

## ASX Announcement

10 July 2018

# New phase of exploration underway at East Cadillac Gold Project in Quebec

*Program is aimed at building on recent discoveries and exploring new large-scale regional targets*

### Highlights

- **Multiple new prospective, large-scale** targets identified from recent structural re-interpretation at East Cadillac Gold Project
- New exploration program underway to extend coverage of geochemistry and geophysics, and to explore additional **large-scale targets**
- Program includes refinement of the geological understanding of the recent **gold discoveries** at North Contact and Lac Rapides, where **wide** mineralised zones were intersected and remain **open along strike and down dip**
- Follow up work on the recent discoveries aims to **improve understanding of known high-grade zones** and utilise that knowledge to vector in to additional high grade
- Detailed 200m line-spaced **3D Orevision IP** geophysical surveys along extensions of the Larder Lake – Cadillac Fault Zone (“LLCFZ”) as well as regional geochemical sampling will be utilised to define new **drill ready targets**

Chalice Gold Mines Limited (“Chalice” or “the Company”) (ASX: CHN | TSX: CXN) is pleased to advise that it has commenced the next phase of field activity at its East Cadillac Gold Project in Quebec.

This field program, which will take place from July to September 2018, aims to:

- Field assess newly recognised targets identified from a regional structural geology / geophysical interpretation over the expanded project area;
- Further investigate the recent gold discoveries at North Contact and Lac Rapides; and
- Define drill ready targets for the next drilling program in late Q4 2018.

The program builds on previous work to date on the Project, which included:

- Completing a NI43-101 and JORC 2012 compliant Mineral Resource estimate for Nordeau West (from historical drilling), outlining an Indicated Mineral Resource of 225,000t @ 4.17g/t Au for 30,200oz Au and an Inferred Mineral Resource of approximately 1.11Mt @ 4.09g/t Au for 146,300oz Au;
- MMI soil, rock chip and bark sampling and Aeromagnetic and LiDAR geophysical surveys across the western part of the Project (prior to Forsan and Denain-Pershing earn-in JV’s);
- Detailed 200m line-spaced 3D Orevision IP geophysical surveys along the western 16km of Larder Lake – Cadillac Fault Zone (“LLCFZ”);
- ~28,700m diamond drilling program aimed at testing regional reconnaissance targets and testing down plunge extensions of known mineralisation at Nordeau West and Simon West Prospects;

- Extended known mineralisation at Simon West to approximately 3.5km of strike length, open to the west; and
- Two new significant wide zones of mineralisation, open along strike and down dip, intersected at North Contact and Lac Rapides Prospects.

Chalice Chief Executive Alex Dorsch said, *“Every phase of field work is providing more evidence of the exploration potential at East Cadillac, given our proximity to several globally significant gold mines, we consider that potential to be very high.”*

*“We have already established down plunge extensions at Nordeau West and Simon West, and the presence of wide zones of gold mineralisation at North Contact and Lac Rapides. We believe there is significant upside on our district scale land package within the five focus areas of the current program.”*

### **Planned field activities**

Since the last summer field season, the land holding at the Project has increased by approximately 50% and hence a large portion of work is planned on newly optioned / acquired claims to undertake first pass geochemical sampling and define new targets. This will complement additional work around areas of newly identified gold mineralisation discovered in early 2018.

The planned field program will focus on five main areas (Figure 1):

- Area 1.** The area north of the LLCFZ including the Forsan deposit in the central-north and the McDonough gold showing in the north-west (acquired / optioned in 2017);
- Area 2.** The eastern extension of the LLCFZ into the newly optioned Denain-Pershing claims;
- Area 3.** South of the Nordeau West and Simon West deposits in the vicinity of the newly discovered mineralisation spatially associated with felsic porphyry dykes;
- Area 4.** East of Lac Saucisse in the central-south part of the property; and
- Area 5.** North and west of Simon West to follow up on gold intersections from recent drilling and a new target identified from recent structural studies.

North of the LLCFZ, infill MMI soil sampling to 200m x 200m spacing will further refine surface geochemical targets along strike of the McDonough gold showing in the west and the Forsan deposit in the east. Airborne magnetic and VLF-EM geophysics coverage will be extended north to cover this portion of the property as well as two isolated blocks of ground on the western end of the LLCFZ. With this increased data coverage in the north Chalice will be vectoring into the highest potential targets along LLCFZ parallel structures within this largely mafic volcanic package.

From the Lac Rapides target east to the shores of Lac Matchi-Manitou, Chalice will extend coverage of 200m x 200m MMI geochemical sampling to test for extensions to high-priority gold and pathfinder anomalies. Ground 3D-IP coverage will be extended along the LLCFZ east to the shore of Lac Matchi-Manitou. The area east of Lac Rapides has not been subject to modern exploration techniques and given the new gold discovery at Lac Rapides the area has high potential for additional gold discoveries.

Chalice will undertake 200m x 200m infill MMI soil sampling over a previously identified gold and pathfinder anomaly located East of Lac Saucisse where a recent interpretation of the airborne magnetics has outlined potential for buried felsic intrusions in the same general area of pegmatite outcrops. Felsic intrusions are important hosts to gold mineralisation elsewhere in the Abitibi sub-Province, and the identification of potential buried felsic / porphyry intrusions enhances the exploration potential of this area.

A team of Chalice geologists will be mapping and prospecting any new bedrock outcrop discovered during the course of the above work in these main follow up areas, including the newly optioned Denain-Pershing claims.

### **Structural Interpretation**

Chalice recently completed a detailed structural interpretation of the expanded ECG project using a combination of aeromagnetic interpretation of detailed (50m and 70m) flight line surveys and fact geology. Key areas for follow-up field investigation are outlined below and shown in Figure 2.

- Step over regions where the LLCФЗ propagates along areas of strong rheological contrast;
- First and second-order flexures along the major faults including the LLCФЗ;
- Areas of enhanced competency contrast along major lithological contacts (i.e. greywacke / BIF / volcanics / felsic intrusion contacts); and
- Potential felsic bodies (porphyry) intruded along major structural corridors.

Chalice plans to undertake follow-up field checking, mapping (if outcrop present) and soil sampling this field season over these exciting targets outlined from the detailed structural investigation.

### **Program timing and budget**

The program has a combined budget of ~C\$1.9 million and will continue through Q3 2018 with final results expected in late Q3 2018. Drill ready targets are anticipated to be finalised by mid Q4 2018.

A handwritten signature in blue ink, appearing to read "Alex Dorsch".

Alex Dorsch  
Chief Executive Officer

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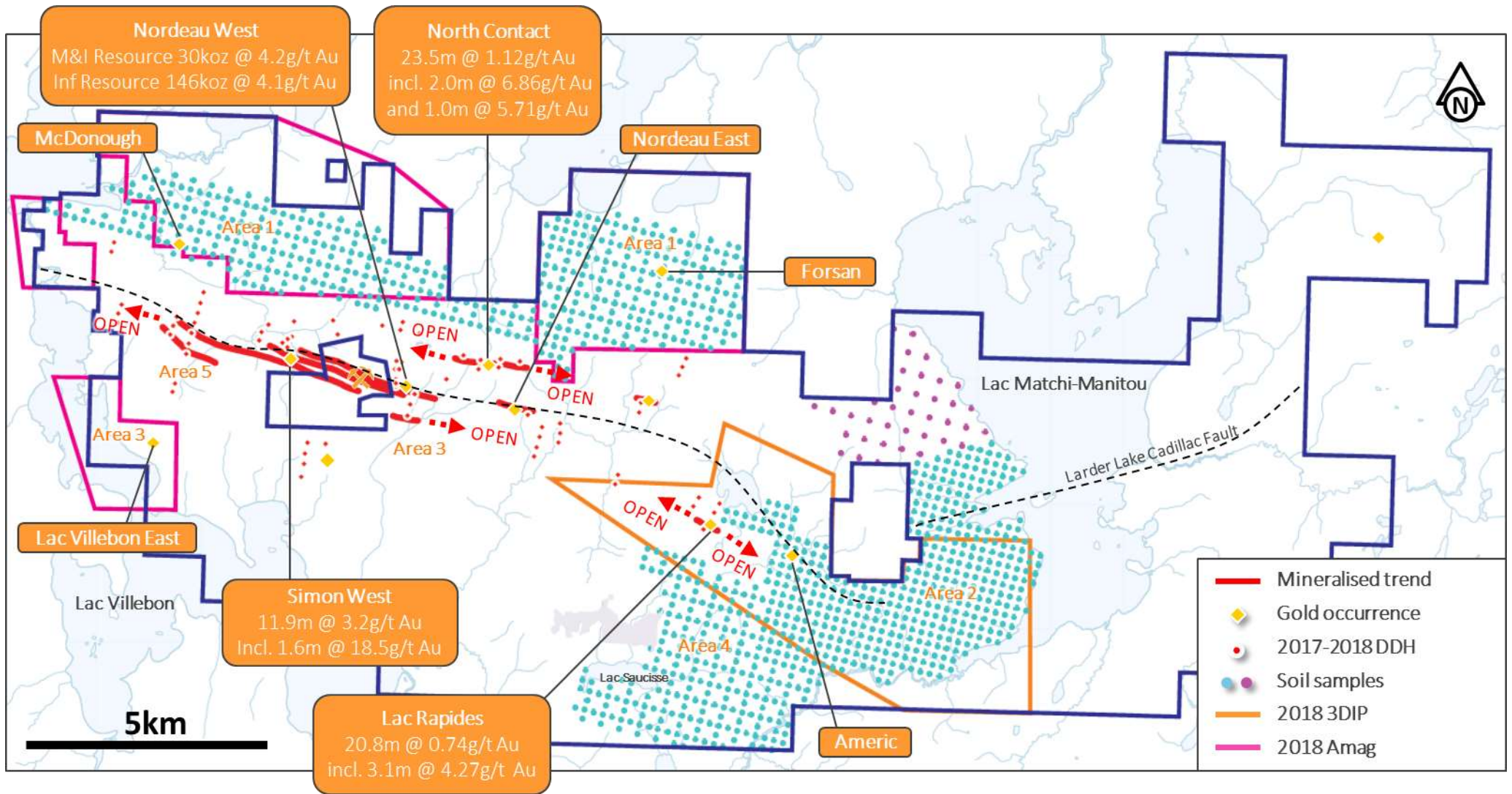


Figure 1. East Cadillac Gold Project Q3 2018 field program overview

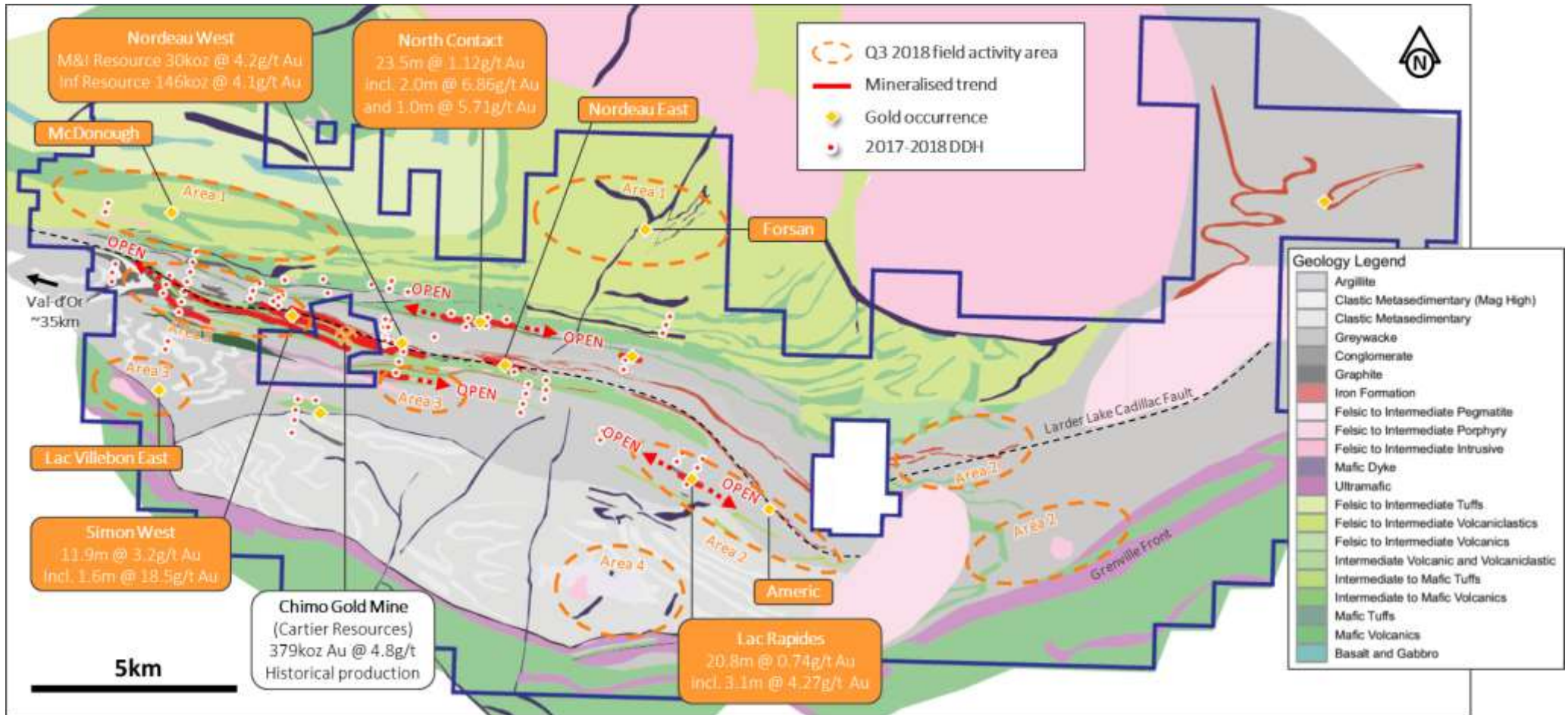
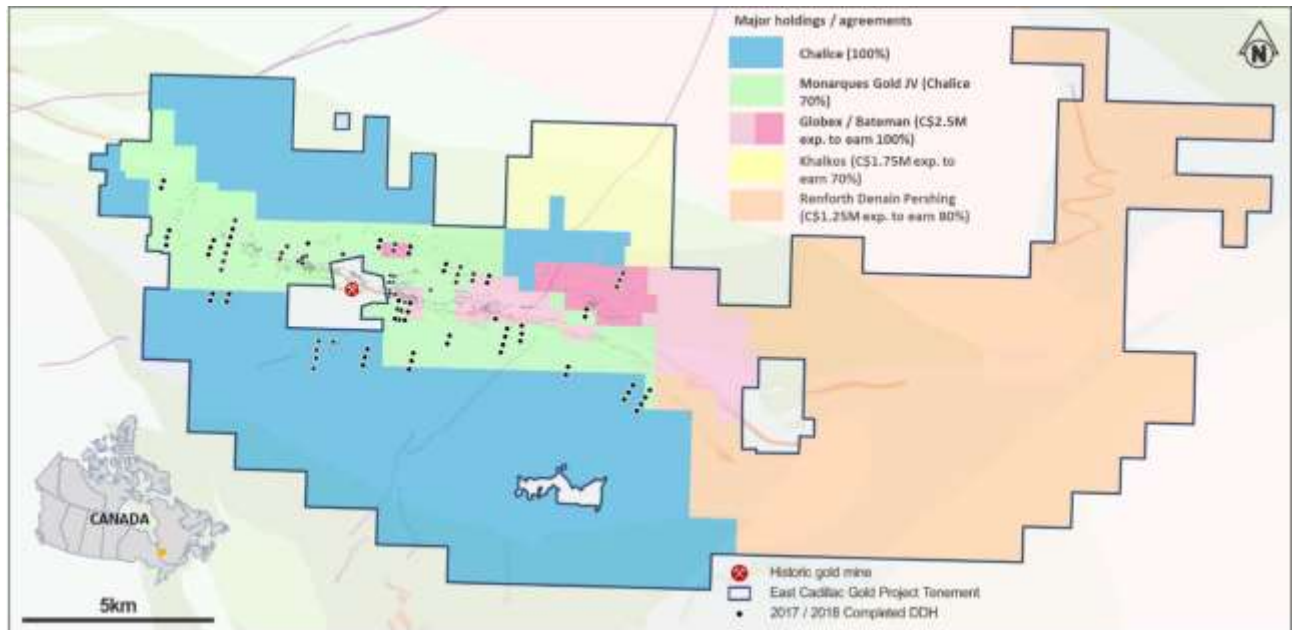


Figure 2. East Cadillac Gold Project structural reinterpretation update June 2018 – plan view

## About the 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 along strike with globally significant mines including Canadian Malartic (>16Moz) and Sigma Lamaque (>11Moz).

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



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

The information in this announcement that relates to the Mineral Resources at the East Cadillac Gold Project is extracted from the announcement entitled “Maiden JORC Resource for Nordeau West deposit provides foundation for expanded exploration program at East Cadillac Gold Project, Quebec” dated 7 March 2017.

The information in this announcement that relates to exploration results at the East Cadillac Gold Project is extracted from the announcements entitled “Significant new gold intersections at East Cadillac Project, Quebec confirm mineralisation over ~3.5km” dated 6 March 2018 and “Two new gold discoveries expand the district-scale potential of the East Cadillac Gold Project, Canada” dated 31 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 announcements and that all material assumptions in the market announcements 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 announcements.

### **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 Company’s 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](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.