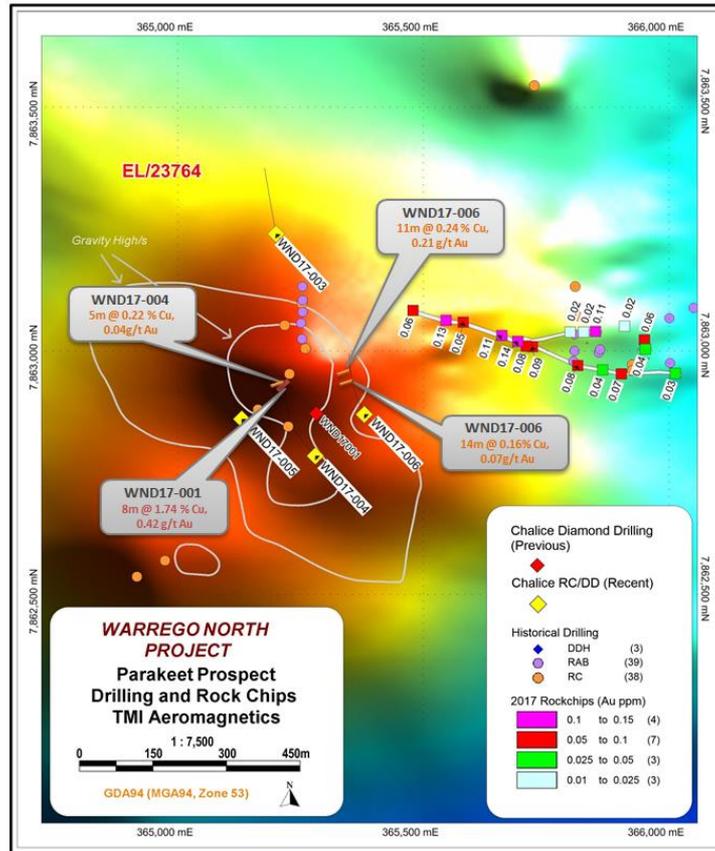


Figure 9: Drilling and surface rock chip results over aeromagnetics and gravity

Table 1: Surface rock-chip assay results

Sample Id	MGA East	MGA North	Au (ppm)	Cu (ppm)	Fe (%)	Geology
CHRK001	365903	7862953	0.07	505	32.2	Ironstone
CHRK002	365865	7862961	0.04	245	38.4	Ironstone
CHRK003	365814	7862970	0.08	646	40.2	Ironstone
CHRK004	365722	7863009	0.09	685	40.2	Ironstone
CHRK005	365709	7863010	0.08	65.4	39.3	Ironstone
CHRK006	365692	7863020	0.14	251	40.2	Ironstone
CHRK007	365660	7863032	0.11	523	37.3	Ironstone
CHRK008	365581	7863059	0.05	204	30.5	Ironstone
CHRK009	365546	7863063	0.13	175.5	30	Ironstone
CHRK010	365479	7863083	0.06	46.8	35	Ironstone
CHRK011	365799	7863039	0.02	130.5	29	Ironstone
CHRK012	365826	7863039	0.02	346	31.8	Ironstone
CHRK013	365850	7863040	0.11	424	29.2	Ironstone
CHRK014	365909	7863051	0.02	247	26.3	Ironstone
CHRK015	365950	7863023	0.06	249	27.4	Ironstone
CHRK016	365952	7863004	0.04	85.4	27.5	Ironstone
CHRK017	366013	7862954	0.03	386	26.9	Ironstone

**Table 2: Drilling Results (maximum 5m waste, minimum 2 m intersection, greater than 0.1% Cu).
WND17-003 returned no significant results.**

Tenement	Hole Id	Sample No.	From (m)	To (m)	Interval (m)	Au (ppm)	Cu (ppm)	Bi (ppm)
EL23764	WND17-004	WD0342	196	205	9	0.03	1527	171
EL23764	WND17-004	WD0329	216	222	6	0.01	1714	58
EL23764	WND17-004	WD0340	249	252	3	0.01	1098	BD
EL23764	WND17-004	WD0742	442	445	3	0.09	1074	13
EL23764	WND17-004	WD0746	446	451	5	0.04	2170	92
EL23764	WND17-005	WD0440	252	255	3	0.05	1382	BD
EL23764	WND17-006	WD0604	162	166	4	0.05	1273	3
EL23764	WND17-006	WD0608	166	172	6	0.07	2290	0
EL23764	WND17-006	WD0617	183	189	6	0.07	1907	64
EL23764	WND17-006	WD0629	208	222	14	0.07	1589	118
EL23764	WND17-006	WD0847	265	276	11	0.21	2381	39

Latitude Hill Nickel Project, Western Australia

The 990.5km² Latitude Hill Project was acquired to provide Chalice with a counter-cyclical investment opportunity in an under-explored region that is highly prospective for massive and disseminated nickel-copper-platinum group metals sulphide deposits similar to the Nova-Bollinger nickel-copper sulphide deposit in the Albany-Fraser Orogen. The project is subject to a farm-in and joint venture whereby Chalice can earn up to a 51% interest with Traka Resources Limited (ASX: TKL) (and up 70% if Traka elects not to contribute thereafter).

A 4,000m RC drilling program commenced this quarter to test up to eleven separate conductor plates modelled from ground EM surveys completed over six prospects across the main project area (Figure 10).

The results of RC drilling to date show that the conductors represent zones of strongly graphitic gneiss or metasediments hosted within either basement gneiss or dominantly metasedimentary sequences, both of which are poorly exposed in the region. Graphitic zones are commonly associated with minor disseminated iron sulphides, although the EM conductors are likely explained by the strong abundance of graphite.

The drilling program is expected to be completed in late October 2017 and selected intervals will be assayed for base metals.

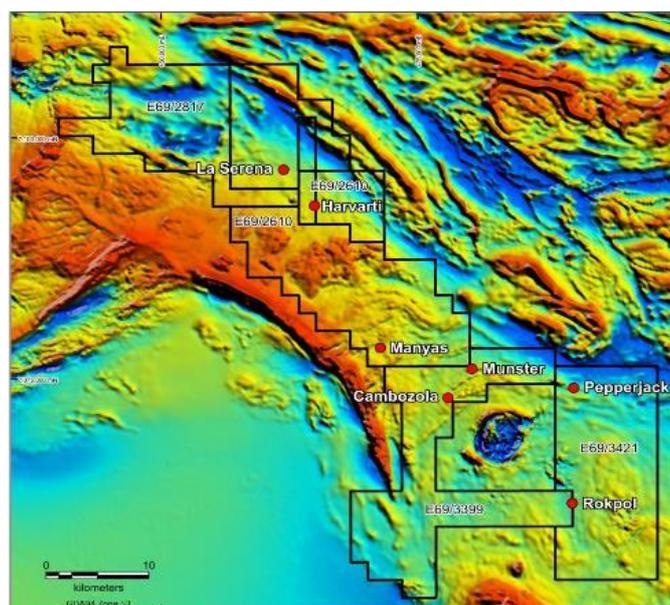


Figure 10. Latitude Hill project showing location of the prospects for current RC drilling.

Western Australia – Yilgarn Gold Projects (Chalice 100%)

No field activities were undertaken across the Company’s Yilgarn gold projects during the quarter.

3. INVESTMENTS

Chalice holds a several investments in ASX, TSX and unlisted companies. As at 30 September 2017 the number and market value of these investments are as follows:

Company	Number of Shares Held	Market Valuation
First Mining Finance Corp (TSX: FF)	6,856,836	\$4.77 million
Ausgold Resources Limited (ASX: AUC)	Shares: 55,000,000 Options: 10,000,000	\$1.54 million Not applicable – unlisted options
Venturex Resources Limited (ASX: VXR)	49,476,843	\$0.84 million
Kesselrun Resources (TSX-V: KES)	2,040,000	\$0.27 million
GeoCrystal Limited	11,683,333	Not applicable – unlisted
TOTAL		\$7.42m

4. NYANZAGA PROJECT, TANZANIA – ENTITLEMENT TO PAYMENT UPON COMMERCIAL MINING

Following Chalice’s merger with Sub-Sahara Resources NL in 2009, Chalice became entitled to a payment of A\$5 million upon commercial production at the Nyanzaga Project in Tanzania. Orecorp Limited (ASX: ORR), which is currently earning a 51% interest in Nyanzaga, has recently completed a positive Scoping Study.

5. TENEMENT SCHEDULES

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

6. DISCUSSION ON QUARTERLY CASH FLOW

Chalice’s cash was A\$42.3 million at 30 September 2017 using a month end USD: AUD exchange rate of 0.7842. In addition, Chalice held various investments in ASX, TSX and unlisted companies as detailed above.

During the Quarter, the Company spent A\$1.9 million on exploration and evaluation activities, A\$0.6 million on administration and corporate and staff costs, A\$0.1 million on business development activities and A\$0.2 million on tenement acquisitions.

Cash outflows from investing activities in the quarter were from the acquisition of 60m shares in Venturex for \$300k and 2m shares in Geocrystals for \$100k. Total cash inflows from the sale of First Mining shares during the quarter totalled \$77k.

The Company also paid \$1.5m in tax in relation to the 30 June 2017 tax returns for its subsidiaries in Canada primarily in relation to the capital gains on sale of its First Mining shares and for the sale of the Ardeen Project.

The impact of foreign exchange rates on the Company’s USD cash balances was an exchange loss of A\$0.004 million for the quarter.

Further details are available in the attached Appendix 5B.

A handwritten signature in blue ink, appearing to read "Tim Goyder".

TIM GOYDER
Managing Director
27 October 2017

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Competent Persons and Qualifying Persons

The information in this report that relates to the Warrego North, NT is extracted from the announcement entitled “Chalice discovers copper-gold mineralisation at Warrego North Project, NT” dated 16 June 2017. This announcement is available to view on the Company’s website at www.chalicegold.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the 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.

The information in this report that relates to the West Pilbara Gold Project is extracted from the announcement entitled “West Pilbara Gold Project: New Gold and Base Metal Drilling Programs to Commence as Chalice Expands its Tenement Holding to encompass prospective basal conglomerate targets” dated 2 October 2017. This announcement is available to view on the Company’s website at www.chalicegold.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the 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.

The information in this report that relates to the East Cadillac Gold Project, Kinebik Gold Project and Latitude Hill Nickel Project is extracted from the announcement entitled “Chalice announces A\$7.5m exploration program in Canada and Australia to advance high priority drill targets” dated 4 July 2017. This announcement is available to view on the Company’s website at www.chalicegold.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the 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 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 at the East Cadillac Gold Project, the realisation of mineral reserve estimates; the likelihood of exploration success including results of future geophysical surveys, drilling at the East Cadillac Gold Project, the Kinebik Project, the Latitude Hill Project, the Warrego North Project and the West Pilbara Project and other exploration activities; the timing and costs of future exploration activities on the Company’s exploration projects; the potential to define future

mineral resources and, if successful at any of the Company's exploration projects, the potential viability of any mineral resource so defined; planned expenditures and budgets and the execution thereof; the timing and availability of drill results; potential sites for additional drilling, the future share price performance of First Mining Finance Corp, Ausgold Limited, Venturex Limited and Kesselrun Resources, the performance of unlisted Geocrystals Limited, that general business and economic conditions will not change in a materially adverse manner; 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, or 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 exploration activities; changes in exploration programs based upon 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.

Appendix 1 – Tenement schedules

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 30 September 2017:

1. Listing of tenements held:
AUSTRALIA

Location	Project	Tenement No.	Registered Holder	Nature of interest	
Western Australia		E37/1250	CGM (WA) Pty Ltd	100%	
		E39/1914	CGM (WA) Pty Ltd	100%	
		E77/2353	CGM (WA) Pty Ltd	100%	
		E77/2354	CGM (WA) Pty Ltd	100%	
		P39/5600	CGM (WA) Pty Ltd	100%	
		P39/5601	CGM (WA) Pty Ltd	100%	
		E39/1976	CGM (WA) Pty Ltd	100%	
		P37/8702	CGM (WA) Pty Ltd	100%	
		P37/8706	CGM (WA) Pty Ltd	100%	
		P37/8707	CGM (WA) Pty Ltd	100%	
		P37/8710	CGM (WA) Pty Ltd	100%	
		P37/8711	CGM (WA) Pty Ltd	100%	
		E70/4863*	CGM (WA) Pty Ltd	100%	
		E70/4864*	CGM (WA) Pty Ltd	100%	
		E70/4865*	CGM (WA) Pty Ltd	100%	
		E70/4866*	CGM (WA) Pty Ltd	100%	
		E70/4869	CGM (WA) Pty Ltd	100%	
		P37/8703	CGM (WA) Pty Ltd	100%	
		P37/8704	CGM (WA) Pty Ltd	100%	
		P37/8705	CGM (WA) Pty Ltd	100%	
		P37/8708	CGM (WA) Pty Ltd	100%	
	E57/1050	CGM (WA) Pty Ltd	100%		
	P37/8709	CGM (WA) Pty Ltd	100%		
	West Pilbara		E08/1227	Red Hill Iron Limited – 40% API Management Pty Ltd – 60%	0% - farm-in agreement, right to earn up to 51% or 70% as applicable (in all minerals other than iron ore)
			E08/1283		
			E08/1289		
			E08/1293		
			E08/1294		
			E08/1295		
			E08/1430		
			E08/1473		
			E08/1516		
			E08/1537		
E08/1141					
E08/1693					
Latitude Hill		ELA69/2817	Traka Resources Limited	0% - farm-in agreement, right to earn up to 51% or 70% as applicable	
		ELA69/2610			
		ELA69/2592			
		ELA69/3421			
		ELA69/3399			
Northern Territory	Warrego North	EL23764	Meteoric Resources NL	0% - farm-in agreement, right to earn up to 51% interest or 70% as applicable	

* Dumbleyung tenements sold to Ausgold as disclosed in ASX Announcement dated 14 September 2017. Transfer is pending.

CANADA

Location	Project	Claim Numbers	Registered Holder	Nature of Interest
Quebec	Kinebik	2448108 to 2448207	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	Kinebik	2448409 to 2448497	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	Kinebik	2449277 to 2449375	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	Kinebik	2454112 to 2454113	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	Kinebik	2454308 to 2454320	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	Kinebik	2454863 to 2454867	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	Kinebik	2466152 to 2466176	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	Kinebik	2468010 to 2468013	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	Kinebik	2470442 to 2470460	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	Kinebik	2499665 to 2499668	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	East Cadillac	2461488 to 2461495	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	East Cadillac	2468029 to 2468043	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	East Cadillac	2481223 to 2481300	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	East Cadillac	2491126	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	East Cadillac	2491239 to 2491250	Chalice Gold Mines (Quebec) Inc.	100%
Quebec	East Cadillac	2385084	Richmont Mines Inc.	0%- earn-in option agreement into a 70% interest
Quebec	East Cadillac	2438140 to 2438211	Richmont Mines Inc.	
Quebec	East Cadillac	2437912 to 2437915	Globex Mining Enterprises Inc.	0%- earn-in option agreement into a 100% interest
Quebec	East Cadillac	2437862 to 2437873	Globex Mining Enterprises Inc.	
Quebec	East Cadillac	2438798 to 2438811	Compagnie minière Baie Bateman inc. (40%) Globex Mining Enterprises Inc. (60%)	
Quebec	East Cadillac	2438935 to 2438937	Compagnie minière Baie Bateman inc. (40%) Globex Mining Enterprises Inc. (60%)	
Quebec	East Cadillac	2437791 to 2437811	Globex Mining Enterprises Inc.	

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

Project	Claim Number	Registered Holder	Interest at beginning of quarter	Interest at end of quarter
Kinebik	2499665	Chalice Gold Mines (Quebec) Inc.	0%	100%
Kinebik	2499666	Chalice Gold Mines (Quebec) Inc.	0%	100%
Kinebik	2499667	Chalice Gold Mines (Quebec) Inc.	0%	100%
Kinebik	2499668	Chalice Gold Mines (Quebec) Inc.	0%	100%

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

There were no tenements relinquished, reduced or lapsed during the quarter.

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 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	47	47
1.2 Payments for		
(a) exploration & evaluation	(1,861)	(1,861)
(b) development	-	-
(c) production	-	-
(d) staff costs	(299)	(299)
(e) administration and corporate costs	(272)	(272)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	142	142
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(1,498)	(1,498)
1.7 Research and development refunds	-	-
1.8 Other:		
- Business Development	(110)	(110)
- Exploration tax credits received	-	-
1.9 Net cash from / (used in) operating activities	(3,851)	(3,851)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(50)	(50)
(b) tenements (see item 10)	(216)	(216)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(c) investments	(400)	(400)
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	77	77
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(589)	(589)

3.	Cash flows from financing activities		
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	-	-
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:		
	- On-market share buy-back	-	-
	- Security deposit	(9)	(9)
3.10	Net cash from / (used in) financing activities	(9)	(9)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	46,819	46,819
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,851)	(3,851)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(589)	(589)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(9)	(9)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(39)	(39)
4.6	Cash and cash equivalents at end of period	42,331	42,331

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	12,793	10,463
5.2	Call deposits	29,538	36,356
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	42,331	46,819

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
155
-

Includes directors' fees and salaries (including superannuation) of \$155,000.

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

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(4,365)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(254)
9.5 Administration and corporate costs ⁽¹⁾	(165)
9.6 Other: Business development costs	(299)
9.7 Total estimated cash outflows	(5,083)

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

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	AUSTRALIA: Nil CANADA: Refer Appendix 1			

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:



(Company secretary)

Date: 27 October 2017

Print name: Catherine Huynh

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.

Appendix 1: Interests in mining tenements acquired or increased (Canada)

Project	Claim Number	Registered Holder	Interest at beginning of quarter	Interest at end of quarter
East Cadillac	2499665	Chalice Gold Mines (Quebec) Inc.	0%	100%
East Cadillac	2499666	Chalice Gold Mines (Quebec) Inc.	0%	100%
East Cadillac	2499667	Chalice Gold Mines (Quebec) Inc.	0%	100%
East Cadillac	2499668	Chalice Gold Mines (Quebec) Inc.	0%	100%