

20 August 2019

Strong, shallow EM conductors identified ahead of maiden drill program at King Leopold Nickel Sulphide Project, WA

Drilling planned to commence next month to test multiple new ground-based EM targets

Highlights

- Moving-Loop Electromagnetic (MLEM) survey completed over four previously identified airborne EM targets on 100%-owned hard-rock mineral rights tenure:
 - Cluster of **strong, discrete, late-time EM conductors** identified at the Ephesus Target; and
 - **Two shallow conductors** identified with **~5,000 Siemens conductance** overlying Ruins Dolerite outcrop – a known host of high-grade magmatic nickel sulphides in the district.
- Airborne EM program completed over a previously untested ~8km strike length of Ruins Dolerite outcrop within the King Sound Area (Chalice earning an 85% JV interest):
 - **New strong, discrete EM conductor** identified at King Sound Target; and
 - Additional MLEM planned to refine target for possible inclusion in maiden drill program.
- Maiden RC **drill program planned to commence in September** to test the two high-priority Ephesus EM conductors and potentially additional targets defined at King Sound.
- King Leopold Orogen continues to demonstrate the potential for **new high-grade nickel sulphide discoveries**.
- Chalice well positioned with a **~1,800km²** land-holding in this frontier nickel sulphide province and **>A\$30 million** in working capital and investments.
- **Nickel market outlook exceptionally strong**, driven by electrification across multiple industries and increasing demand for class-1 nickel for use in lithium-ion batteries.

Chalice Gold Mines Limited ("Chalice" or "the Company") (ASX: CHN | TSX: CXN | OTCQB: CGMLF) is pleased to advise that it has identified several highly prospective EM conductors from recent ground-based and airborne EM geophysical surveys over the **King Leopold Nickel Project** in the west Kimberley region of WA (Figure 1).

Commenting on the results, Chalice's Managing Director Alex Dorsch said: "Our first program of ground-based and airborne geophysics has delivered encouraging early-stage results. Given we have only owned the project for a couple of months, we have made great progress on the project in a short timeframe."

"Ground-based EM surveys have confirmed several strong, shallow EM targets at Ephesus which, considering their proximity to the high-grade Merlin nickel sulphide Prospect, may represent massive sulphides. The cluster of strong shallow conductors overlying Ruins Dolerite outcrop represent priority targets for our upcoming drilling program."

"The recently completed airborne EM survey over the previously untested King Sound Area has also identified promising additional targets that will be further refined with ground-based EM surveys ahead of the drill program. We are very much looking forward to the start of RC drilling next month."

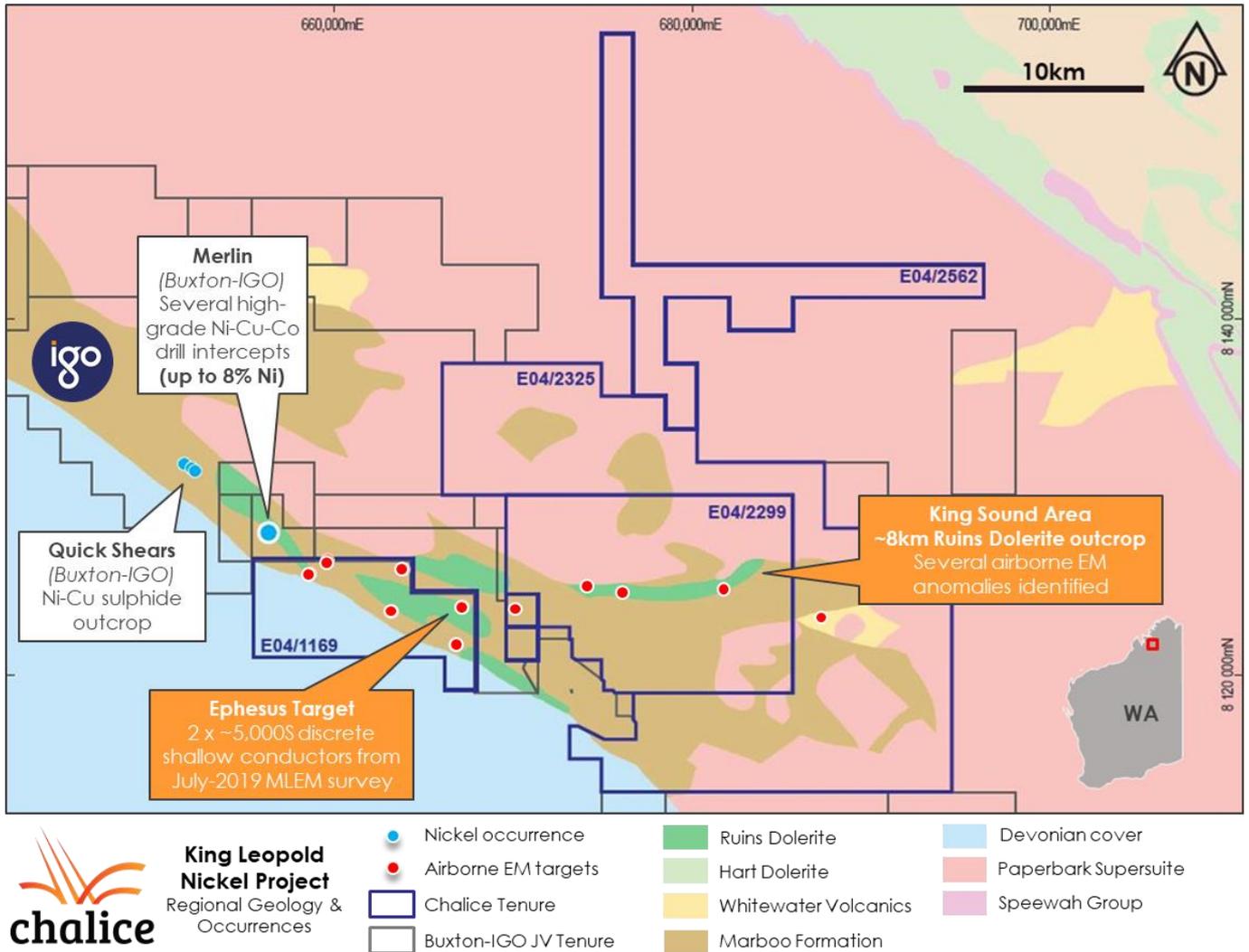


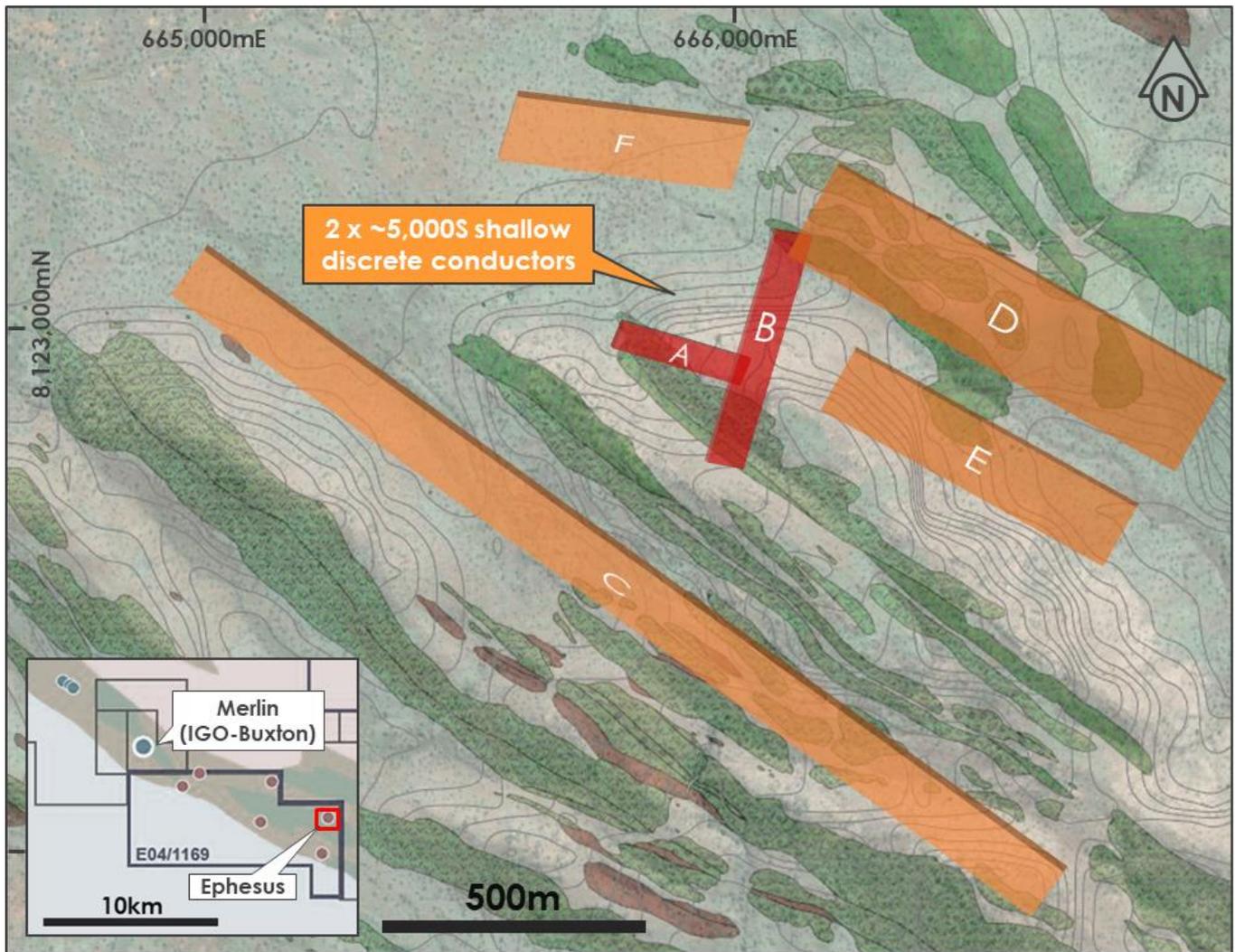
Figure 1. King Leopold Nickel Project tenure, nickel occurrences, targets and regional geology

All high-priority targets identified are located within or near outcropping / sub-cropping Ruins Dolerite, a known host rock of high-grade magmatic nickel sulphides in the province.

Ground-based EM Results

A MLEM survey was completed over E04/1169, where Chalice owns 100% of the hard-rock mineral rights. The program followed up on four priority targets identified from the previous “Xcite” Airborne EM survey in 2018, with the objective of defining drill-ready, discrete, late-time EM conductors.

The MLEM survey included 125 stations over 12 lines and successfully generated nine conductive plates. Two high priority, strong, discrete and shallow EM conductors were identified and modelled at the Ephesus Target (Figure 2).



**King Leopold
Nickel Project**
Ephesus Target
July-2019 MLEM
conductors over
satellite imagery

- Priority 1 Conductor
- Priority 2 Conductor

- Ruins Dolerite (coarse grained)
- Ruins Dolerite (medium grained)
- Ruins Dolerite (fine grained)
- Marboo Formation

Figure 2. Ephesus Target MLEM conductors over mapped geology and satellite imagery

Conductors A and B have a strong conductance of ~4,800 and ~5,000 Siemens respectively, and are modelled at a shallow depth within an extensive suite of Ruins Dolerite. The interpreted source of the conductors is massive sulphides.

Conductors C to F are modelled with low to moderate conductance (<3,000 Siemens) and based on field reconnaissance are likely sourced from pyritic and/or graphitic units. They are therefore considered to be lower priority for follow-up drill testing.

All conductors will be field checked in the coming weeks in order to locate any surface expressions of the conductive sources.

Table 1 below summarises the properties of each significant conductor identified to date at the Ephesus Target.

Table 1. Modelled July 2019 MLEM conductors at Ephesus Target, King Leopold Nickel Project*

Plate ID	Depth to top (m)	Length (m)	Depth Extent (m)	Conductance (S)
A	163	315	60	4,850
B	92	100	300	5,024
C	35	2,000	220	2,750
D	101	1,010	228	1,000
E	90	600	150	1,000
F	87	437	213	430

** These parameters have been produced from Maxwell geophysical modelling software, and are approximations based on ground based EM surveys only.*

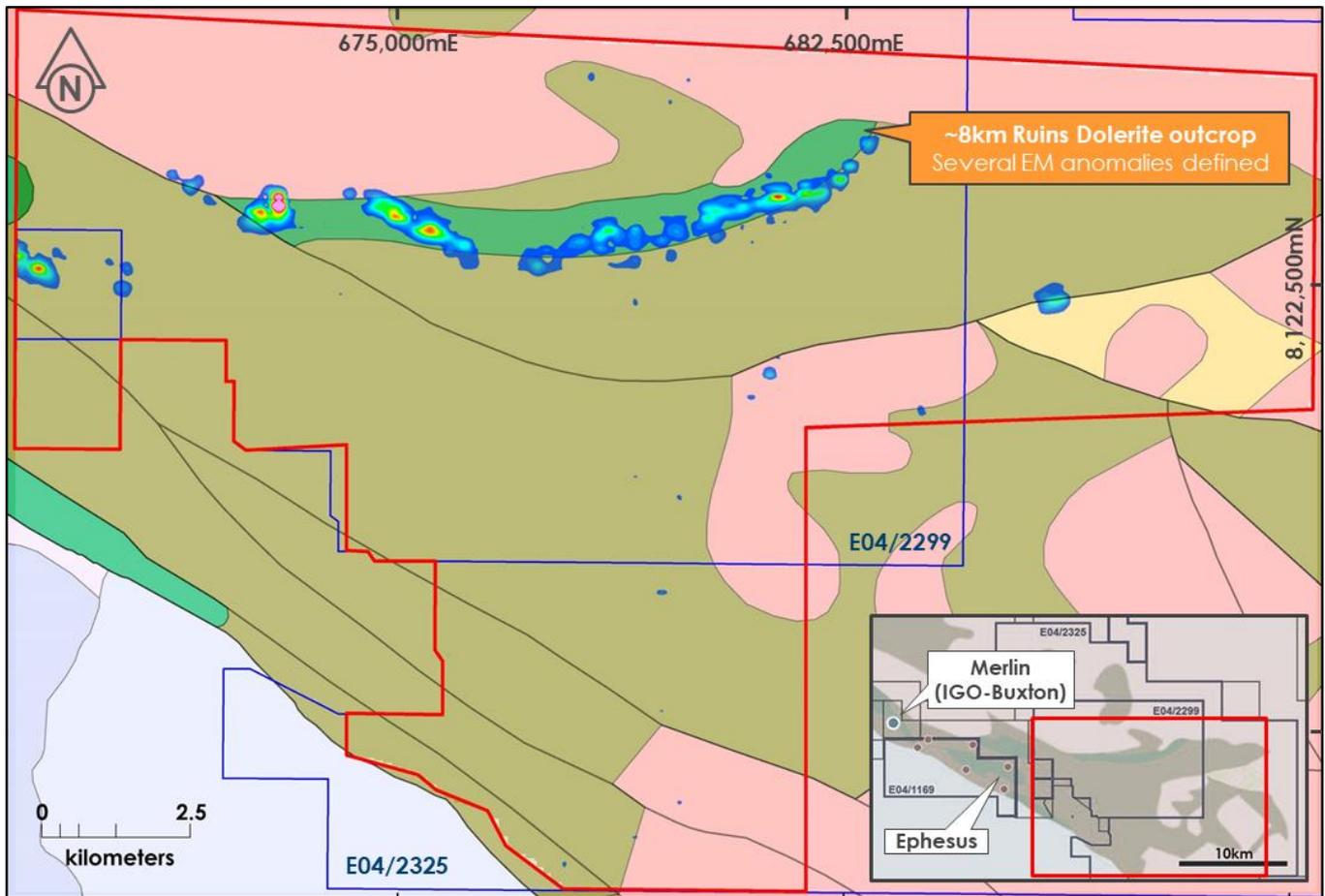
Chalice is encouraged by this first phase of MLEM, with two highly prospective drill targets already identified in a similar geological setting to the nearby Merlin Prospect owned by Buxton Resources (ASX: BUX) and Independence Group (ASX: IGO). Buxton's Merlin Prospect has had several phases of EM and drilling, with drill intercept grades up to 8% Ni reported.

Airborne EM Results

A SkyTEM airborne EM survey was recently completed over E04/2299 and E04/2325, where Chalice is earning an 85% JV interest. This survey is the first geophysical program to be completed over this area, which includes an ~8km outcropping strike length of prospective Ruins Dolerite.

A total of 1,394 line kilometres were flown at 150m line spacing, which generated clear and high-quality EM anomalies in a highly resistive environment.

Several discrete and strong mid-to-late time EM anomalies were identified, coincident with the outcropping ridge of Ruins Dolerite, which require immediate field checking (Figure 3).



King Leopold Nickel Project
King Sound Area
July 2019 AEM
results over
regional geology

- Airborne EM survey extent
- Chalice tenure
- Interpreted structure

- Marboo Formation
- Paperbark Supersuite
- Ruins Dolerite
- Whitewater Volcanics
- Devonian cover

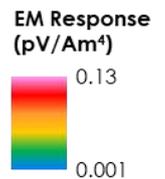


Figure 3. King Sound AEM survey late-time gridded image (channel 25, Z component).

Forward Plan

A heritage survey is planned in late August on the southern areas of E04/1169 as well within key areas of interest on E04/2299 and 2325. Field reconnaissance and further ground EM will then commence in early September at the King Sound Area, as well as at two additional targets on E04/1169.

RC drilling at the Ephesus Target and potentially additional King Sound ground EM targets is expected to commence in mid-late September. The program may be expanded subject to the results of the next phase of reconnaissance and geophysics.



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About the King Leopold Nickel Project, WA

The King Leopold Nickel Project covers an area of ~1,800km² in the west Kimberley region of Western Australia (**Figure 4**). The Project covers several known areas of Ruins and Hart Dolerite, which are both considered highly prospective for magmatic nickel sulphides as well as other related metals (Cu, Co and PGEs).

The Ruins Dolerite has been demonstrated to host high-grade nickel sulphides (drill intercept grades up to 8% Ni) after the Merlin discovery in 2015 by Buxton Resources (ASX: BUX). Buxton has since executed two option and earn-in joint venture agreements with Independence Group (ASX: IGO) and large-scale exploration activities are underway in the region. The JV has also substantially increased its licence holding in this frontier province.

Chalice's King Leopold Nickel Project is a combination of several 100% owned exploration licences, 100% owned hard rock rights as well as an earn-in agreement (earning up to 85%). Field activity on the Project commenced in late June 2019, initially focusing on areas immediately adjacent to the Merlin discovery.

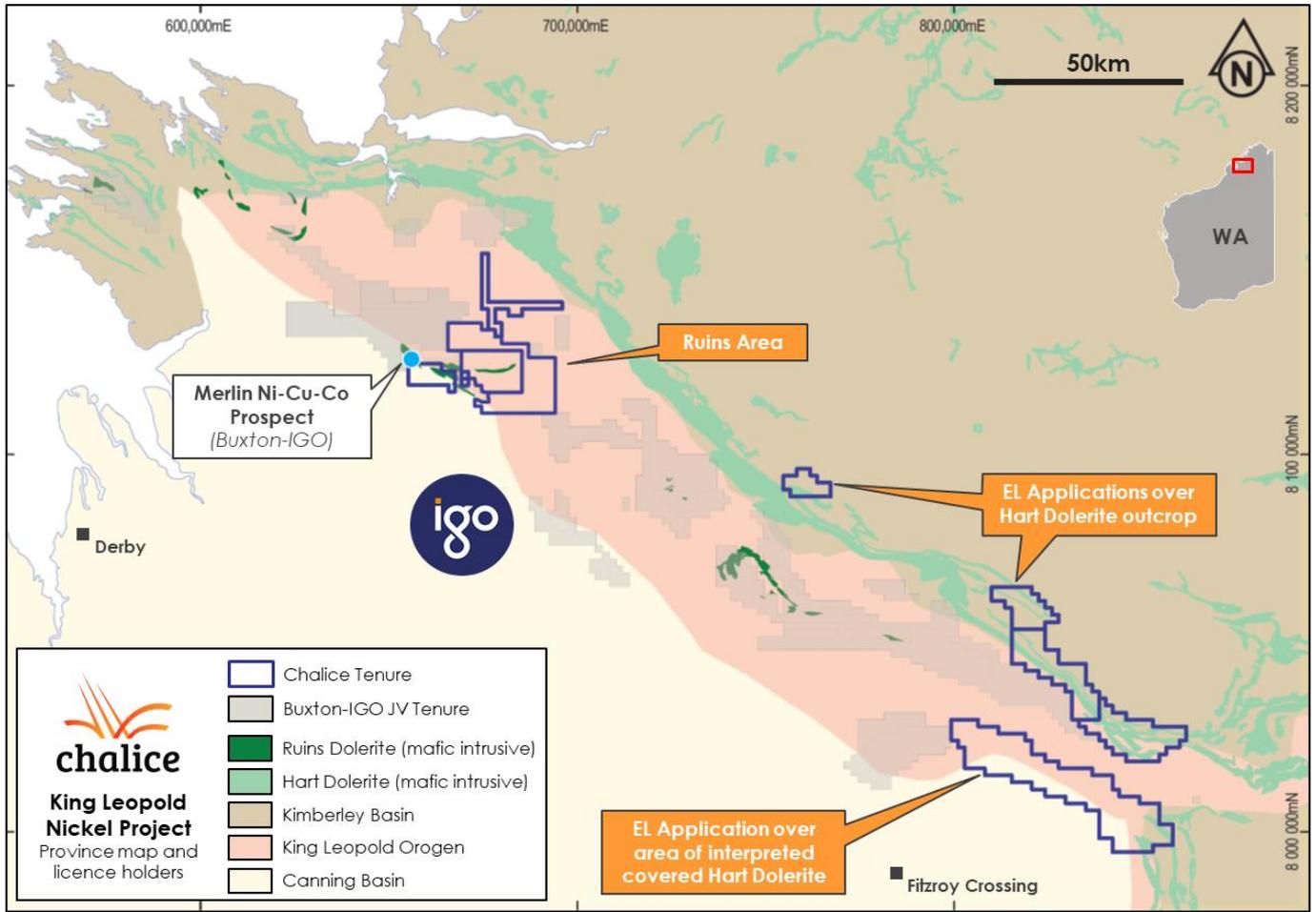


Figure 4. King Leopold Nickel Project tenure over simplified regional geology.

Competent Persons and Qualifying Persons Statement

The information in this announcement that relates to Exploration Results in relation to the King Leopold 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 Announcement 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 likelihood of exploration success at the Company's projects including King Leopold, the prospectivity of the Company's exploration projects including King Leopold, 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 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, "planning" or, "is expected", "will", "may", "potential", "promising", "prospective" 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; geophysical anomalies identified may or may not be associated with economic mineralisation, future prices of commodities; grade or recovery rates; accidents, labour disputes and other risks of the mining and exploration 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, on ASX at asx.com.au and OTC Markets at otcmarkets.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: King Leopold Nickel Project – JORC Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sounders, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 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 (eg '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 (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> No drilling data to be reported Khumsup Geophysics was contracted to complete the Moving Loop Electromagnetic (MLEM) survey. SkyTEM Australia was contracted to complete the Airborne Electromagnetic (AEM) survey. MLEM survey data was collected with 200x200m loops and 50 to 100m stations spacing using a Smartem 24 system and FluxGate 3 component receiver in a 200m offset Slingram configuration. Z, X and Y component data were collected at a base frequency of 1Hz. AEM survey was heli-borne, with 150m line spacing using a high current and low base frequency (12.5Hz) system Maxwell software was utilised to process and model the MLEM data. Modelling and interpretation of the EM survey geophysical data was undertaken by Armada Exploration Services
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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). 	<ul style="list-style-type: none"> No drilling reported
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. 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. 	<ul style="list-style-type: none"> Not applicable
Logging	<ul style="list-style-type: none"> 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. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Not applicable
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. 	<ul style="list-style-type: none"> Not applicable

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 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. Whether sample sizes are appropriate to the grain size of the material being sampled. 	
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 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. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> No analytical data reported
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Not applicable
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> MGA grid 94 zone 51 datum for location map MLEM data locations are surveyed with a handheld GPS with an accuracy of +/-5m which is considered sufficient for MLEM data location accuracy.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 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. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Not applicable
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling 	<ul style="list-style-type: none"> Not applicable

Criteria	JORC Code explanation	Commentary
	<i>bias, this should be assessed and reported if material.</i>	
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Not applicable Chain of Custody is managed by the Company's geophysical field contractor and geophysical consultants. The data is transferred daily and is QA/QC checked by a qualified (i.e. Member of ASEG) geophysicist.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Not applicable

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> 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. 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. 	<ul style="list-style-type: none"> The Ruins area of the King Leopold Nickel Project comprises 6 tenements (E04/1169, 2299, 2325, 2405, 2562 & 2563) which cover a total area of ~612km² located ~110km ENE of Derby, Western Australia. The Ruins tenements are owned 100% by Waterford Bay Pty Ltd, Strategic Metals Pty Ltd, Kimberley Alluvials Pty Ltd and North West Nickel Pty Ltd (a wholly owned subsidiary of Chalice). All licences are granted except for application E04/2563. Chalice owns 100% of the hard rock mineral rights of E04/1169, 2405 and 2563. Chalice has an earn-in agreement with Strategic Metals Ptd Ltd whereby Chalice can earn an 85% JV interest in E04/2299 & 2325. There are no known land access impediments. Stakeholders have been successfully engaged by North West Nickel and Chalice including but not limited to the Napier Downs Pastoralists, Wanjina-Wunggurr Aboriginal corporation, Dambimnangari Aboriginal Corporation and Warrwa Combined Native Title Claimant Group.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> There has been little modern exploration completed by other parties on the Ruins Project. There are a number of historic shallow prospects for Tin and Tungsten known collectively as the King Sound workings. An Xcite airborne electro-magnetic (AEM) survey was completed by North West Nickel over a portion of E04/1169. The survey was helicopter supported, and consisted of 284 line km at 150m line spacing. Results were

Criteria	JORC Code explanation	Commentary
		<p>processed and interpreted by Southern Geoscience and identified several late-time anomalies (channel 35). These AEM anomalies were subsequently followed-up by a field reconnaissance/mapping and surface sampling programme.</p> <ul style="list-style-type: none"> • Work completed by previous explorers on the Ruins Project was reviewed by Chalice and include third party geophysical reviews. • Historic exploration data has also been reviewed; however, Chalice has not yet completed digital capture and compilation of data collected by previous explorers.
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • The Ruins Project is located in the King Leopold region of Western Australia which represents the western mobile belt of the North Australia Craton (NAC), the eastern belt being defined by the Halls Creek Orogen. The King Leopold province is a Paleoproterozoic terrain that contains the Ruins Dolerite which comprise a wide suite of mafic intrusives, considered prospective for nickel, copper, cobalt and PGE mineralisation. Known deposits and occurrences in the region include the Savannah mine (Ni-Cu-Co), Merlin (Ni-Cu-Co) as well as small tin-tungsten workings.
Drill hole Information	<ul style="list-style-type: none"> • <i>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:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> • No drilling reported
Data aggregation methods	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging</i> 	<ul style="list-style-type: none"> • Not applicable

Criteria	JORC Code explanation	Commentary
	<p>techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</p> <ul style="list-style-type: none"> 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. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> 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 (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Not applicable
Diagrams	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Figure 1-3 are included in the text of the release
Balanced reporting	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All available results are reported
Other substantive exploration data	<ul style="list-style-type: none"> 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, 	<ul style="list-style-type: none"> Previous exploration programs on the project include: aeromagnetic, radiometric and gravity surveys, an airborne Xcite EM survey, surface sampling (auger, soil and rock-chip) and field mapping.

Criteria	JORC Code explanation	Commentary
	<i>geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not</i> 	<ul style="list-style-type: none"> • Additional Moving-Loop EM (MLEM) surveys will be undertaken in order to refine the AEM (SkyTEM) targets, as well as refining anomalies generated by previously flown AEM (Xcite). A heritage survey (over new uncleared areas) and a field reconnaissance trip are also planned in the coming weeks. Reverse Circulation drilling is planned to test priority targets.