

21 July 2020

Chalice expands position in new West Yilgarn Ni-Cu-PGE Province with earn-in agreement on 'Julimar lookalike' target

Highlights

- Option and earn-in agreement executed on the **South West Nickel-Copper Project in WA**, owned by Venture Minerals (ASX: VMS).
- Project includes a '**Julimar lookalike**' **Ni-Cu-PGE target**: a ~**20km** long interpreted mafic-ultramafic complex with a strong magnetic signature and massive sulphide occurrence (the Thor Target).
- Like the Company's flagship Julimar Ni-Cu-PGE Project, the South West Project is located near the highly prospective western margin of the Yilgarn Craton and has had limited historical exploration.
- Chalice, as operator, may earn up to 70% by spending \$3.7 million on exploration over 4 years.
- Low-cost geochemical and geophysical targeting will be completed initially, **leveraging knowledge gained from the recent Gonneville Ni-Cu-PGE discovery at Julimar**.
- Together with the **>2,000km²** Julimar Project and the **>1,000km²** Barrabarra Project, Chalice holds an unrivalled position in the new **West Yilgarn Ni-Cu-PGE Province**.
- Chalice is **fully-funded** with **>\$50 million** in cash and investments, and has expanded its team to allow generative exploration to continue alongside the ongoing **3-rig resource drill-out at Julimar**.

Chalice Gold Mines Limited ("Chalice" or "the Company", ASX: CHN | OTCQB: CGMLF) is pleased to advise that it has secured a significant new opportunity in the South West region of Western Australia with the potential for nickel-copper-platinum group element (PGE) sulphide discoveries.

The Company has executed an option and earn-in agreement with Venture Minerals ("Venture", ASX: VMS), whereby Chalice may earn up to a 70% interest in the **South West Nickel-Copper Project** ("the Project") by spending \$3.7 million on exploration over 4 years.

The new exploration opportunity was identified utilising knowledge gained through Chalice's significant recent discovery at its **Julimar Ni-Cu-PGE Project** in WA. The Project further strengthens Chalice's exploration and growth pipeline in the new West Yilgarn Nickel-Copper-PGE Province.

Commenting on the transaction, Chalice's Managing Director, Alex Dorsch, said: "*Having uncovered the new West Yilgarn Ni-Cu-PGE Province in WA, Chalice is in the unrivalled position of being able to leverage its proprietary knowledge to make further discoveries.*"

"The Thor Target within the South West Project looks remarkably similar to the Julimar Complex in terms of its geophysical signature, scale and geology; providing an exciting new discovery opportunity."

"The potential for new nickel-copper-PGE discoveries within the wider Julimar Project, the Barrabarra Project to the north and within the new South West Project is extraordinary. We intend to rapidly advance our new discovery at Julimar in parallel to generative exploration across the portfolio."

The South West Nickel-Copper Project

The South West Project is located ~240km south of Perth in the Balingup Metamorphic Belt, a province that has seen exploration by various parties for Volcanogenic Massive Sulphide (VMS) and hard-rock lithium-tantalum deposits but limited exploration for orthomagmatic nickel-copper-PGE sulphide deposits (the style of mineralisation discovered by Chalice at Julimar).

The Project is considered to be highly prospective for nickel sulphides as well as other associated metals (copper, cobalt and platinum group elements), being located on the highly prospective western margin of the Yilgarn Craton in similar metamorphic belts of sedimentary origin (**Figure 1**).

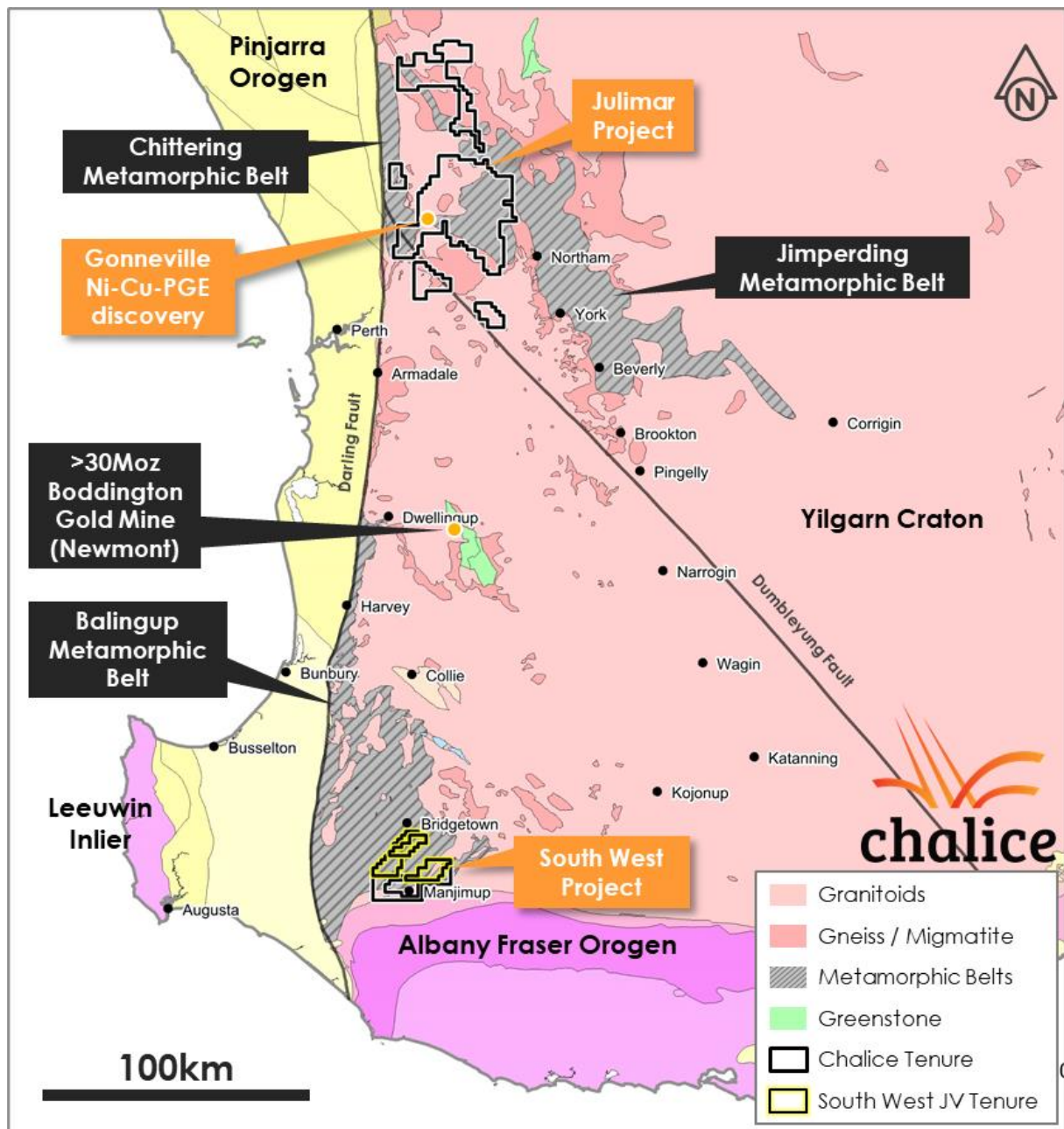


Figure 1. Chalice's Julimar and South West Project locations over regional geology.

Historical exploration over the Project has been limited and has typically focused on a VMS deposit model. Regional geochemistry indicates the presence of a widespread, regional-scale Ni-Cu anomaly in the area, as well as several localised Ni-Cu anomalies within the Project itself. The vast majority of geochemical sampling in the region has not been assayed for PGEs.

A key feature of the Project is a >20km long discordant magnetic anomaly, interpreted to be a possible mafic-ultramafic complex (the Thor Target), with similar geological, geophysical and geochemical characteristics to that of the Julimar Complex (**Figure 2**).

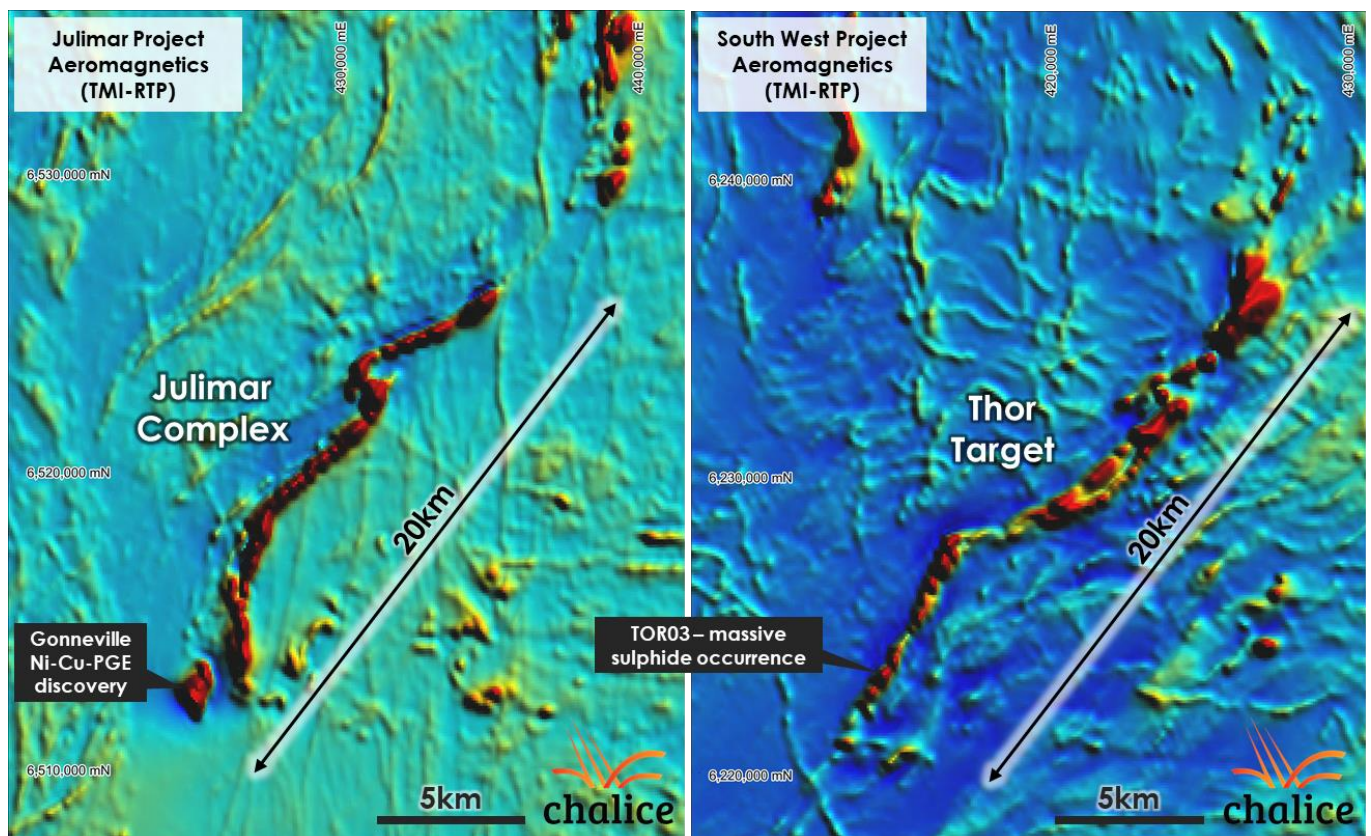


Figure 2. Chalice’s Julimar and South West Projects aeromagnetic signatures – scale comparison.

Limited diamond drilling by Venture at the southern end of the Thor Target intersected a narrow interval of massive sulphides with strongly anomalous nickel, copper and cobalt grades, as well as prospective ultramafic host rocks (refer to Venture ASX Announcement on 21 Feb 2019). The vast majority of the >20km Target is untested by drilling.

The presence of anomalous Ni-Cu-Co, ultramafic geology and obvious similarities to Julimar confirm a highly prospective target for orthomagmatic Ni-Cu-PGE sulphides.

The Project includes 227km² of granted Exploration Licences and 28km² of Exploration Licence Applications, all 100%-owned by Venture. Chalice also holds 159km² of contiguous granted Exploration Licences and Exploration Licence Applications (100% owned).

Exploration Plan

The South West Project forms part of the Company's low-cost, targeted generative exploration strategy in FY21. The generative strategy is focused on new opportunities in WA where Chalice can leverage its technical knowledge gained from its new Gonneville Ni-Cu-PGE discovery at the Julimar Project.

Generative activities will be progressed in parallel to ongoing exploration programs at the Julimar (3-rig resource drill-out underway), Pyramid Hill and King Leopold Projects.

Chalice's immediate focus at the South West Project will be geological reconnaissance, systematic surface geochemistry and ground-based electromagnetic (EM) geophysics over the >20km long Thor Target. These activities are planned to commence in late Q3 2020.

Agreement Terms

Under the option and earn-in agreement, Chalice may earn:

- A 51% JV interest in the Project by spending \$1.2 million on exploration within two years, including a minimum of \$300,000 in the first year;
- A 70% JV interest in the Project by spending a further \$2.5 million on exploration over the following two years.

Chalice may withdraw at any time after meeting the minimum expenditure commitment. All other terms are consistent with an industry standard joint venture arrangement. The transaction is conditional upon normal due diligence in relation to legal and title.

Authorised for release on behalf of the Company by:



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Competent Persons Statement

The information in this announcement that relates to Exploration Results in relation to the South West Nickel-Copper-Project is based on information compiled by Mr Bruce Kendall BSc (Hons), a Competent Person, who is a Member of the Australian Institute of Geoscientists. Mr Kendall 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. Mr Kendall 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 report 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, 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", "would", "potential", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", "occur", "impending", "likely", "indicative", "prospective for", "opportunity", "similar to" 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 securities and future proceeds and timing of potential sale of O3 Mining 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, 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.