

# STOCKHEAD



Mining

## Well-funded explorer in the hunt for major new Victorian gold deposits

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***Special Report:* Funding is a constant challenge for junior explorers, with many lacking the financial firepower, technical capability and persistence to target meaningful greenfields discoveries.**

However, Australian stockbroker Patersons Securities believes it has found a company which stands out from the crowd due to the quality and location of its key projects and, most importantly, the strength of its balance sheet.

In an initiation report on **Chalice Gold Mines (ASX: CHN)**, Patersons describes it as a “serious contender” for success in the latest Victorian gold rush.

Kirkland Lake Gold's recent success at the nearby Fosterville gold mine, which has seen it emerge as one of the lowest-cost and most profitable gold mines in the world, has brought Victorian gold back into vogue – attracting a host of explorers eager to repeat its success by finding new multi-million-ounce deposits.

“The postcode has become attractive...again,” says Patersons resource analyst Xavier Braud. “The goldfields of Victoria and their +60Moz of production starting in 1851 seems to have more to give.

“It is just that this time around, the low hanging fruits have been picked. The Victorian Government's gold undercover initiative identified a conceptual undiscovered endowment potential of 32Moz.”

## Another Bendigo beneath Murray's blanket?

Chalice controls 5,140km<sup>2</sup> of tenure along strike from Bendigo and over the broad Gold Undercover prospective area – and it's aggressively exploring for major new finds.

“The Pyramid Hill Project is clearly the current flagship project,” says Braud. “The recent discovery of the Swan Zone at the Fosterville mine, propelling the operation to the rank of highest grade operation in Australia has certainly attracted a lot of attention.

“We visited Chalice's exploration camp in March and we validate the strategy and the exploration methodology,” he continued.

“Geophysics and surface geochemistry followed up by air-core drilling. With most of the air-core holes reaching the basement and several holes returning anomalous gold and/or pathfinder elements we believe that Chalice has a fair chance of discovering gold undercover if there is any to be found.”

Braud notes that the general concern with air-core drilling-based exploration is the cost and subsequent availability of capital – which is where Chalice stands out from the crowd, thanks to its healthy cash position following the sale of a previous asset.

“Exploring for gold under the Murray Basin sedimentary cover could be a challenging situation for a junior explorer, as this kind of exploration means extensive geophysics, as well as the need for substantial drilling through the masking cover,” he says.

“This could and would be challenging for a cash-strapped explorer, but not for Chalice Gold.”

The Company reported \$21.7 million cash at hand at the end of the March 2019 quarter after having returned \$36 million to shareholders since 2012.

## Recent results show “some smoke”



Chalice Gold's Pyramid Hill gold project drilling in Victoria. (Supplied)

And, recent drill results are showing “some smoke”, the broker notes, with the first phase of drilling in the Muckleford area directly along strike from the Bendigo mining area returning several anomalous intervals showing gold mineralisation as well as pathfinder elements such as arsenic and antimony.

“The Company brought in a powerful aircore rig capable of penetrating the sedimentary cover, cheaply and meaningfully drilling the basement – a basement most of the recent previous explorers had failed to reach.”

Phase 1 drilling at the Muckleford area has been extended to 35,000m and Phase 1 air-core drilling at Mt William, along strike from Fosterville, has also started.

Assay for the remaining +15,000m of Phase 1 air-core drilling at Muckleford are outstanding, along with assays from the first 4,000m of air-core drilling at Mt William.

Chalice holds 100 per cent of its tenure at Pyramid Hill, meaning that shareholders will get the full benefit of any discovery made.

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**This story was developed in collaboration with Chalice Gold Mines , a Stockhead advertiser at the time of publishing.**

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