

20 November 2018

Chalice prepares for major new drill program to test large-scale gold targets at East Cadillac Gold Project in Quebec

Highlights

- **~8,100m diamond drill programme** scheduled to commence in **January 2019** at the **East Cadillac Gold Project – Quebec, Canada**.
- The program will focus on two **large-scale, untested targets** located on **100% Chalice owned tenure**:
 - **Legrand Target**: a large **~3.4km x 1.3km** gold-plus-pathfinder geochemical anomaly, with **similarities to the >16Moz Canadian Malartic gold mine**, located **~70km** to the west; and
 - **Anderson Target**: a large **~2.3km x 0.5km** gold-plus-pathfinder anomaly located on a sub-parallel fault north of the Larder Lake Cadillac Fault.
- The two Targets represent the **largest and most coherent** geochemical anomalies found to date on the Project.

Chalice Gold Mines Limited ("Chalice" or "the Company") (ASX: CHN | TSX: CXN) is pleased to announce plans to undertake a significant new drilling program at its **East Cadillac Gold Project** in Quebec, Canada early in the New Year to test major new gold targets identified during the recently completed 2018 summer field season.

The program, comprising 8,100 metres of diamond drilling, is scheduled to commence in January 2019 and will test two large geochemical targets defined during recently completed extensive surface geochemistry programs.

The geochemical targets have strong similarities to major deposits in the region and represent outstanding discovery opportunities.

Commenting on the upcoming drilling, Chalice Managing Director, Alex Dorsch, said: "We are eagerly anticipating the start of this significant new drilling program, which is designed to test some of the largest and most prospective targets we have defined to date at East Cadillac."

"The similarities of these new targets to some of the largest gold mines and deposits along strike has created significant interest in the region and we are looking forward to seeing what the drilling can deliver. Together with our ongoing drill program at the Pyramid Hill Gold Project in Victoria, the next few months are shaping up as an exciting period for the Company."

Drill Targets

The Anderson and Legrand anomalies represent new targets, respectively located to the north and south of the Larder Lake-Cadillac Fault (LLCF) on 100% owned Chalice tenure (Figure 1).

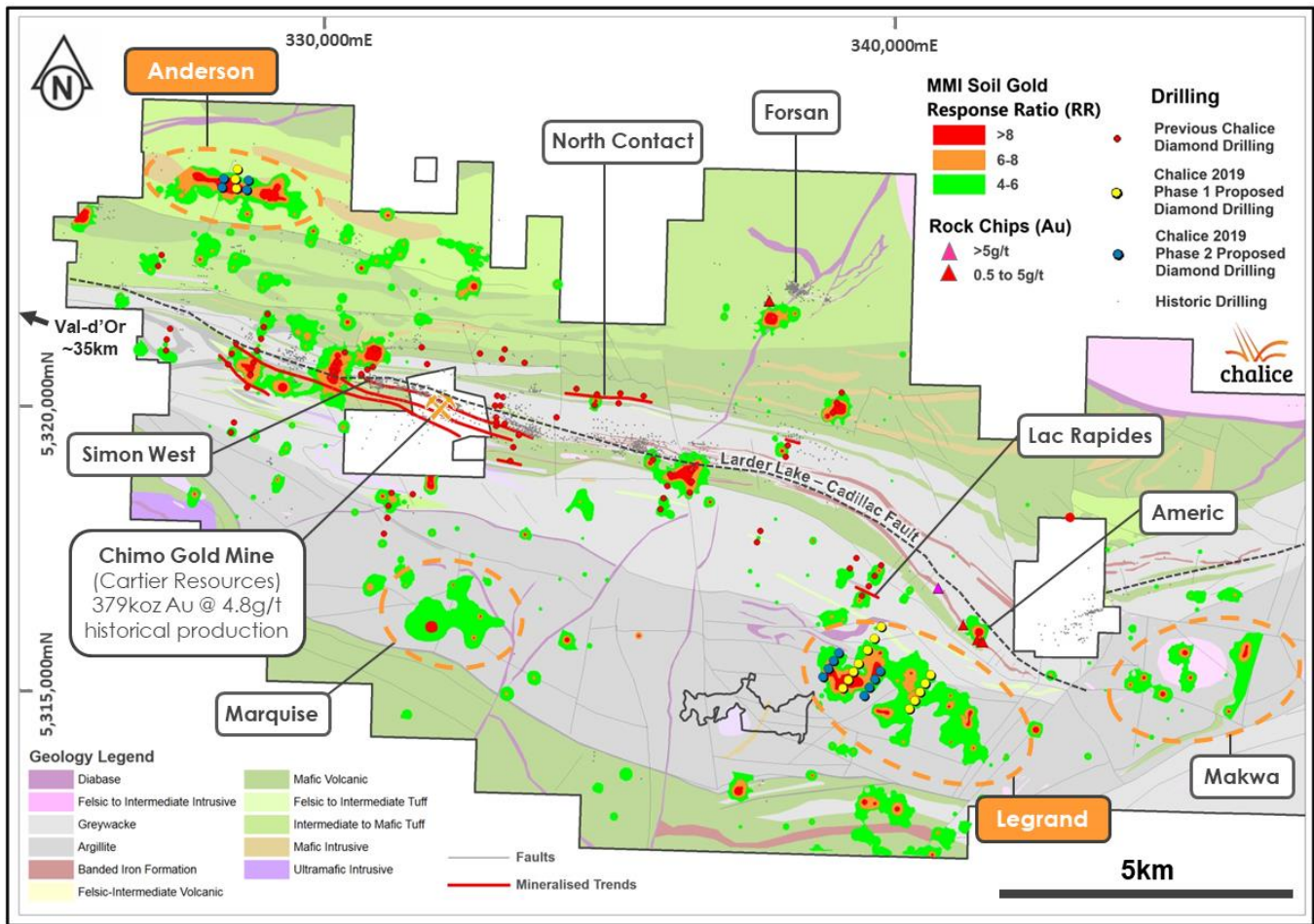


Figure 1. Planned 2019 DDH collars over MMI gold-in-soil and interpreted geology

The **Legrand** anomaly is a gold-plus-pathfinder Mobile Metal Ion (MMI) soil anomaly with an interpreted strike length of more than 3km. It is located approximately 1km south of the LLCF and approximately 1.6km south of Chalice's recent Lac Rapides gold discovery. Gold-in-soil values range up to 22 times background value with coincident anomalous As, Ag, Cs, Tl, & W, similar in character and size to the >16Moz Canadian Malartic gold mine (Perrouy 2017) that is owned by Agnico Eagle and Yamana.

The **Anderson** anomaly is another large (>2.5km strike length) gold and pathfinder MMI soil anomaly identified by in-fill sampling during the 2018 summer exploration program. Gold values also range up to 22 times background with spatially associated Bi, W.

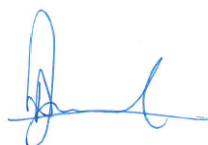
A 3D-Induced Polarization OreVision survey is underway over the Lac Rapides, Legrand and Makwa areas. Existing targets will be refined once the survey results are finalised in late December.

Drilling Programme

The targets will be tested utilising a two-phase staged approach. In Phase 1, comprising 15 holes for 4,500m, two high priority diamond drill fences will be completed across both targets at the areas with the strongest MMI soil responses. The aim of this phase is to undertake first-pass reconnaissance drilling to provide better geological control and test for indications of significant gold mineralisation.

Phase 2 will be contingent on initial visual results from Phase 1, to allow for a continuous drill program over the field season. Four additional drill fences have been permitted and budgeted as part of Phase 2, which will comprise 12 holes for 3,600m. The aim of these holes would be to define the lateral and depth extent of any mineralisation identified in Phase 1.

All holes are located on 100%-owned Chalice tenure. Drilling is expected to commence in mid-January 2019 with two diamond drill rigs. The programme will continue until approximately mid-March 2019.



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About the East Cadillac Gold Project, Quebec, Canada

The East Cadillac Gold Project covers an area of 245km² 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 along strike from several globally significant mines including Canadian Malartic (>16Moz Au Agnico Eagle and Yamana) and Sigma Lamaque (>11Moz Au Eldorado Gold).

The Project surrounds the historical Chimo gold mine, owned by Cartier Resources (TSX: ECR), which produced ~379koz @ 4.8g/t Au. Acquired in late 2016, the East Cadillac Gold Project is a consolidation of several earn-in option agreements (Chalice earning 70 to 100%) and Chalice's 100%-owned claims (refer to Figure 2 below).

Since acquiring the Project, Chalice has completed systematic geochemistry and geophysics field programmes as well as a ~27,600m regional diamond drilling programme targeting large-scale gold systems, with three new discoveries made to date.

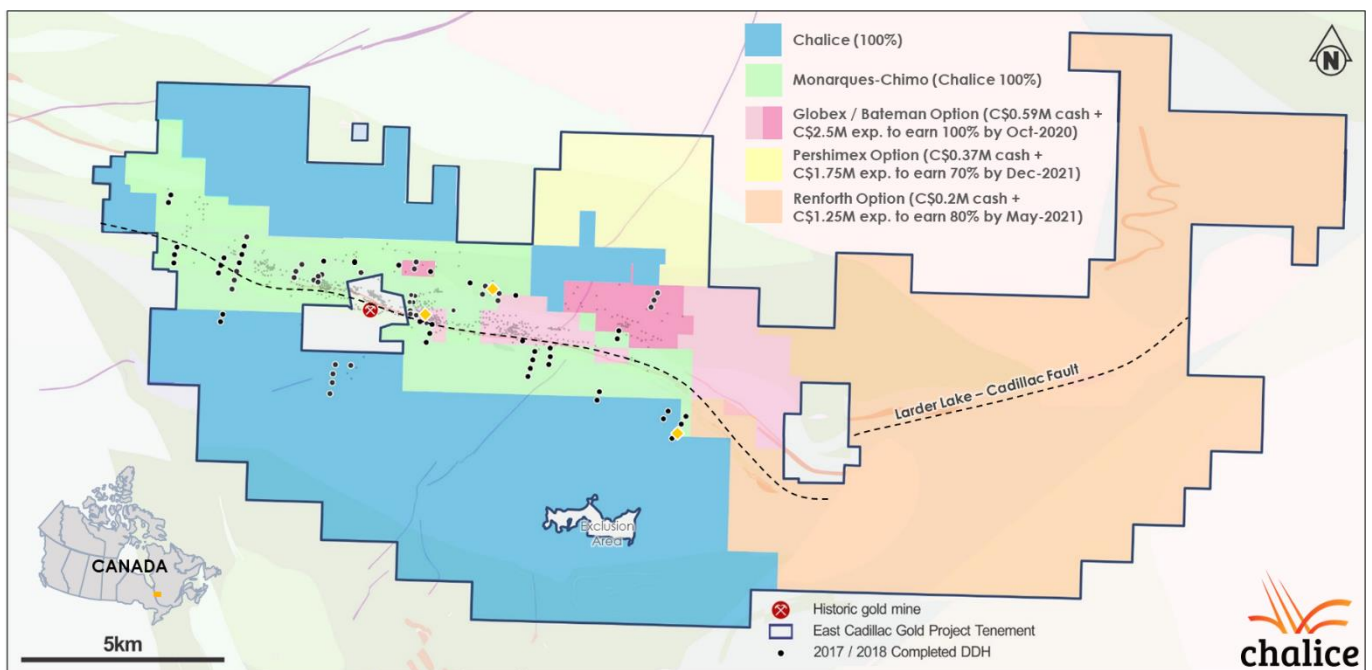


Figure 2. East Cadillac Gold Project ownership overview

Competent Persons and Qualifying Persons Statement

The information in this announcement that relates to Exploration Results in relation to the East Cadillac Project is based on information compiled by Dr. Kevin Frost BSc (Hons), PhD, a Competent Person, who is a Member of the Australian Institute of Geoscientists. Dr. Frost is a full-time employee of the company and has sufficient experience that is relevant to the activity being undertaken 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 inclusion in the announcement of the matters based on his information in the form and context in which it appears.

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; 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.