



ASX Announcement

13 December 2017

Chalice continues to increase its land position in Canada's Abitibi region

Option agreement adds 12km² to its existing East Cadillac Gold Project covering the highly prospective Larder Lake-Cadillac fault in Quebec.

Highlights:

- Chalice Gold Limited (ASX: CHN; TSX: CXN) has entered into a binding option and farm-in agreement with Khalkos Exploration Inc. (TSX-V: KAS) to acquire up to a 70% interest in the Forsan Gold Project in the highly endowed Abitibi region of Quebec, Canada.
- Chalice may acquire the interest through total option payments of C\$375,000 and incurring exploration expenditures of C\$1.75M within five years and shall grant a 1% Net Smelter Royalty to Khalkos on the claims.
- The project is located adjacent to Chalice's East Cadillac Gold Project and 6km north east of the former producing Chimo gold mine located at the eastern end of the prolific Archaean Abitibi greenstone belt, ~35km east of the >20Moz Val d'Or gold camp.
- The project comprises a total area of 12.4 km² and covers approximately 4.3km of a major parallel east-west trending fault 3.3 km north of the Larder Lake Cadillac fault.

Chalice Gold Mines Limited (ASX: CHN, TSX: CXN) ("Chalice" or the "Company") is pleased to announce that it has taken a further step towards consolidating a significant ground position in the Abitibi gold province in Quebec, Canada after entering into a binding option and farm-in agreement to acquire up to a 70% interest in the **Forsan Gold Project** ("the Project") from Khalkos Exploration Inc. ("Khalkos").

The Abitibi region of Canada is a premier gold district hosting multi-million ounce gold deposits that are preferentially sited on well-defined structural breaks, of which the Larder Lake-Cadillac fault hosts approximately 100Moz of gold in past production and current mineral resources.

The acquisition of the Forsan Gold Project adds to the already significant contiguous land position held by Chalice along the Larder Lake-Cadillac fault at its East Cadillac Gold Project (Figure 1).

The Forsan Gold Project

The Forsan property is located 45 km east of the town of Val d'Or, Quebec, Canada and 6 km north east of the former Chimo Mine. The project comprises 27 claims for a total area of 12.4 km² (Figure 2) and covers approximately 4.3km of a major parallel east-west trending fault 3.3 km north of the Larder Lake - Cadillac fault. Many of the gold deposits in the Val d'Or district including the Sigma Lamaque deposit, +9M oz Au, occur on similar second order faults.

Historical exploration between 1937 and 2009 has focused almost entirely on the Forsan Main and East zones resulting in the majority, approximately 3 km, of the east-west fault within the Project area being underexplored. The Company will commence a review of historical exploration results and merge the data with the Company's East Cadillac Gold Project to allow an integrated approach to exploration targeting over the Company's consolidated land position.

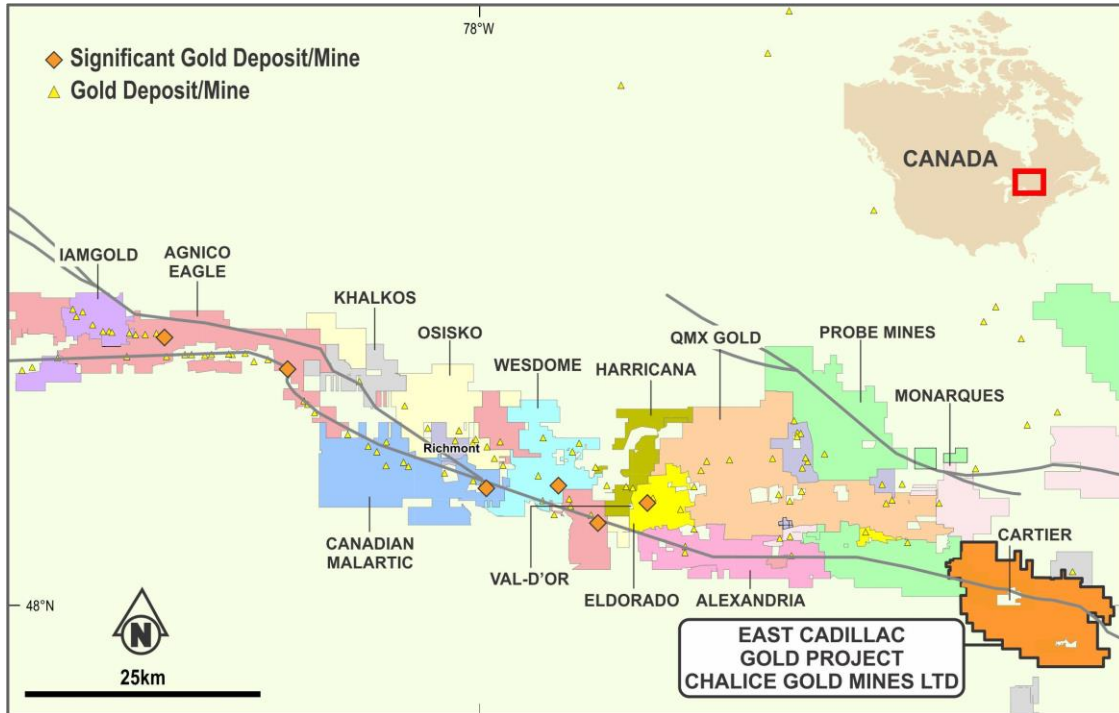


Figure 1. Location map of East Cadillac Gold Project in the Abitibi sub-Province of Canada.

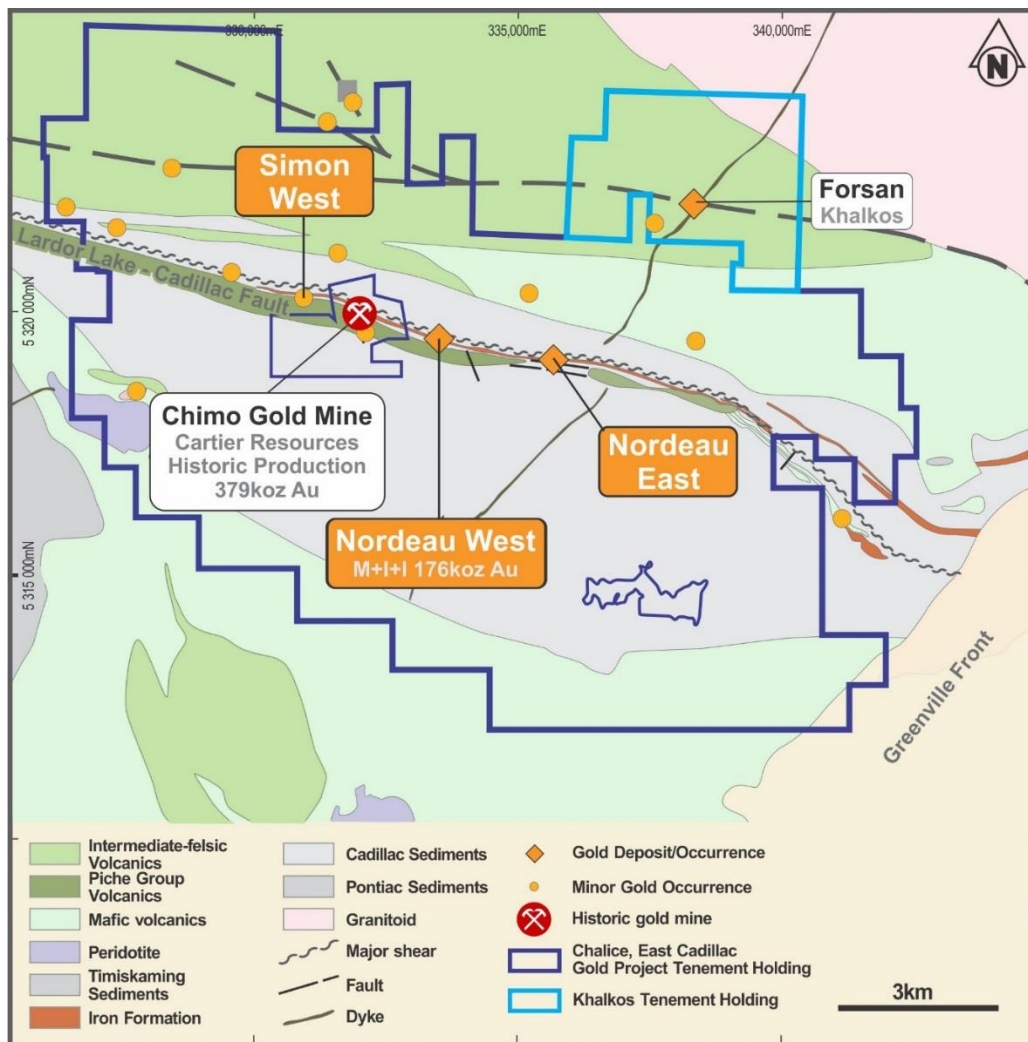


Figure 2. Local geology and tenure of the East Cadillac Gold Project and the Khalkos Forsan Project.

Option and Earn In Terms

Chalice can earn a 70% interest in the Project by making total option payments of C\$375,000 to Khalkos and funding exploration expenditures of C\$1.75 million over a period of five years (Table 1). Upon meeting these requirements and exercising the option, Chalice shall then grant a 1% Net Smelter Royalty (“NSR”) to Khalkos on the claims on the basis that all royalties (including pre-existing royalties) do not exceed 3%. Chalice maintains a pre-emptive right over the Khalkos royalty.

Chalice has the right to withdraw without earning an interest in the Project at any time.

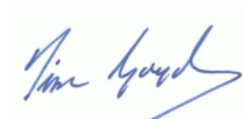
Table 1. Forsan Gold Project option and farm-in commitments

Timing	Option Payments	Expenditure Commitment
Execution of binding agreement	C\$100,000	-
Year 1	C\$100,000	C\$250,000
Year 2	C\$100,000	C\$350,000
Year 3 (Chalice earns 51%)	C\$75,000	C\$400,000
Year 5 (Chalice may earn a further 19%)	-	C\$750,000
Total	C\$375,000	C\$1,750,000

Chalice’s Managing Director Tim Goyder said the agreement with Khalkos further enhanced and consolidated Chalice’s position in a world-class gold district.

“The Abitibi is one of the world’s most prolific and well known gold provinces and is host to numerous world-class deposits. Chalice is committed to the district and will continue to add to our strategic position covering the major regional fault system that controls a majority of the known gold mineralization in this region.”

“We look forward to commencing an immediate review of the project in anticipation of defining targets for drill testing as soon as possible.”



TIM GOYDER
 Managing Director
 Chalice Gold Mines Limited

For further information, please contact:

Tim Goyder, Managing Director
 Chalice Gold Mines Limited
 Telephone +618 9322 3960

Competent Persons and Qualifying Persons Statement

The information in this report that relates to Exploration Results in relation to the Forsan Gold Project is based on information compiled by Dr. Kevin Frost BSc (Hons), PhD, who is a Member of the Australian Institute of Geoscientists. Dr. Frost is a full-time employee of the company and has sufficient experience in the field of activity being reported to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and is a Qualified Person under National Instrument 43-101 – ‘Standards of Disclosure for Mineral Projects’. The Qualified Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Dr. Frost consents to the release of information in the form and context in which it appears here.

Forward Looking Statements

This document may contain forward-looking information within the meaning of Canadian securities legislation and forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, forward-looking statements). These forward-looking statements are made as of the date of this document and Chalice Gold Mines Limited (the Company) does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements relate to future events or future performance and reflect Company management’s expectations or beliefs regarding future events and include, but are not limited to, the estimation of mineral reserve and mineral resources, the realisation of mineral reserve estimates, the likelihood of exploration success at the Forsan Project, whether Chalice will elect to continue with the earn-into the Forsan Project, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

In certain cases, forward-looking statements can be identified by the use of words such as plans, expects or does not expect, is expected, will, may would, budget, scheduled, estimates, forecasts, intends, anticipates or does not anticipate, or believes, or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors may include, among others, risks related to actual results of current or planned exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in mineral resources or ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company’s interim and annual financial statements, all of which are filed and available for review on SEDAR at sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking statements.

Appendix 1. Forsan Gold Project – JORC Table 1.

Section 1: Sampling Techniques and Data

Criteria	Explanation	Commentary
Sampling techniques	<i>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.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</i>	Not applicable, no sampling, drilling or assaying reported
	<i>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</i>	Not applicable, no sampling, drilling or assaying reported
Drilling techniques	<i>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).</i>	Not applicable, no sampling, drilling or assaying reported
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed</i>	Not applicable, no sampling, drilling or assaying reported
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples</i>	Not applicable, no sampling, drilling or assaying reported
	<i>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.</i>	Not applicable, no sampling, drilling or assaying reported
Logging	<i>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.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>The total length and percentage of the relevant intersections logged</i>	Not applicable, no sampling, drilling or assaying reported
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>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.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Not applicable, no sampling, drilling or assaying reported
Quality of assay data and	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is</i>	Not applicable, no sampling, drilling or assaying reported

Criteria	Explanation	Commentary
laboratory tests	<i>considered partial or total.</i>	
	<i>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.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	Not applicable, no sampling, drilling or assaying reported
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Not applicable, no sampling, drilling or assaying reported
	Not applicable	Not applicable, no sampling, drilling or assaying reported
	Not applicable	Not applicable, no sampling, drilling or assaying reported
	<i>Discuss any adjustment to assay data.</i>	Not applicable, no sampling, drilling or assaying reported
Location of data points	<i>Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>Specification of the grid system used.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>Quality and adequacy of topographic control.</i>	Not applicable, no sampling, drilling or assaying reported
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>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.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>Whether sample compositing has been applied.</i>	Not applicable, no sampling, drilling or assaying reported
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Not applicable, no sampling, drilling or assaying reported
	<i>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.</i>	Not applicable, no sampling, drilling or assaying reported
Sample security	<i>The measures taken to ensure sample security.</i>	Not applicable, no sampling, drilling or assaying reported
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	Not applicable, no sampling, drilling or assaying reported

Section 2: Reporting of Exploration Results

Criteria	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.	<p>Current Ownership: The Forsan Gold Project is located approximately 40km east of Val-d'Or, Quebec, Canada and comprises claims owned 100% by Khalkos Exploration Inc. The Project comprises a total 27 claims for 12.4 km² and includes title Nos.2437916-2437942.</p> <p>Chalice can earn a 70% interest in the Project by making total option payments of C\$375,000 to Khalkos and funding exploration expenditures of C\$1.75 million over a period of five years. Upon meeting these requirements and exercising the option, Chalice shall then grant a 1% Net Smelter Royalty ("NSR") to Khalkos on the claims on the basis that all royalties (including pre-existing royalties) do not exceed 3%. Chalice maintains a pre-emptive right over the Khalkos royalty.</p>

Criteria	Explanation	Commentary
		A 2% net smelter royalty held by a third party (Jacques Duval) covers the Project.
	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.	All granted tenements are in good standing and there are no known impediments to operating in the area.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Previous exploration results have not been verified and the Company is in the process of compiling all previous exploration data.
Geology		Gold deposits in the Abitibi sub Province are greenstone-hosted gold deposits and they can generally be considered to be a part of the orogenic family of gold deposits.
	Deposit type, geological setting and style of mineralisation.	The Forsan Gold Project contains a sequence of volcano-sedimentary rocks and covers approximately 4.3km of a major parallel east-west trending fault 3.3 km north of the Larder Lake - Cadillac fault. Gold mineralisation in the Abitibi sub Province is typically hosted in quartz-carbonate veins and surrounding alteration zones developed along major fault zones that are traced for many 10's km across the Archaean granite-greenstone terrane. The Larder lake- Cadillac fault zone is a typical crustal-scale fault zone which host many multi-million ounce gold deposits for a total inventory of approximately 100Moz Au. Gold mineralization is hosted in a wide variety of greenstone belt rock-types including Banded Iron Formation, mafic volcanics, mafic intrusives, fine to coarse-grained sedimentary sequences and granitoids. Gold mineralization is specially associated with lithological contacts between the major rock sequences.
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: <ul style="list-style-type: none"> • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. 	Not applicable, no sampling, drilling or assaying reported
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	Not applicable, no sampling, drilling or assaying reported
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable, no sampling, drilling or assaying reported
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Not applicable, no sampling, drilling or assaying reported
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 (e.g. 'down hole length, true width not known').	Not applicable, no sampling, drilling or assaying reported
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.	Not applicable, no sampling, drilling or assaying reported
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.	Not applicable, no sampling, drilling or assaying reported

Criteria	Explanation	Commentary
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.	The Company has not verified previous exploration data.
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive	Future work programs are to be considered following the review and compilation of all historic exploration data.