



18<sup>th</sup> June 2019

## Chalice adds a nickel project

**CHALICE Gold Mines will acquire a private nickel explorer to gain a foothold in the highly prospective Kimberley region of Western Australia.**

The dual-listed company will acquire North West Nickel (NWN) for 7.5 million shares and up to \$6.25 million in future milestone payments, payable in cash or scrip.

NWN holds the Ruins project, which sits adjacent to Buxton Resources' Merlin nickel discovery, which is in a new joint venture with producer Independence Group.

An airborne electromagnetic survey conducted over the south-west part of the project identified several late-time EM anomalies co-incident with known Ruins Dolerite geology, along strike to the southeast of Merlin.

Chalice is planning to drill the project in the September quarter.

The project will form part of Chalice's new belt-scale King Leopold project, covering 1800sq.km in the Kimberley, following an additional detailed 1075 line kilometre airborne EM survey this month.

Chalice managing director Alex Dorsch said the company had been searching globally for a high-quality nickel sulphide project.

"The outlook for nickel is exceptionally strong, and there are very few advanced nickel sulphide projects out there to satisfy rapidly growing class 1 nickel demand," he said.

"The Ruins project is an ideal, drill-ready entry point into the King Leopold Orogen, which hosts new high-grade nickel sulphide discoveries. The presence of outcropping Ruins dolerite and co-incident EM targets along strike from Merlin immediately drew our attention, and we intend to commence drill testing these targets as soon as possible."

"The recent entry by IGO into this largely unexplored province and the substantial ramp-up of exploration activity is a sign that this area is primed for new high-grade nickel sulphide discoveries."

Patersons Securities analyst Xavier Braud noted the market was heating up around nickel sulphide.

"We believe the West Kimberley is an exploration 'new frontier' with limited exploration work conducted over the past decades," he said.

"IGO showed interest in the region farming into Buxton projects and proved that there could be M&A interest should a discovery be made.

"Chalice is an efficient explorer and 'project incubator', the Company did see an opportunity in the nickel sulphide space and took it, we like this project and its prospectivity and Chalice still has plenty of cash to explore its various projects leaving it strongly leveraged to discoveries."

Braud said the short Kimberley field season (May-December) was an inconvenience, but not an issue for Chalice given its two other belt-scale projects.

Chalice holds the flagship Pyramid Hill gold project in Victoria, as well as the Val-d'Or gold project in Quebec.

The company had \$21.7 million cash at the end of March.

Shares in Chalice rose 4.3% to 12c. Patersons has a speculative buy rating.

**Kristie Batten**

