



ASX Announcement

16 January 2018

Chalice expands exploration drilling program at East Cadillac Gold Project after identifying 14 new high-priority targets

Additional 21,000m of diamond drilling to commence immediately with four diamond rigs

Highlights

- 21,000m of additional diamond drilling has commenced, and follows on from the 7,700m program at Nordeau West, Marilynne, Simon West and North Contact targets.
- Expanded program will test 14 new high-priority targets identified from recently completed surface rock chip, Mobile Metal Ion (MMI) geochemical sampling and geophysical surveys including 3D Induced Polarization (3D IP), aeromagnetic and Lidar surveys.
- Targets have been prioritised based on regional structural position, surface geochemical results and 3D IP chargeability response.
- Four drilling rigs will be utilised in order to complete the program during the current winter field season.
- Additional geophysics (3D IP) planned over the newly-acquired Forsan tenement holding.
- Combined work program expenditure budgeted at C\$5.3M.
- The East Cadillac Gold Project encompasses a contiguous ~16km strike length of the Larder Lake-Cadillac fault, surrounding the former producing Chimo gold mine. The Project is ~35km east of the >20Moz Val d'Or gold camp, in a region with known gold endowment of >100Moz.
- Diamond drilling has also commenced at the nearby Kinebik Gold Project.

Chalice Gold Mines Limited (ASX: CHN, TSX: CXN) ("Chalice" or the "Company") is pleased to announce that it has significantly expanded the ongoing exploration program at its East Cadillac Gold Project in the Abitibi region of Quebec Canada, committing to an additional 21,000m of diamond drilling to test multiple newly-identified targets.

The Company is mobilising two additional diamond rigs to site, increasing the total number of rigs operating on the Project to four. The previously announced 7,700m diamond drill program will be completed in January, with the two currently operating rigs scheduled to move on to testing the new targets. The additional two rigs will commence drilling the new targets this week.

Target selection

After reviewing the results from the recently completed project-wide surface geochemical sampling consisting of MMI soil, Black Spruce bark and rock-chip sampling and following the completion of geophysical surveys including 3D IP and aeromagnetic surveys (refer ASX announcement 27 October 2017: September Quarterly Activities Report), Chalice has identified a number of high-priority targets (Figure 1).

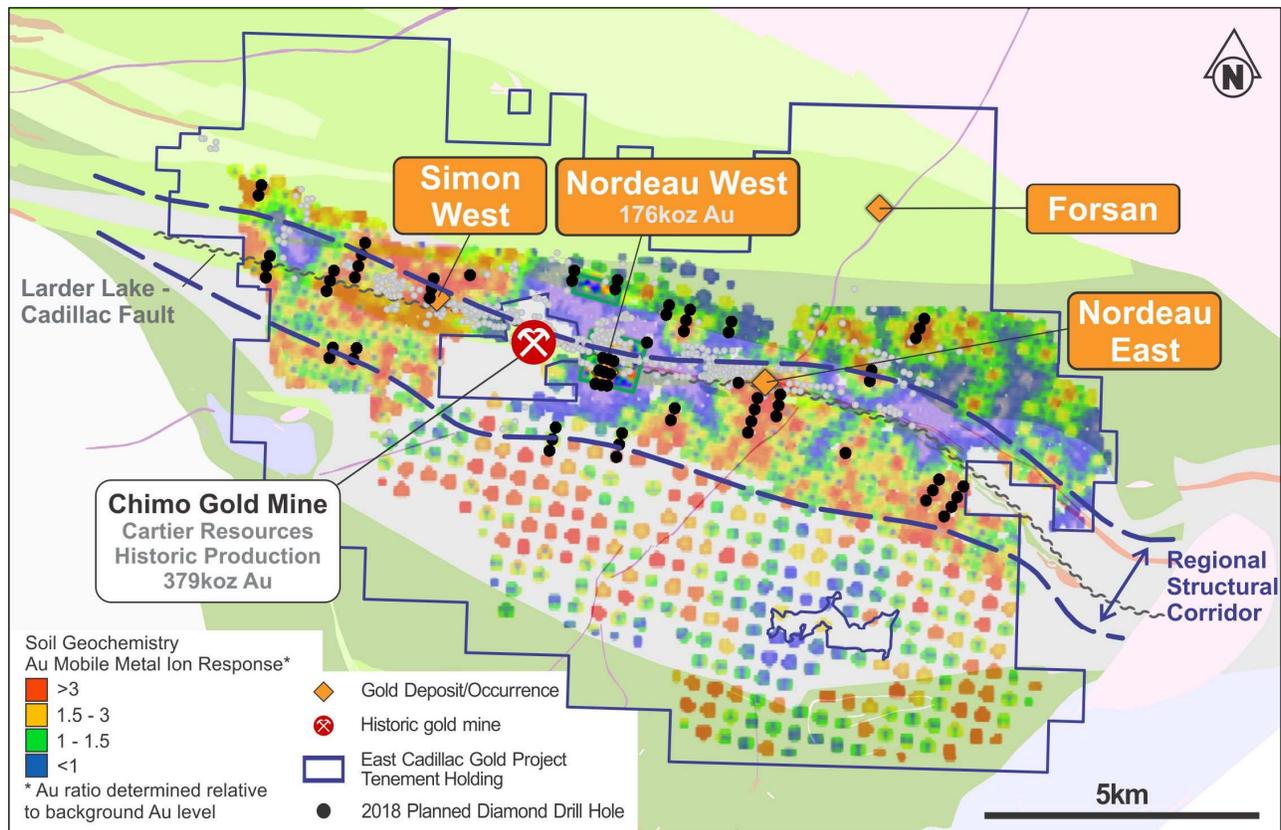


Figure 1. Project location map including the new 2018 drilling targets and 2017 MMI geochemistry

Selection process

MMI soil sampling identified 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.

The 3D IP survey highlighted a series of strong chargeability anomalies, some associated with known gold mineralisation within the Piche Group Volcanics, and other chargeability anomalies which are broadly aligned with contacts between the mafic and sediment packages.

Based on the results of these programs, the targets have been grouped into three areas:

- **Larder Lake – Cadillac Fault corridor (the central mineralised trend).** Targets in this area are considered lower risk with portions of the trend already assessed, and the focus of drilling will be on testing areas down-plunge of existing showings and untested anomalies.
- **Hanging wall targets** located north of the trend which are poorly tested to date – a similar area in the Val-d’Or district has delivered deposits such as Sigma Lamaque (~9Moz of historical gold production).
- **Footwall targets** to the south which are almost entirely untested – a similar area in the Malartic district has delivered deposits such as Canadian Malartic (total reserves and resources of >10Moz Au), however current data is widely spaced (400m) except for immediate area around the Marilynne showing.

Program budget and timeline

The new drilling program will continue through March 2018. The Company will utilise four rigs to complete the program during the optimal conditions of the winter field season.

An additional all-inclusive budget of C\$5,310,000 has been approved to complete the program.

Kinebik drilling program

The Company is pleased to also announce that the maiden drilling program at the Kinebik Gold Project (refer to ASX announcement on 4 July 2017) has also recently commenced. The program of 9 diamond drill holes for 1,800m will be completed with an additional (5th) diamond drill rig. The program is expected to take approximately one month to complete.

Chalice's Managing Director Tim Goyder said: *"Our decision to significantly expand and extend the drilling program at East Cadillac reflects our excitement about the potential of the project and our commitment to aggressively explore this highly-endowed region. The aim of the program is to continue building a high-grade resource base in the most efficient manner, leveraging our strong financial position and technical expertise.*

This is a unique opportunity for shareholders to be exposed to an exploration campaign of this size, within a highly endowed gold district, which should generate strong and consistent news-flow over the coming weeks and months."

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

TIM GOYDER
Managing Director
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Competent Persons and Qualifying Persons Statement

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

Forward Looking Statements

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

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

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