

12 December 2019

## Discovery of new >2km gold trend in air-core drilling at Karri Target indicates potential for a significant gold system

*Drilling has now significantly upgraded a second target at the district-scale Pyramid Hill Gold Project in Victoria*

### Highlights

- **Encouraging assays received** for ~4,700m of Phase 2 air-core (AC) drilling at the Karri Target.
- Anomalous gold intersected in basement on ~1km spaced drill lines over a **>2km strike length** – mineralisation remains **open along strike**.
- Strongly anomalous gold grades for this early stage of drilling up to 0.7g/t Au (in 4m composites) intersected in zones of **abundant quartz veining with accompanying sulphides**.
- Several parallel gold trends over an area of **~1.5 x 2km** are emerging, indicating the potential for an extensive primary gold system.
- Similar anomalous gold intersections on wide-spaced drill lines were early indicators of **significant gold discoveries undercover** by other explorers in the region.
- Given the high-grade nature of historic gold deposits along strike from Karri to the south of the Project, such as **Ballarat (~14Moz @ ~12g/t Au)** and **Maldon (~2Moz @ 33g/t Au)**, the Company is optimistic about the potential to discover **high-grade gold mineralisation at Karri**.
- In-fill AC drilling is currently underway to a line spacing of 500m and an initial phase of **diamond drilling is planned** in January 2020.
- **Encouraging visual indications** of similar quartz veining and sulphides in several recent holes at 500m line spacing indicate a **continuous mineralised trend** is likely – all assays are pending for these holes.
- Chalice's ongoing 25,000m Phase 2 AC program continues to upgrade several key targets on the Project, with both Karri and Ironbark now showing **encouraging early signs of potential for large-scale mineralised systems**.
- Chalice is positioned well in this exciting region with a 100%-owned, ~5,190km<sup>2</sup> land position and remains **fully-funded** to continue its systematic exploration on the Project, with a working capital and investments balance of **~\$30M (\$0.11 per share)** as of 30 September 2019.

Chalice Gold Mines Limited ("Chalice" or "the Company") (ASX: CHN | TSX: CXN | OTCQB: CGMLF) is pleased to announce encouraging air-core (AC) drilling results from the **Karri Target** at its 100%-owned **Pyramid Hill Gold Project**, located in the Bendigo Region of Victoria.

The Company's 25,000m Phase 2 reconnaissance AC drill program at the Ironbark, Karri and Beech Targets continues in the Muckleford Area. A total of 63 AC drill holes for 7,260m have now been completed at the Karri Target, which is defined by Phase 1 AC anomalous gold and/or pathfinder results from wide-spaced drill lines under 50-75m of Murray Basin cover.

Chalice's Managing Director, Alex Dorsch, said, "The drill bit continues to build our excitement levels in Victoria, with another round of excellent results at the Karri Target. We knew from the outset that this target had all the hallmarks of a significant gold system, and we are optimistic that we are on track to make a gold discovery."

"The identification of broad zones of low-level gold anomalism, such as these results at Karri, have been an important step in the discovery of numerous gold deposits throughout Australia and in Victoria in particular. They are particularly important in undercover areas as they allow the target search space to be rapidly refined."

"The strike extent of the parallel gold trends identified to date is particularly encouraging, as these sorts of multi-kilometre strike lengths point to the potential for a significant scale gold system. Given the prolific high-grade nature of the Bendigo Zone and the lack of exploration in the undercover region, the Karri Target presents a rare discovery opportunity under shallow cover in Australia."

"We are just beginning to scratch the surface on our district scale Pyramid Hill Gold Project and, given our strong financial position and significant technical expertise in-house, Chalice is positioned exceptionally well for the exploration journey ahead. We eagerly await the commencement of our first diamond drill program in January and look forward to releasing more drill results over the next few months."

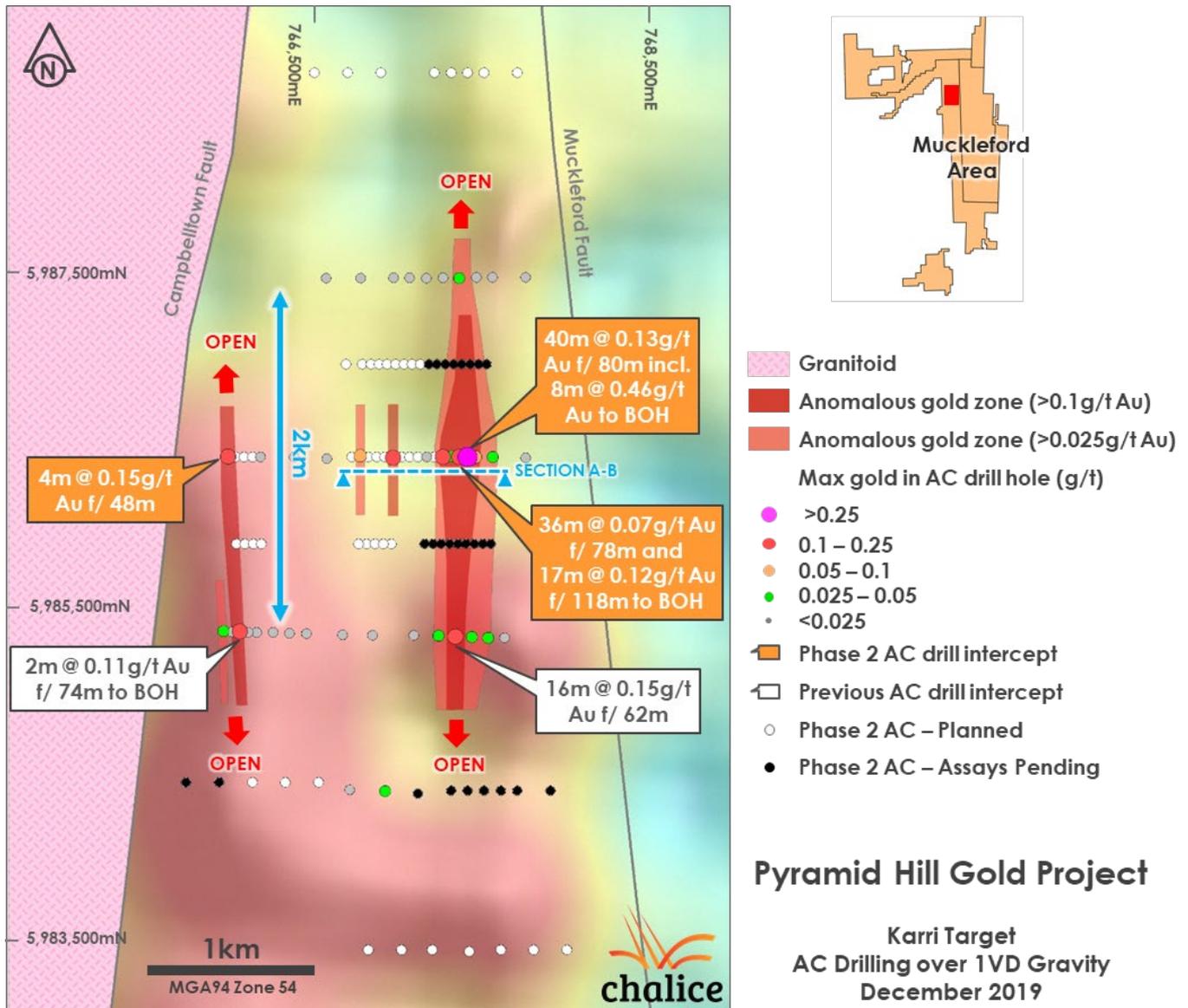
## **Phase 2 AC drilling – initial results from Karri Target**

The Phase 2 AC drill holes at Karri were designed as follow-up to the promising results generated from the Phase 1 AC drilling program previously completed across the project area (refer ASX Announcement 8 July 2019).

All holes were drilled vertically to AC blade refusal with good penetration into weathered Castlemaine Group sediments. The Castlemaine Group is the target basement rock and host to >60Moz Au of high-grade historic gold production in the Bendigo Zone to the south of the Project.

Drilling has intersected several broad zones of anomalous gold with the better gold intersections associated with zones of abundant quartz veining with accompanying sulphides (pyrite ± arsenopyrite).

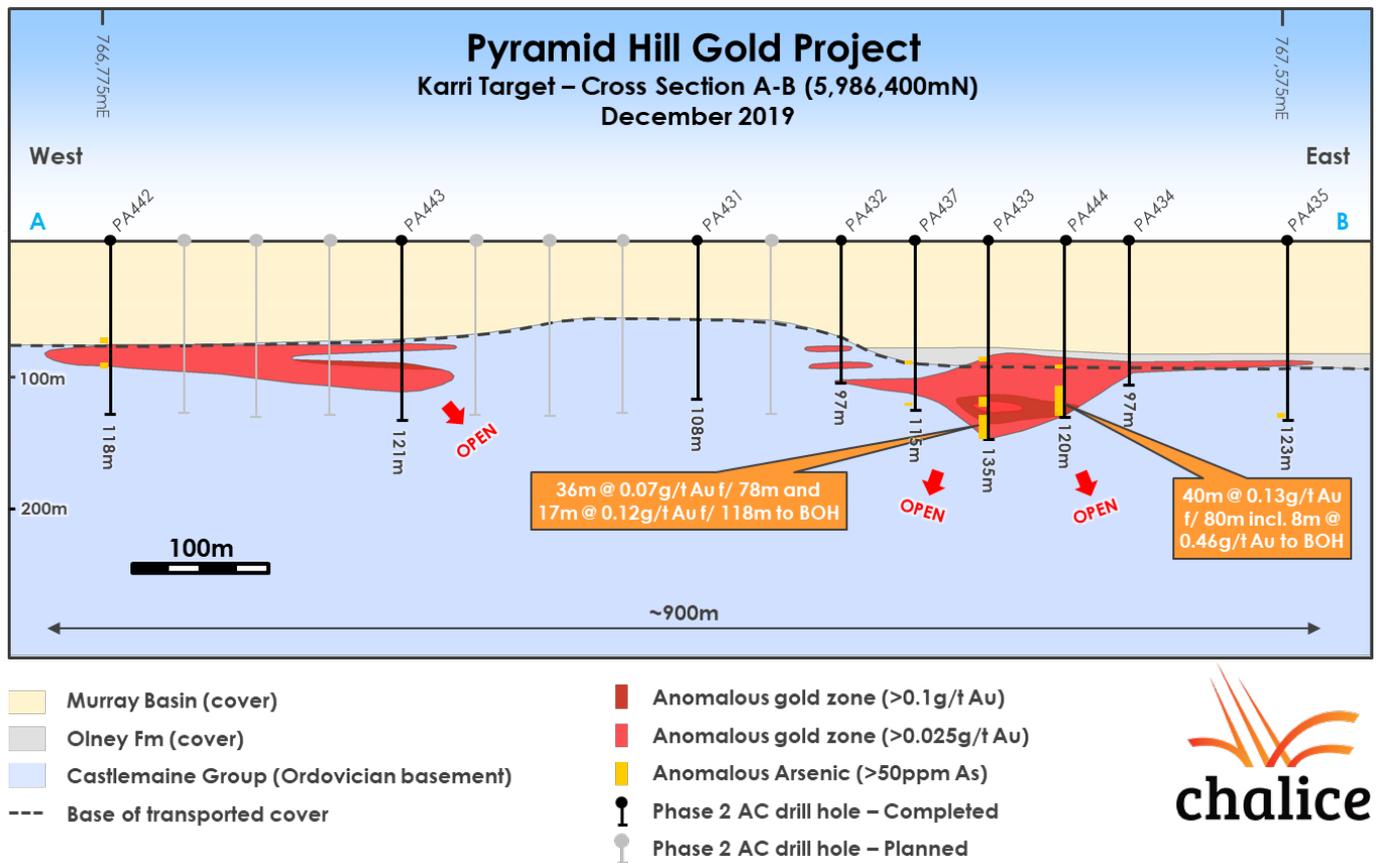
The main anomalous gold trend (>25ppb Au) covers a strike length of >2km and strikes in a N-S orientation. Encouragingly, there are several sub-parallel zones of gold anomalism, all of which remain open along strike to the north and south (**Figure 1**).



**Figure 1.** Karri Target Plan View – Maximum gold in AC drilling over gravity geophysics.

The gold zones are within an interbedded sequence of sandstones and shales that have been variably altered (silicified) and show strongly elevated levels of arsenic (up to 430ppm), an important gold pathfinder in the region.

Two consecutive holes 100m apart on the main eastern trend intersected an encouraging zone of anomalous gold, with 4m composite intersections of 36m at 0.07g/t Au from 78m and 17m at 0.12g/t Au from 118m to bottom-of-hole (PA433) and 40m at 0.13g/t Au from 80m to bottom-of-hole (PA444) (**Figure 2**).



**Figure 2.** Karri Target Cross Section A-B (5,986,400mN).

### Future work

An additional ~5,700m of Phase 2 AC drilling is currently underway at Karri to in-fill drill coverage to 50m hole spacing on several existing lines and also tighten drill line spacing to 500m. Visual indications of abundant quartz veining in several step-out holes at 500m drill line spacing to the north and south of Section A-B are viewed as encouraging indications of a large-scale mineralised system.

AC drill line spacing will then be immediately tightened in the Phase 3 program, to refine the position of the main gold trends in readiness for systematic deeper angled RC/DD drilling.

An initial diamond drill hole will be completed at Karri in late January 2020 in parallel to the ongoing Phase 2 AC drill program. The diamond drilling will be used to gain an early understanding of the local stratigraphic and structural controls of the gold mineralisation and also determine the optimal drilling strategy for the next phases of exploration.

Assays are currently pending for ~5,500m of Phase 2 AC drilling at the Karri and Beech Targets, and it is anticipated that the Phase 2 AC drill program will continue until mid Q1 2020.

Authorised for release on behalf of the Company by:



Alex Dorsch  
 Managing Director

For further information, please visit [chalicegold.com](http://chalicegold.com) or contact:

Nicholas Read, Principal and Managing Director  
 Read Corporate Investor Relations  
 +61 8 9388 1474  
[info@readcorporate.com.au](mailto:info@readcorporate.com.au)

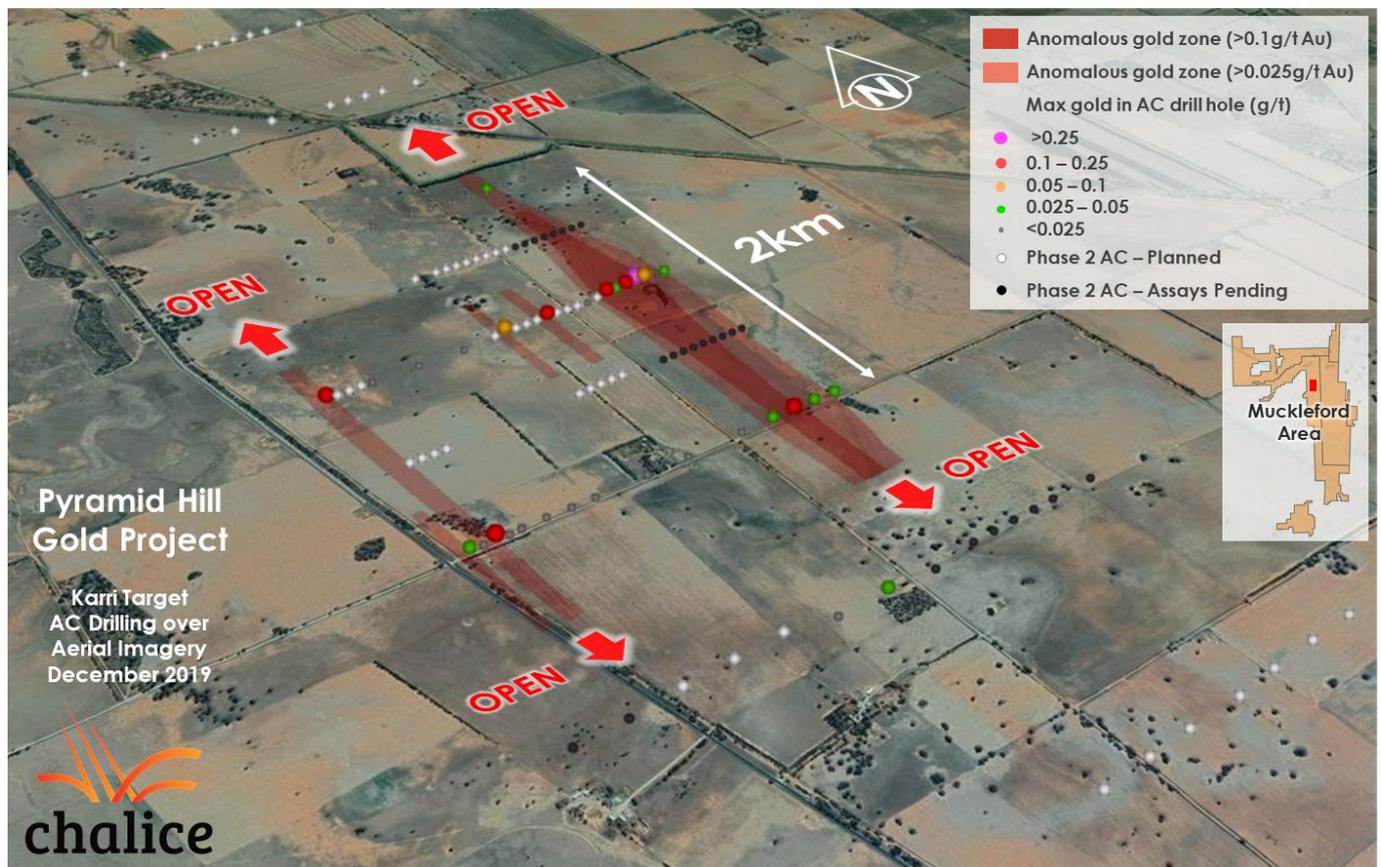
Alex Dorsch, Managing Director  
 Chalice Gold Mines Limited  
 +61 8 9322 3960  
[info@chalicegold.com](mailto:info@chalicegold.com)

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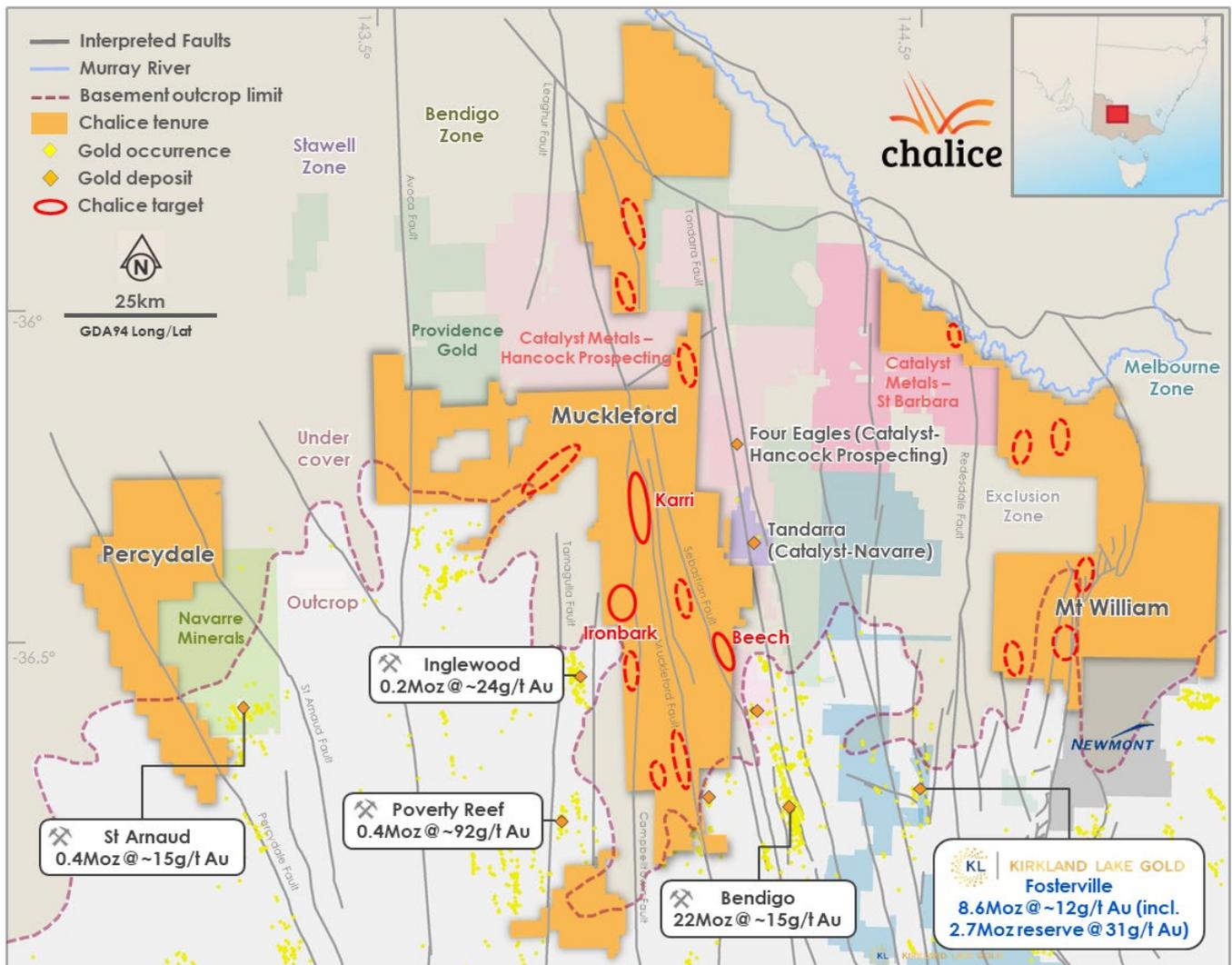
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**Figure 3.** Karri Target Aerial View – Maximum gold in AC drilling over aerial imagery.

**About the Pyramid Hill Gold Project, Victoria, Australia**

The 100%-owned Pyramid Hill Gold Project was staked in 2017 and now covers an area of ~5,190km<sup>2</sup> in the Bendigo region of Victoria. The Project comprises three key districts within the Murray Basin covered North Bendigo and North Stawell Zones: Muckleford, Mt William and Percydale (Figure 4).



**Figure 4.** Pyramid Hill Gold Project tenure, regional land holders, gold deposits and occurrences.

The central Muckleford Area extends to the north-west of the high-grade historic >22Moz Bendigo Goldfield. The Mt William Area extends to the north-east of one of the world's highest-grade producing gold mines, the >8Moz Fosterville Gold Mine owned by Kirklund Lake Gold (NYSE / TSX: KL | ASX: KLA). The Percydale Area is located north-west of the historical St Arnaud Goldfield within the Stawell Zone.

The 'Gold Undercover' initiative by the Victorian Government estimated a potential ~32Moz (P50) of undiscovered gold beneath Murray Basin cover in the Bendigo Zone, where Chalice holds ~60% of the total ~7,000km<sup>2</sup> prospective area.

Chalice is targeting large-scale, high-grade gold deposits, and is currently conducting regional scale greenfield exploration. ~57km of reconnaissance aircore (AC) drilling has been completed to date, which has outlined 3 high priority targets within the Muckleford Area (Ironbark, Karri and Beech).

## Competent Persons and Qualifying Persons Statement

The information in this announcement that relates to Exploration Results in relation to the Pyramid Hill Gold 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.

The Information in this announcement that relates to previous exploration results for the Pyramid Hill Project is extracted from the ASX announcements entitled "Chalice identifies two 12km+ gold-in-soil anomalies at Pyramid Hill Project, Bendigo", "Reconnaissance Drilling at Pyramid Hill Gold Project Continues to Outline High-Priority Target Areas", "Shallow drilling hits gold in basement and outlines three high priority targets for follow-up at the Pyramid Hill Gold Project, Victoria", "Drilling to recommence at the Pyramid Hill Gold Project in late September" and "Extensive gold and arsenic footprint points towards potential gold system at Ironbark Target, Pyramid Hill Gold Project" dated 12 July 2018, 27 September 2018, 19 March 2019, 8 July 2019, 2 September 2019 and 14 November 2019 respectively.

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 relevant original market announcements. The Company confirms that the form and context in which the Competent Person and Qualified Person's findings are presented have not been materially modified from the relevant original market announcements.

## 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 price of O3 Mining securities and Spectrum Metals Limited securities, receipt of tax credits and the value of future tax credits, 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", "could", "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 programs 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; movements in the share price of O3 Mining and Spectrum Metals securities and future proceeds and timing of potential sale of O3 Mining and Spectrum Metals securities, 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), ASX at [asx.com.au](http://asx.com.au) and OTC Markets at [otcm Markets.com](http://otcm Markets.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: Pyramid Hill Gold Project – Karri Target Phase 2 Significant AC Drill Intercepts (>0.1g/t Au)

Hole ID	From (m)	To (m)	Interval (m)	Gold (g/t)
PA432	72	76	4	0.11
PA433	106	110	4	0.22
<b>PA433</b>	<b>118</b>	<b>135 (BOH)</b>	<b>17</b>	<b>0.12</b>
incl.	118	122	4	0.13
incl.	122	126	4	0.21
incl.	134	135 (BOH)	1	0.12
PA438	48	52	4	0.15
PA443	84	88	4	0.11
<b>PA444</b>	<b>80</b>	<b>120 (BOH)</b>	<b>40</b>	<b>0.13</b>
incl.	112	116	4	0.14
incl.	116	120 (BOH)	4	0.77

### Appendix 2: Pyramid Hill Gold Project – JORC Table 1

#### Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>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 sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Aircore (AC) drilling samples were collected via 2-4m composite samples from 1m bulk samples using a pvc spear with each combined composite sample weighing approximately 3kg. 1m samples were taken within some mineralised zones using a spear.</li> <li>All composite and 1m samples were pulverised to nominal 85% passing 75 microns before being analysed .</li> <li>Qualitative care was taken to ensure representative sample weights were consistent when sampling on a metre by metre basis.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<i>detailed information.</i>	
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>• 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).</li> </ul>	<ul style="list-style-type: none"> <li>• The drilling was completed via an aircore (AC) drilling technique using both blade and/or face sampling hammer drill bit with a diameter of 102-104mm.</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>• Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>• Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Individual recoveries of 1m samples were recorded on a qualitative basis. Generally sample weights are comparable and any bias considered negligible.</li> <li>• No relationships have been noticed between sample grade and recoveries.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>• The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>• All drill holes were logged geologically including but not limited to weathering, regolith, lithology, structure, texture, alteration and mineralisation. Logging was at an appropriate quantitative standard to support future geological, engineering and metallurgical studies.</li> <li>• Logging is considered quantitative in nature.</li> <li>• All holes were geologically logged in full.</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>• If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>• If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>• 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.</li> <li>• Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>• 1 metre AC samples were collected in bulk form from the rig cyclone. 2-4m composite samples of the 1m samples were collected using a spear method. Where 1m samples were collected a spear method was also used. The majority of the samples were dry in nature.</li> <li>• Field duplicate samples were sent every 20<sup>th</sup> sample to check for assay repeatability. Results of duplicate samples were considered acceptable and within precision and accuracy limits for the style of mineralisation.</li> <li>• Sample sizes are considered appropriate for the style mineralisation sought and the initial reconnaissance nature of the drilling programme.</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>• 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.</li> <li>• Nature of quality control procedures adopted</li> </ul>	<ul style="list-style-type: none"> <li>• All samples were sent to ALS prep facility in Adelaide for sample preparation then on-sent to ALS Perth for chemical analysis.</li> <li>• 40 elements (including gold) were analysed using up to a 25g aqua regia method with an ICPAES and ICPMS finish depending on the elements (ALS method code – TL43-MEPKG). Aqua Regia techniques are not considered total in nature. Should refractory</li> </ul>

Criteria	JORC Code explanation	Commentary
	<i>(eg. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie. lack of bias) and precision have been established.</i>	<p>mineralisation be encountered this can affect the nature of final results.</p> <ul style="list-style-type: none"> <li>Chalice has its own internal QAQC procedure involving the use of certified reference materials. Standards - 4 per 100 samples, blanks – 1 per 100 samples and duplicates 4 per 100 samples which accounts for ~9% of the total submitted samples.</li> </ul>
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>Significant intersections are checked by the Project Senior Geologist and then by the General Manager of Exploration. Significant intersections are cross-checked with the geology logged and drill chips collected after final assays are received.</li> <li>No twin holes have been drilled for comparative purposes. The prospect is still considered to be in an early exploration stage.</li> <li>Primary data was digitally collected and entered via a field Toughbook computer using in house logging codes. The data is sent to Perth where the data is validated and entered into the master database.</li> <li>No adjustments have been made to the assay data received.</li> </ul>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>Hole collar locations have been picked up by Chalice employees using a handheld GPS with a +/- 5m error.</li> <li>The grid system used for the location of all drill holes is either MGA_GDA94 (Zone 54) or MGA_GDA94 (Zone 55). In this announcement coordinates are all in Zone 54. A grid zone boundary transects the larger project area.</li> <li>RL data is considered unreliable although topography around the drill area is flat and hence should not have any significant effect on the interpretation of data. RL's have been assigned from 1 sec (30m) satellite data.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>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.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>Nominal drill hole spacing is generally 50-200m between aircore holes.</li> <li>The current spacing is not considered sufficient to assume any geological or grade continuity of the results intersected.</li> <li>No sample compositing has been applied.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling</li> </ul>	<ul style="list-style-type: none"> <li>Sampling has been routinely completed beneath transported cover with no selective bias to any particular primary geological domain.</li> <li>Intersected anomalism to date is</li> </ul>

Criteria	JORC Code explanation	Commentary
	<i>orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	generally flat in nature however exact controls on gold anomalism remain unknown, as such its relationship to optimal drill direction (perpendicular to anomalism) remains unclear.
<b>Sample security</b>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Chain of custody is managed by Chalice. Samples are being stored on site before being transported by third parties to the laboratories in Adelaide and Perth.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>No review has been carried out to date.</li> </ul>

## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Drilling was carried out within EL6737. All licences are wholly owned by CGM (WA) Pty Ltd, a wholly owned subsidiary of Chalice Gold Mines Limited with no known encumbrances.</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>There has been little effective exploration completed by other parties in the immediate vicinity of the targets identified by Chalice to date.</li> <li>Chalice has compiled historic records dating back to the early 1980's which indicate only sporadic reconnaissance drilling has been completed by various parties over the project area. All known effective drill holes that reached the basement and were assayed for gold have been compiled.</li> <li>Homestake Mining completed initial surface sampling which has been evaluated and used by Chalice for some targeting purposes.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>The mineralisation being explored for is orogenic style similar to that seen within the Bendigo and Fosterville gold deposits of the Bendigo Zone. Gold mineralisation in these deposits is typically hosted by quartz veins within in the Ordovician age Castlemaine Group sediments. At Ironbark, there is a possibility the gold anomalism is associated with diorite intrusive rocks, possibly similar to some gold deposits within the Walhalla, Woods Point area in the Melbourne Zone.</li> </ul>

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>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:               <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>See Appendix 1 and Appendix 3.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg. cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>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.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>A weighted average technique has been applied where necessary to produce all displayed and tabulated drill intersections. In appendix 1 and in the figures, results are calculated using a minimum 0.025g/t lower cut-off grade and max 4m internal dilution.</li> <li>Not Applicable.</li> <li>Not Applicable.</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>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').</li> </ul>	<ul style="list-style-type: none"> <li>The relationship between gold anomalism and true width remains unknown. The anomalism reported is currently interpreted to be a product of secondary dispersion and/or directly related to gold bearing quartz veining in the primary Castlemaine basement</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Refer to figures in the body of text.</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Only significant results above 0.1g/t Au have been tabulated in Appendix 1. The results are considered representative with no intended bias.</li> </ul>

Criteria	JORC Code explanation	Commentary
	Exploration Results.	
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>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, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not</li> </ul>	<ul style="list-style-type: none"> <li>Follow up drilling is being planned to better define the anomalous envelopes and to improve the understanding of potential geological controls to anomalism.</li> <li>Target Zones and proposed drill holes as defined on the plan figures highlight the areas of most interest for initial further follow-up exploration.</li> </ul>

### Appendix 3: Pyramid Hill Gold Project Karri Target Phase 2 AC Drill Hole Details

Hole ID	MGA East z54 (mE)	MGA North z54 (mN)	RL (m)	Azimuth UTM (°)	Dip (°)	Depth (m)
PA405	766457	5991124	100	n/a	-90	143
PA406	766662	5991126	100	n/a	-90	124
PA407	766752	5991122	100	n/a	-90	111
PA408	766856	5991123	100	n/a	-90	128
PA409	766953	5991125	100	n/a	-90	156
PA410	767054	5901126	100	n/a	-90	121
PA411	767163	5991123	99	n/a	-90	124
PA412	767267	5991122	99	n/a	-90	122
PA413	767366	5991124	98	n/a	-90	157
PA414	767530	5991125	98	n/a	-90	129
PA415	766202	5993099	98	n/a	-90	98
PA416	766401	5993090	98	n/a	-90	81
PA417	766521	5993089	99	n/a	-90	88
PA418	766730	5993093	99	n/a	-90	167
PA419	766339	5994202	98	n/a	-90	89
PA420	766528	5994198	97	n/a	-90	113
PA421	766570	5987499	101	n/a	-90	94
PA422	766779	5987499	101	n/a	-90	100
PA423	766977	5987501	101	n/a	-90	82
PA424	767073	5987501	101	n/a	-90	117
PA425	767175	5987498	101	n/a	-90	113
PA426	767277	5987501	101	n/a	-90	119
PA427	767374	5987498	101	n/a	-90	157
PA428	767479	5987504	101	n/a	-90	102
PA429	767575	5987502	101	n/a	-90	133
PA430	767575	5987502	101	n/a	-90	90

Hole ID	MGA East z54 (mE)	MGA North z54 (mN)	RL (m)	Azimuth UTM (°)	Dip (°)	Depth (m)
PA431	767177	5986409	102	n/a	-90	108
PA432	767275	5986411	103	n/a	-90	97
PA433	767374	5986410	103	n/a	-90	135
PA434	767470	5986410	104	n/a	-90	97
PA435	767577	5986410	102	n/a	-90	122
PA436	767775	5986405	101	n/a	-90	123
PA437	767325	5986412	103	n/a	-90	115
PA438	765979	5986412	101	n/a	-90	71
PA439	766174	5986411	102	n/a	-90	82
PA440	766376	5986410	102	n/a	-90	80
PA441	766576	5986401	102	n/a	-90	80
PA442	766777	5986418	102	n/a	-90	118
PA443	766974	5986406	102	n/a	-90	121
PA444	767424	5986409	104	n/a	-90	120
PA445	766712	5984383	104	n/a	-90	64
PA446	766926	5984377	104	n/a	-90	118