

15 June 2020

Extension of wide, high-grade PGE-Ni-Cu matrix zone at Julimar

Matrix sulphide "G2 Zone" now intersected in six drill holes, increasing geological confidence in the presence of a wide, continuous, open high-grade zone over ~200m of strike length

Highlights

- **Significant new high-grade PGE-Ni-Cu matrix sulphide intercept** at the Gonneville Intrusive:
 - **17.6m @ 5.3g/t Pd, 1.0g/t Pt, 1.3% Ni, 0.6% Cu, 0.07% Co from 191.4m (JD003);**
- Plus several **new matrix sulphide intercepts** along strike from JD003 (all assays pending):
 - **6.5m of breccia/matrix sulphides from 32m** – interpreted as a **new wide-open parallel zone** (JD006);
 - 6.5m of matrix sulphides from 167m (JD006); and,
 - 4.4m of matrix sulphides from 107m (JD007).
- Continuous, wide-open matrix sulphide zone (G2 Zone) now extended over a **strike length of ~200m** and a **dip extent of up to ~100m**.
- JD003 also intersected **widespread PGE-rich disseminated sulphides** above and below the 17.6m matrix sulphide interval, down to ~450m below surface.
- Deep penetrating EM survey recently completed over the **~1.6km x 0.7km** Gonneville Intrusive – promising preliminary results are currently being modelled and a validation survey is underway.
- Chalice **fully-funded** to continue its accelerated 3-rig program at Julimar with **~\$46 million in cash**.

Chalice Gold Mines Limited ("Chalice" or "the Company", ASX: CHN | OTCQB: CGMLF) is pleased to report significant new results from ongoing exploration drilling at its 100%-owned **Julimar Nickel-Copper-PGE Project**, located ~70km north-east of Perth in Western Australia.

Three rigs (two RC and one diamond) are currently drilling at the Gonneville Intrusive – where Chalice recently made a high-grade Ni-Cu-PGE discovery in March 2020 (refer ASX Announcement 23 March 2020). Drilling results continue to demonstrate the Intrusive hosts both high-grade Ni-Cu-PGE zones in massive / matrix sulphides and widespread PGE mineralisation in disseminated sulphides.

In addition, a deep penetrating HT SQUID EM survey was recently completed over the entire ~1.6km x ~0.7km Intrusive with the aim of identifying new deep EM targets and possible continuations of existing EM targets beyond the depth capacity of the previous Moving Loop EM (MLEM) survey. Preliminary results are promising and modelling / interpretation is ongoing.

An additional moving loop EM survey is underway to validate the results and ensure that no surficial conductive sources are influencing the survey.

Drilling results – G2 Zone

Assays have been received for diamond hole JD003, while assays for a further ten completed drill holes (5 diamond and 5 RC) are currently pending.

JD003 was drilled ~190m north of the discovery hole (JRC001), targeting a high-priority off-hole conductor identified from the DHEM survey of JRC004. Preliminary visual logging results for JD003 were reported previously (refer ASX Announcement on 5 May 2020).

Assays have confirmed a high-grade PGE-Ni-Cu matrix sulphide zone that has exceeded expectations (17.6m @ 5.3g/t Pd, 1.0g/t Pt, 1.3% Ni, 0.6% Cu, 0.07% Co from 191.4m) and demonstrated that matrix sulphides can host exceptionally high PGE-Ni-Cu grades.

JD003 also intersected a near-surface PGE-rich oxide interval (19m @ 1.6g/t Pd, 0.4g/t Pt from 9m) as well as several broad PGE-rich disseminated sulphide intervals throughout the hole down to a depth of ~461m (**Figure 1**). All significant new intercepts are detailed in **Table 1**.

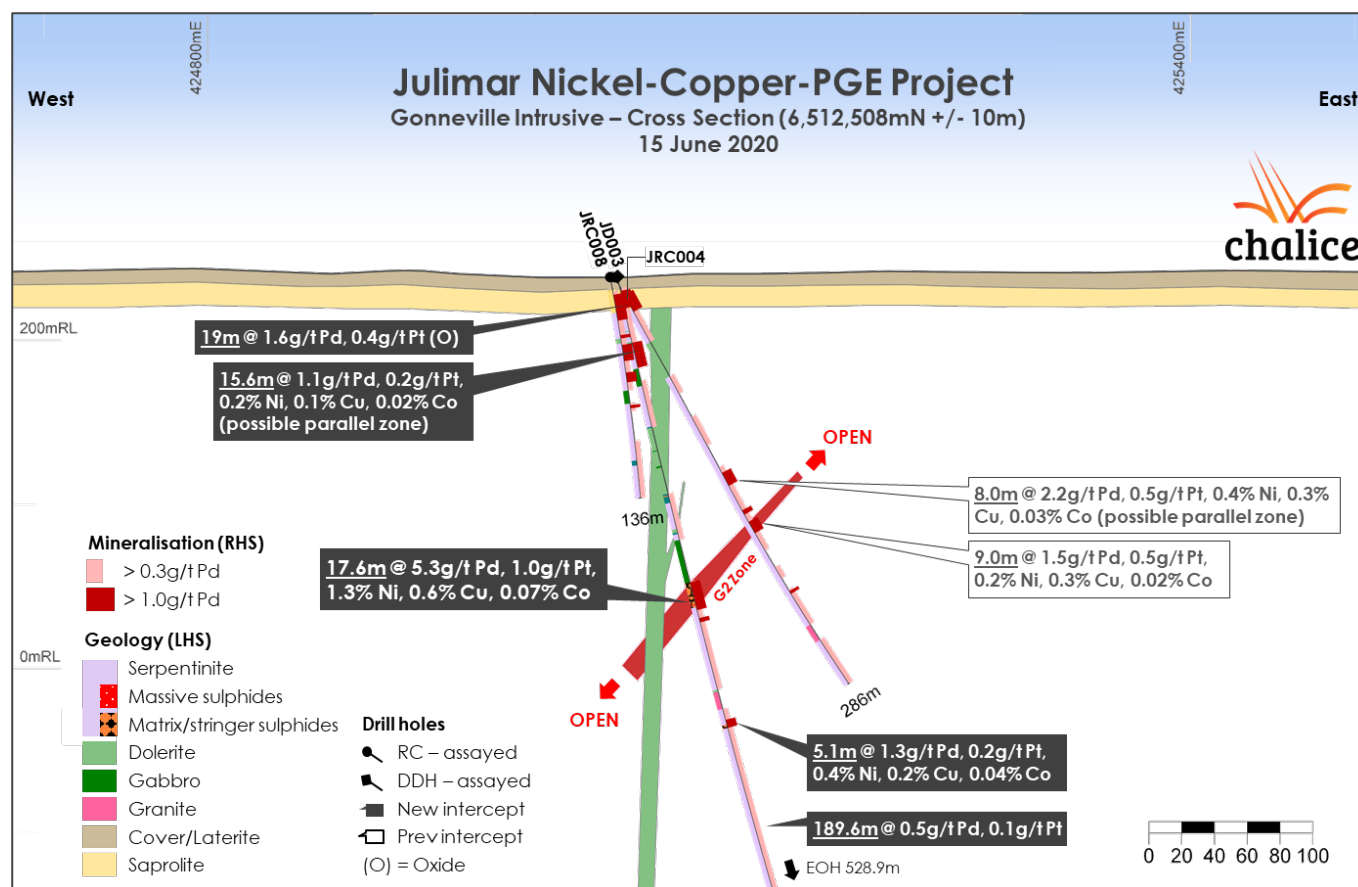
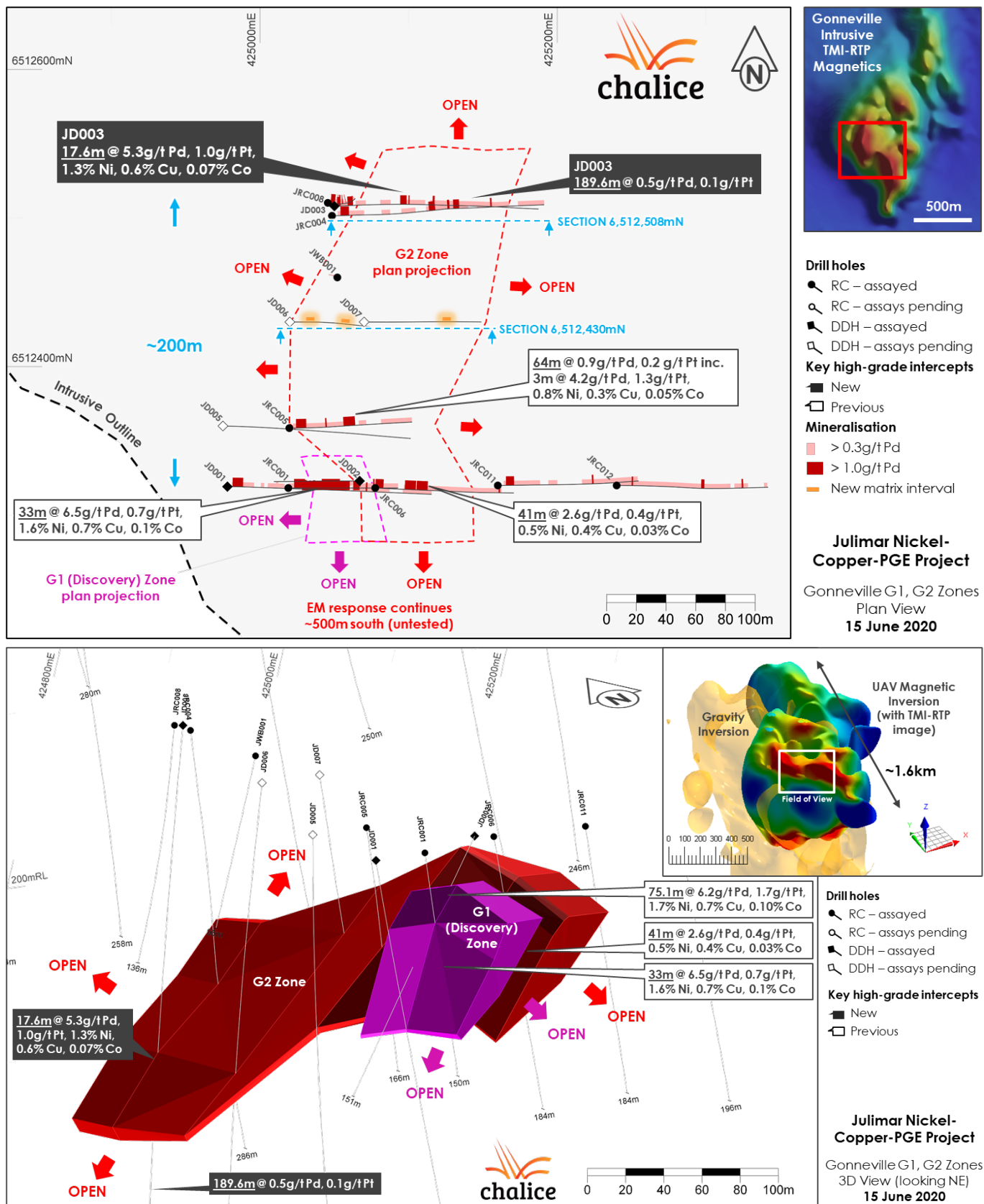


Figure 1. Gonneville Cross Section JRC004, 008 and JD003 (6,512,508mN +/- 10m).

The 17.6m wide high-grade matrix sulphide intercept in JD003 is interpreted as the down-plunge extension of the high-grade matrix sulphide zone intersected in JRC006 (previously referred to as the 'East Zone' and now referred to as the 'G2 Zone').

The result extends this zone to over ~200m of strike length and the zone remains wide open in all directions (**Figure 2**).

Importantly, while EM was effective in targeting the matrix sulphide zone in JD003, the zone does not have a consistent EM response – possibly the result of a lower overall abundance of sulphides compared with massive sulphides. It is evident that even high-grade matrix sulphide mineralisation does not necessarily give a strong EM response, opening up the possibility of further 'blind' discoveries outside of known mineralised zones previously surveyed with EM.



The G2 Zone has also been intersected in recently completed diamond drill holes JD006 and JD007, located approximately 80m south of JD003.

Based on visually logging, JD006 intersected 6.5m of matrix sulphides from 167m and JD007 intersected 4.4m of matrix sulphides from 107m down-hole (**Figure 3**). Assays are pending for both of these intercepts.

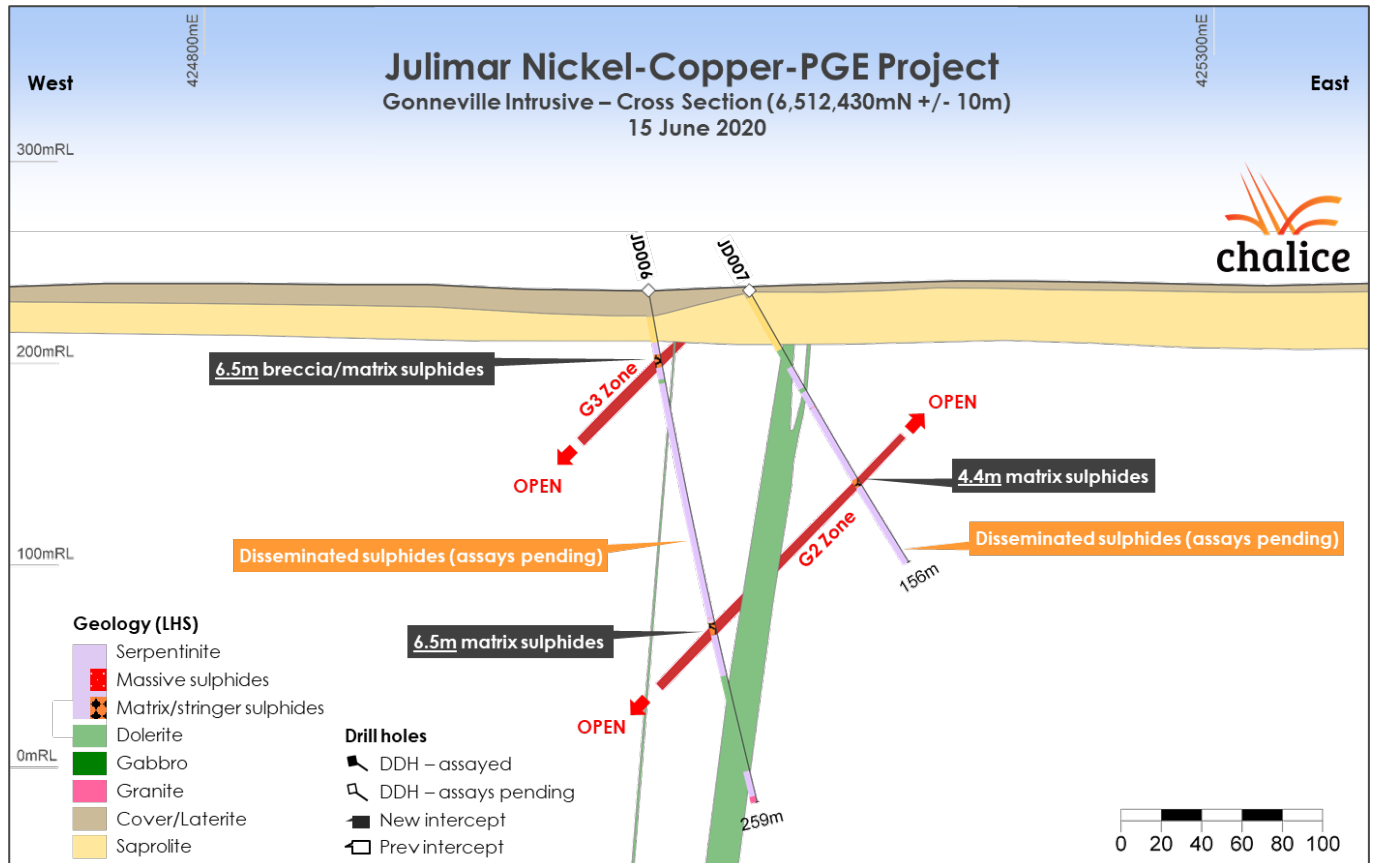


Figure 3. Gonneville Cross Section JD006, 007 (6,512,430mN +/- 10m).

The G2 Zone remains open in all directions and the recent drill holes have increased the geological confidence in the continuity of the zone between intercepts. The matrix sulphide intervals are located within broad zones of disseminated sulphides which is consistent with results from drilling elsewhere within the Gonneville Intrusive.

Drilling results – G3 Zone

A new shallow 6.5m wide interval of matrix/breccia sulphides was intersected in JD006 from 32m down-hole (based on visual logging), which is interpreted as a potential new, parallel zone (named the 'G3 Zone'). All assays are pending for this intercept.

The interval was logged as 20-40% coarse-grained sulphides (pyrrhotite-chalcopyrite-pentlandite) hosted in a coarse-grained pegmatoidal amphibole-dominant (ex-pyroxene) mafic rock unit (**Figure 4**).



Figure 4. JD006 specimen from ~35m down-hole (new G3 Zone) – coarse grained sulphides (pyrrhotite-chalcopyrite-pentlandite) in pegmatoidal pyroxenite.

Sulphides occur interstitial to, and as a breccia matrix to the mafic host rock, and the interval is located within serpentinite ultramafic containing 1-3% disseminated sulphides.

A series of narrow and widely-spaced dolerite dykes have been identified and these appear to be part of a regional dyke swarm that is interpreted to have cut through the Gonneville Intrusive and associated sulphide zones post mineralisation.

Significant new intercepts are detailed in **Table 1** and updated hole details are provided in **Table 2**.

Table 1. Significant new drill intercepts (>0.3g/t Pd) – Julimar Ni-Cu-PGE Project.

Hole ID	From (m)	To (m)	Width* (m)	Pd (g/t)	Pt (g/t)	Pd+Pt (g/t)	Ni (%)	Cu (%)	Co (%)	Geology
JD003	9	28	19.0	1.60	0.36	1.96	0.16	0.19	0.03	Oxide
including	9	20	11.0	2.40	0.54	2.94	0.20	0.29	0.05	Oxide
JD003	28	57.4	29.4	0.88	0.18	1.06	0.17	0.07	0.02	Sulphide
including	41.4	57	15.6	1.08	0.23	1.30	0.20	0.09	0.02	Sulphide
JD003	65	94.4	29.4	0.62	0.12	0.74	0.12	0.07	0.02	Sulphide
JD003	135.8	164.8	29.0	0.42	0.10	0.52	0.11	0.07	0.01	Sulphide
JD003	191	258.9	67.9	1.75	0.35	2.11	0.45	0.20	0.03	Sulphide
including	191.4	209	17.6	5.34	1.04	6.38	1.26	0.61	0.07	Sulphide
JD003	271.1	460.7	189.6	0.46	0.11	0.58	0.15	0.08	0.01	Sulphide
including	278	283.13	5.13	1.27	0.23	1.50	0.36	0.20	0.04	Sulphide

**Down-hole widths reported, true widths unknown.*

Table 2. New drill hole details – Julimar Ni-Cu-PGE Project.

Hole ID	Type	Easting (m)	Northing (m)	RL (m)	Azi (°)	Dip (°)	Depth (m)	Survey type	Assaying status
JD003	Core	425,050	6,512,508	238.5	90	-78	528.9	GPS	Reported
JRC003D	RC-Core	425,439	6,513,128	255.9	88	-61	350.7	DGPS	Pending below 220m
JD004	Core	425,461	6,513,406	252.4	90	-63	344.8	GPS	Pending
JD005	Core	424,975	6,512,360	235.3	90	-71	336.9	GPS	Pending
JD006	Core	425,020	6,512,430	236.1	90	-80	259.1	GPS	Pending
JD007	Core	425,070	6,512,430	236.1	90	-60	155.9	GPS	Pending
JD008	Core	424,970	6,512,590	243.0	90	-60	-	GPS	In progress

Forward plan

Chalice is continuing its approach of simultaneously exploring and evaluating the extensive high-grade and low-grade PGE-Ni-Cu zones within the large-scale Gonneville Intrusive.

The Company is aiming to define a preliminary maiden Mineral Resource Estimate within ~12 months, which will be used in subsequent preliminary economic modelling.

Ongoing and planned activities at Julimar include:

- **Access approvals** – the approval process to conduct non-ground disturbing exploration activities within the Julimar State Forest is underway.
- **EM Geophysics (DHEM and ground EM)** – DHEM will continue to play a key role in identifying potential high-grade targets for follow-up drilling and will be completed on all diamond holes and selective RC holes. It is important to note the lack of an EM target does not preclude the presence of high-grade mineralisation as evidenced by recent intercepts.
- **RC drilling** – a ~20,000m Phase 2 RC drill program is underway utilising two rigs. Drilling is being undertaken on a 200m x 80m spaced grid over the ~1.6km x ~0.7km Gonneville Intrusive to provide

sectional east-west coverage and, once approved, to test the extension of the G1 and G2 Zones to the south, where the Company is awaiting permit approval.

- **Diamond drilling** will continue to step-out along the matrix sulphide zones and test new DHEM targets. The current hole, JD008, is being drilled ~80m north of JD003, targeting the northern extension of the G2 Zone.
- **Metallurgical testwork** – a preliminary metallurgical testwork program is underway on four ore types – massive, matrix, disseminated and oxide.

An indicative project schedule is detailed in **Figure 5**.

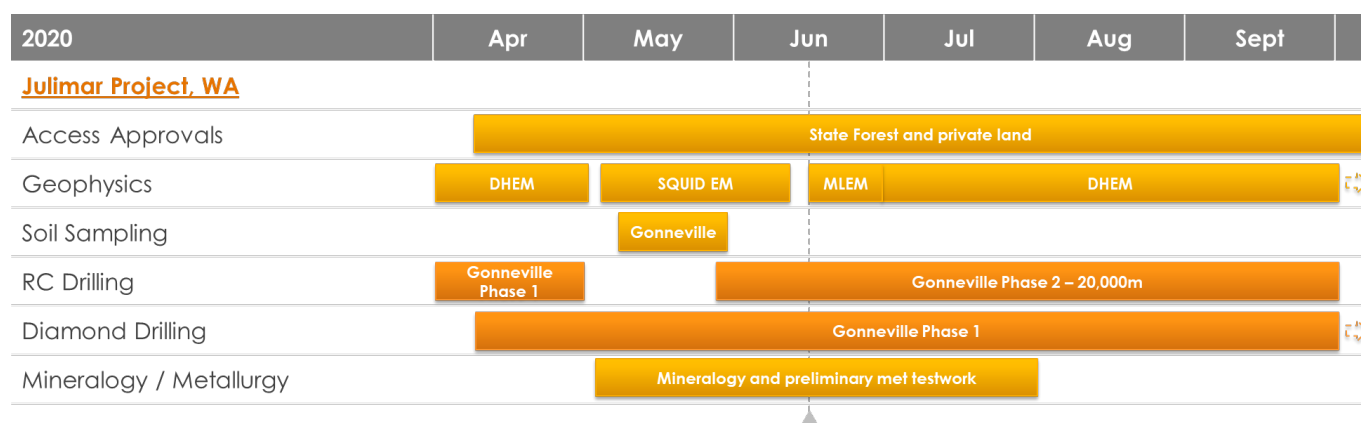


Figure 5. Indicative Julimar Project schedule Q2-Q3 2020.

Authorised for release on behalf of the Company by:



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About the Julimar Nickel-Copper-PGE Project, Western Australia

The 100%-owned Julimar Nickel-Copper-PGE Project is located ~70km north-east of Perth in Western Australia on private land and State Forest. The Project was staked in early 2018 as part of Chalice's global search for high-potential nickel sulphide exploration opportunities.

Chalice interpreted the possible presence of a mafic-ultramafic layered intrusive complex at Julimar based on high resolution regional magnetics. The large complex is interpreted to be ~26km long and ~7km wide and considered prospective for nickel, copper and platinum group elements. However, it had never been explored for these metals (**Figure 6**).

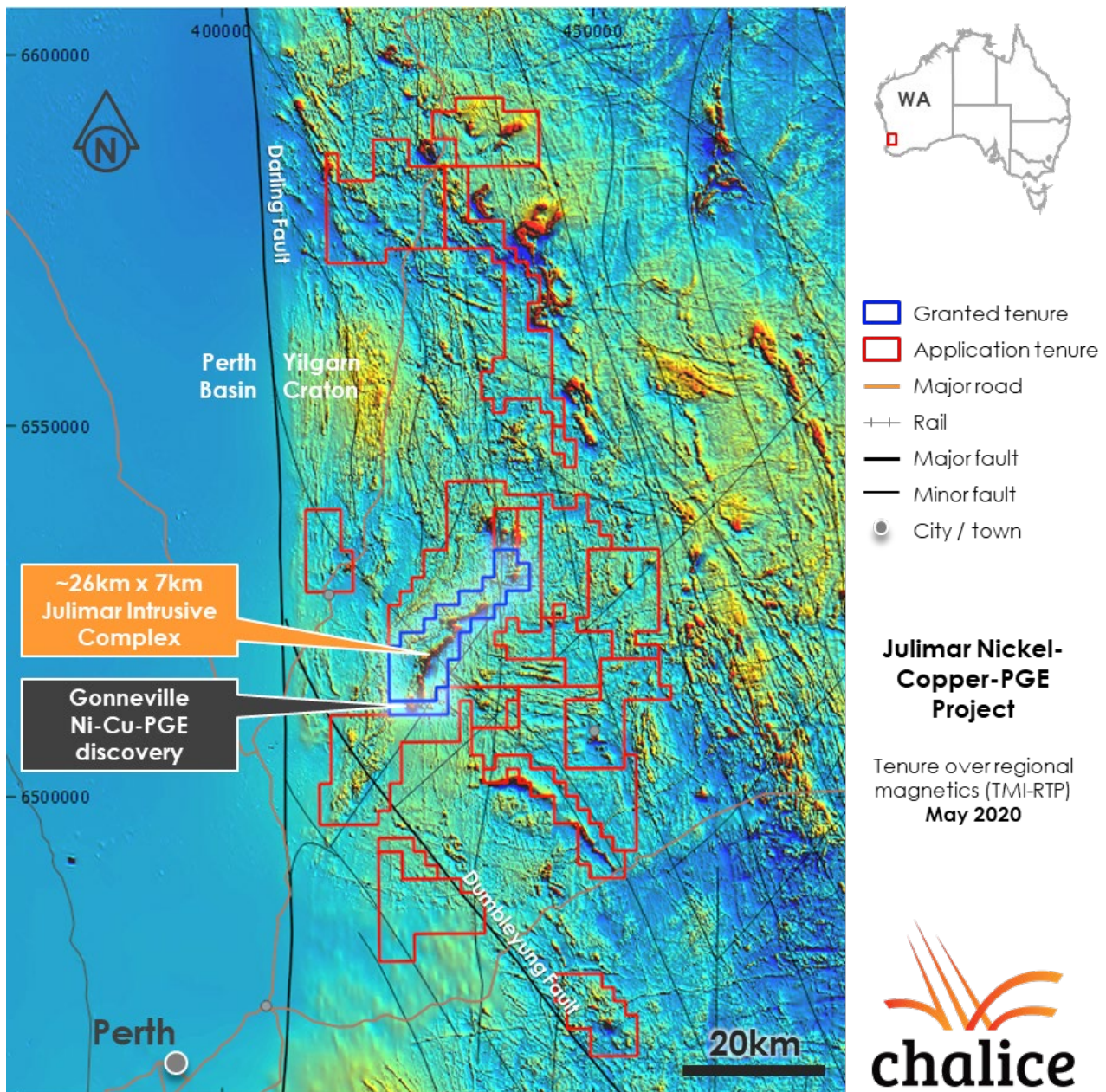


Figure 6. Julimar Project tenure over regional magnetics.

Chalice commenced a systematic, greenfield exploration program in mid-2019 in the southern portion of the Project, on private land, targeting high-grade Ni-Cu-PGEs.

An initial RC drill program commenced in Q1 2020 and resulted in the discovery of high-grade nickel-copper-cobalt-PGE mineralisation at the newly named Gonneville Intrusive. Drilling to date has established the ~1.6km x 0.7km Intrusive has widespread zones of PGE mineralisation as well as several wide zones of high-grade PGE-Ni-Cu. The significant discovery established a new Ni-Cu-PGE province.

High-grade massive / matrix sulphide zones intersected to date are up to ~30m wide and have been defined over a 200m x 100m area. The zones have a grade range of 3-12g/t PGEs, 0.5-3.3% Ni, 0.4-1.2% Cu and 0.03-0.18% Co.

Broad intervals of PGE mineralisation have been confirmed in all holes drilled to date at the Intrusive and disseminated sulphides (trace to 3% on average) have been identified down to ~450m below surface. Disseminated sulphide zones intersected to date have a grade range of 0.5-1.1g/t PGEs, 0.1-0.2% Ni, 0.05-0.15% Cu and <0.05% Co. In general, metal content appears to show a positive correlation with sulphur content and levels of potentially deleterious elements (arsenic, cadmium, selenium) are all low.

Weathering appears to extend down to ~30-40m below surface and a well-developed saprolite profile after serpentinite contains elevated PGE grades (ranging from 1.2-4.5g/t PGEs) from near surface to a depth of ~25m.

About Platinum Group Elements and Palladium

The Platinum Group Elements (PGEs) are a group of six precious metals clustered together on the periodic table: platinum (Pt), palladium (Pd), iridium (Ir), osmium (Os), rhodium (Rh) and ruthenium (Ru).

PGEs have many desirable properties and as such have a wide variety of applications. Most notably, they are used as auto-catalysts (pollution control devices for vehicles), but are also used in jewellery, electronics and hydrogen fuel cells.

Palladium is very rare and is currently one of the most valuable precious metals, with an acute supply shortage driving prices to a recent record high of US\$2,856/oz in February 2020. The current spot price is approximately US\$1,900/oz.

Strong demand growth (~11.5Moz in 2019¹) is being driven by regulations requiring increased use of the metal, particularly as an auto-catalyst in gasoline and gasoline-hybrid vehicles. The total palladium market supply from all sources in 2019 was ~10.8Moz, and >75% is sourced from mines in Russia and South Africa¹.

¹ Source: S&P Global Market Intelligence

Competent Persons and Qualifying Persons Statement

The information in this announcement that relates to Exploration Results in relation to the Julimar Nickel-Copper-PGE 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 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" 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.

Appendix 1: JORC Table 1 – Julimar Ni-Cu-PGE Project

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 sondes, 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"> Diamond drill core samples were taken over selective intervals ranging from 0.2m to 1.2m (typically 1.0m). Qualitative care taken when sampling diamond drill core to sample the same half of the drill core. All samples pulverised to nominal 85% passing 75 microns before being analysed.
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"> Drilling has been undertaken by diamond techniques. Diamond drill core is HQ size (63.5mm diameter) with triple tube used from surface and standard tube in competent bedrock.
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"> Individual recoveries of diamond drill core samples were recorded on a qualitative basis. Generally sample weights are comparable and any bias is considered negligible. No relationships have been evident between diamond core sample grade and recoveries.
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"> All holes were logged geologically including, but not limited to; weathering, regolith, lithology, structure, texture, alteration and mineralisation. Logging was at an appropriate quantitative standard for reconnaissance exploration. Logging is considered qualitative in nature. All holes were geologically logged in full.

Criteria	JORC Code explanation	Commentary
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. • 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. 	<ul style="list-style-type: none"> • Diamond core was sawn in half and one-half quartered and selectively sampled over 0.2-1.2m intervals (mostly 1m). • Diamond drill core field duplicates collected as 1/4 core. • Sample sizes are considered appropriate for the style of mineralisation sought and the initial reconnaissance nature of the drilling program.
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"> • Diamond drill core samples underwent sample preparation and geochemical analysis by ALS Perth. Au-Pt-Pd was analysed by 50g fire assay fusion with an ICP-AES finish (ALS Method code PGM-ICP24). A 48-element suite was analysed by ICP-MS following a four-acid digest (ALS method code ME-MS61) including Ag, Al, As, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, Ga, Ge, Hf, In, K, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Rb, Re, S, Sb, Sc, Se, Sn, Sr, Ta, Te, Th, Ti, Tl, U, V, W, Y, Zn, Zr. Additional ore-grade analysis was performed as required for elements reporting out of range for Ni, Cr, Cu (ALS method code ME-OG-62) and Pd, Pt (ALS method code PGM-ICP27). • Certified analytical standards and blanks were inserted at appropriate intervals for diamond and RC drill samples • Approximately 5% of samples submitted for analysis comprised QAQC control samples.
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"> • Significant intersections are checked by the Project Geologist and then by the General Manager Exploration. Significant intersections are cross-checked with the logged geology and drill core after final assays are received. • No twin holes have been drilled for comparative purposes. The target is still considered to be at an early exploration stage. • Primary drill data was collected as hard copy records in the field and digitised at the Chalice Perth office where the data is validated and entered into the master database. • No adjustments have been made to the assay data received.

Criteria	JORC Code explanation	Commentary
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"> Diamond drill hole collar locations are initially recorded by Chalice employees using a handheld GPS with a +/- 3m margin of error. DGPS collar pick-ups replace handheld GPS collar pick-ups and have <1m margin of error. The grid system used for the location of all drill holes is GDA94 - MGA (Zone 50). The grid system used for stream sediment samples was WGS84 (UTM). RLs were assigned either from 1 sec (30m) satellite data or DGPS pick-ups.
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"> Diamond drill holes JD003, 6 and 7 were positioned as close to orthogonal to the interpreted dip and strike of the known zone of mineralisation. Results from the drilling to date are not considered sufficient to assume any geological or grade continuity. No compositing undertaken for diamond drill core samples.
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 bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> The orientation of the mineralisation reported in diamond drill holes JD003, 6 and 7 is interpreted as close to orthogonal to the drill holes.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples are collected in polyweave bags and delivered by Chalice employees to ALS laboratories in Wangara, Perth
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"> No review has been carried out to date.

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"> Diamond drill holes were drilled on E70/5118 and 5119 on private property. The licences are 100% owned by CGM (WA) Pty Ltd, a wholly owned subsidiary of Chalice Gold Mines Limited with no known encumbrances. Current drilling is on private land and granted tenure covers both private land and State Forest. Access for exploration in the State Forest requires Ministerial approval which has not yet been obtained.
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"> Limited exploration has been completed by other exploration parties in the vicinity of the targets identified by Chalice to date.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> Chalice has compiled historical records dating back to the early 1960's which indicate only three genuine explorers in the area, all primarily targeting Fe-Ti-V mineralisation. Over 1971-1972, Garrick Agnew Pty Ltd undertook reconnaissance surface sampling over prominent aeromagnetic anomalies in a search for 'Coates deposit style' vanadium mineralisation. Surface sampling methodology is not described in detail, nor were analytical methods specified, with samples analysed for V₂O₅, Ni, Cu, Cr, Pb and Zn, results of which are referred to in this announcement. Three diamond holes were completed by Bestbet Pty Ltd targeting Fe-Ti-V situated approximately 3km NE of JRC001. No elevated Ni-Cu-PGE assays were reported. Bestbet Pty Ltd undertook 27 stream sediment samples within E70/5119. Elevated levels of palladium were noted in the coarse fraction (-5mm+2mm) are reported in this release. Finer fraction samples did not replicate the coarse fraction results. A local AMAG survey was flown in 1996 by Alcoa using 200m line spacing which has been used by Chalice for targeting purposes.
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> The target deposit type is a magmatic Ni-Cu-PGE sulphide deposit, within the Yilgarn Craton. The style of sulphide mineralisation intersected consists of massive, matrix, stringer and disseminated sulphides typical of metamorphosed and structurally overprinted magmatic Ni sulphide deposits.
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</i> 	<ul style="list-style-type: none"> Provided in body of text No material information has been excluded.

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	report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	<ul style="list-style-type: none"> 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. 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. 	<ul style="list-style-type: none"> Significant intercepts are reported using a >0.3g/t Pd length-weighted cut off. A maximum of 4m internal dilution has been. No top cuts were applied. Metal equivalent values are not reported
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"> All widths are quoted down-hole. The orientation of the mineralisation in diamond drill holes JD003, 6 and 7 are interpreted as high angle to drill hole and true width is not known. All drill holes were orientated to be as close as possible to orthogonal to the interpreted dip of the mineralised zone(s) and/or targets.
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"> Refer to figures in the body of text.
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 significant intercepts have been reported.
Other substantive exploration data	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.	<ul style="list-style-type: none"> A high temperature SQUID EM survey was undertaken by GEM Geophysics utilising two fixed-loops with the configuration of 1330m x 1000m (Nth) and 740m x 1000m (Sth) with stations read at 150m x 50m intervals. A total of 299 stations recorded using a Jessy Deeps HTS receiver at 0.25Hz and 60 A.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main 	<ul style="list-style-type: none"> Diamond and RC drilling will continue to test high-priority EM conductors, soil geochemical targets. Further drilling along strike and down dip may occur at these and other targets depending on results.

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	<i>geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	<ul style="list-style-type: none"> Down-hole EM surveying will be carried out on the majority of drill holes to test for off-hole conductors. Subsequent holes will undergo down-hole EM if required. Any potential extensions to mineralisation are shown in the figures in the body of the text.