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ASX Announcement **2 October 2017**

West Pilbara Gold Project: New Gold and Base Metal Drilling Programs to Commence as Chalice Expands its Tenement Holding to encompass prospective basal conglomerate targets

Newly-secured tenements to be reviewed for presence of basal conglomeratic unit of Fortescue Group

Highlights

- **Up to 6,500m of RC and Aircore drilling to commence in early October at the West Pilbara Gold Project following encouraging results from copper and gold rock chip sampling of up to 29% Cu and 9.5 g/t Au.**
- **Chalice has applied for further Exploration Licenses (881 km^2) (Table 1) covering the continuation of the major structures paralleling the southern and western margins of the Hamersley Basin and the stratigraphy of the Ashburton and Fortescue Group.**
- **Chalice will immediately embark on an assessment of the newly-secured areas to establish the presence of the basal conglomeratic unit of the Fortescue Group, which hosts recently reported gold discoveries, including those by Novo Resources, Artemis Resources and De Grey Mining.**
- **Following these applications, the West Pilbara Project, which is located ~160km south-southwest of Karratha, now has a total area 2,271 km^2.**

Chalice Gold Limited (ASX:CHN, TSX:CXN) is pleased to advise that it will shortly commence a new Reverse Circulation (RC) and Aircore drilling program at its **West Pilbara Gold Project** in Western Australia, having received all required clearances and permits. The West Pilbara Project is subject to an earn-in and joint venture with Red Hill Iron (ASX: RHI).

The proposed drill program, which is scheduled to commence in early October 2017, will follow-up on gold targets at Wyloo East, Urandy, Kens Bore and Derek's Bore and on copper targets at Red Hill and Wyloo West (Figure 1).

Drill programs have been planned following a review of the encouraging gold and copper rock chip results previously reported (see ASX Quarterly Activities Report dated 31 July 2017) and the completion of gradient array Induced Polarisation ("IP") geophysical surveys at the Red Hill, Derek's Bore and Wyloo West prospects. A total of up to 4,000m of aircore and 2,500m of RC drilling will be completed.

Gradient array IP surveys (25.8 line km) have been completed across two copper targets (Red Hill and Wyloo West) and one gold target (Derek's Bore) to follow up high grade surficial copper and gold results in rock chips. Higher grade rock chip results hosted within hydrothermal quartz breccias (Figure 2) at Red Hill and Wyloo West typically range between 1 to 10% Cu with a maximum result of 29% Cu from the Red Hill prospect, while surface gold in brecciated rock chips at Derek's Bore peak at 9.48g/t Au and 12.3 g/t Au at Kens Bore (Table 2).

Several priority IP chargeability anomalies (>25 v/mV) have been defined at the Red Hill prospect and will be the focus of systematic RC drilling to further assess these anomalies. Several lower priority (< 15 v/mV) IP chargeability targets have been identified at the Wyloo West prospect and will be the focus of systematic AC drilling as an initial test of the anomalies.

No significant chargeability targets were identified at Derek's Bore although the anomalous rock chip results are coincidental with a well-defined zone of low chargeability, the significance of which remains uncertain but may be caused by alteration. A small RC program is designed to further assess the anomaly.

First-pass RC drilling has also been planned at the Ken's Bore prospect, which hosts high-grade gold in limonitic rock chips up to 12.3 g/t Au within a well-defined (250 x 250m) gold-in-soil anomaly.

In addition to the targeted RC drill programs described above, regional AC programs (240 holes) have been planned along the greater Wyloo West and Urandy gold trends and the B2 copper + zinc trend. These programs are regional in nature with the primary objective of geologically and geochemically vectoring into targets of potential interest.

Increased Land-holding

Based on the encouraging exploration results received to date, Chalice has applied for 10 Exploration Licenses (Table 1) covering a total area of 881.3 km^2 located to the south of Pannawonica in the West Pilbara (Figure 1).

The tenements, to the west and south of the existing West Pilbara Project area, cover the continuation of the major structures paralleling the southern and western margins of the Hamersley Basin and the stratigraphy of the Ashburton and Fortescue Group. Chalice will immediately embark on an assessment of the application area to confirm (or not) the presence of the basal conglomeratic unit of the Fortescue Group. This highly prospective unit hosts some of the recently reported gold discoveries in the Pilbara by companies including Novo Resources (TSX-V: NVO), Artemis Resources (ASX: ARV) and De Grey Mining (ASX: DEG). In addition, Chalice's tenement applications are adjacent to Novo Resources' tenements in the Wyloo Dome area.

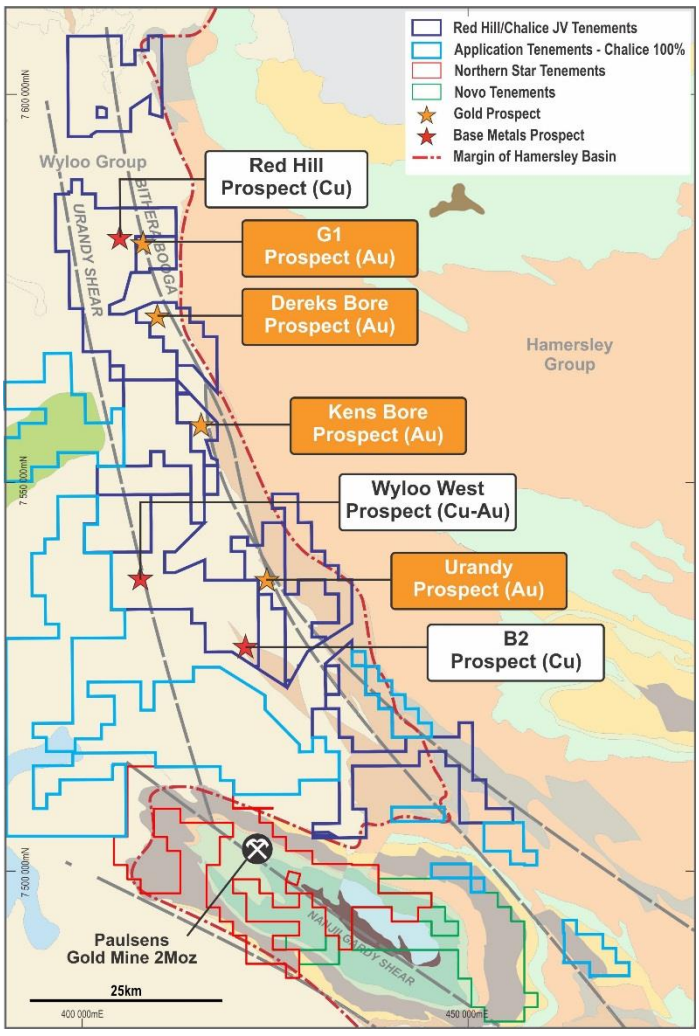

Figure 1: West Pilbara Project Location, Tenure and Geology Map

Figure 2: Hydrothermal Breccia with malachite and chalcocite mineralisation at Wyloo West Prospect

Table 1: Tenement application numbers and area

Tenement Application	Blocks	Area km²
E08/2951	44	121
E08/2952	137	376
E08/2953	102	280
E47/3830	1	2.7
E47/3831	10	27.5
E47/3832	8	22
E47/3833	11	30.2
E47/3834	4	11
E47/3835	3	8.2
E47/3836	1	2.7
		881.3

Background - West Pilbara Project

The 1,390km² West Pilbara Project is located approximately 160km south-southwest of Karratha and has contiguous coverage of 90km of strike of prospective geology along the contact between the Ashburton and Hamersley Basins, referred to as the Paraburdoo Hinge Zone and is defined by regional fault/shear zones.

The region is under-explored for both gold and base metals and the south-west boundary of the property is approximately 8km from Northern Star Resources' (ASX: NST) multi-million-ounce Paulsens gold mine. The project (excluding the newly secured tenement applications above) is subject to a farm-in and joint venture whereby Chalice can earn up to a 51% interest in the non-iron rights from Red Hill Iron Limited (ASX: RHI) (and up to 70% if Red Hill elects not to contribute at this stage).

Table 2: Rock Chip Sampling Results – all results reported above >0.1% Cu and 0.1ppm Au.

Sample ID	Prospect	MGA East	MGA North	Cu (%)	Au (ppm)	Ag (ppm)
111468	Wyloo East Target	427898	7529842	0.1	0.00	0.0
111481	Wyloo East Target	424130	7537029	0.1	0.00	0.1
111508	Wyloo West Target	406579	7538646	14.1	0.07	28.2
111511	Wyloo West Target	406516	7538633	1.0	0.00	1.8
111513	Wyloo West Target	406504	7538527	5.5	0.01	2.9
111514	Wyloo West Target	406506	7538526	0.6	0.00	0.5
111515	Wyloo West Target	406502	7538524	5.3	0.02	4.6
111516	Wyloo West Target	406498	7538521	4.5	0.02	4.4
111517	Wyloo West Target	406491	7538517	3.2	0.10	6.5
111518	Wyloo West Target	406489	7538511	13.7	0.05	12.2
111519	Wyloo West Target	406441	7538487	0.2	0.00	0.3
111520	Wyloo West Target	406476	7538527	3.1	0.10	2.0
111521	Wyloo West Target	406472	7538719	0.6	0.00	0.5
111523	Wyloo West Target	406749	7538803	0.2	0.01	0.2
111527	Wyloo West Target	406697	7538599	29.0	0.04	229.0
111530	Wyloo West Target	406398	7539419	1.6	0.01	12.2
111534	Wyloo West Target	405846	7540152	0.0	0.17	0.1
111540	Kens Bore	414171	7557994	0.1	12.30	0.2
111553	B2 Target	420685	7529759	0.3	0.06	0.8
111554	B2 Target	420802	7529746	0.1	0.00	0.9
111565	Derek's Bore	409910	7571246	0.1	9.48	17.1
111580	G1	407671	7580749	0.0	1.25	1.4

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2 October 2017

Competent Persons and Qualifying Persons Statement

The information in this report that relates to Exploration Results in relation to the West Pilbara Project is based on information compiled by Dr Kevin Frost BSc (Hons), PhD, who is a Member of the Australian Institute of Geoscientists. Dr Frost is a full-time employee of the company and has sufficient experience in the field of activity being reported 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 release of information in the form and context in which it appears here.

Forward Looking Statements

This document 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 document 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 may include, but are not limited to, the likelihood of future exploration success at the West Pilbara Project including the results of a review as to whether the new application areas (the subject of this news release) will confirm the presence of the basal conglomeratic unit of the Fortescue Group, the results of future geophysical surveys and drilling, and, if successful, the potential viability of any mineral resources so defined.

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, budget, scheduled, estimates, forecasts, intends, anticipates or does not anticipate, or believes, 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 exploration activities; the presence (or not) of the prospective basal conglomeratic units, whether (if present) such units have economic concentrations of gold, changes in project parameters as plans continue to be refined; 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; 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. 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 – WEST PILBARA PROJECT - JORC TABLE 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*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.*	Rock chips were sampled randomly in no preferred orientation/s. Sampling was carried out under Chalice's standard protocols and QAQC procedures which are industry standard practice and involve the insertion of standards (including blank standards) and the collection of duplicate samples. QAQC has been checked with no apparent issues. Note: no duplicate samples are collected for rock chip samples. Rock chip samples were collected at various weights and pulverised to produce enough sample for ICP-AES and MS analysis after aqua regia digestion. 53 elements were analysed including gold gold (2ppb detection limit).
Drilling techniques	*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).*	No drilling completed by Chalice
Drill sample recovery	*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.*	Not applicable Not applicable. Not applicable.
Logging	*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.*	Not applicable Not applicable. Not applicable.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Not applicable
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Not applicable
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Not applicable
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Not applicable
	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.	Not applicable
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Not applicable
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The assay procedures used are considered appropriate for the sampling conducted. Rock Chip samples were sent for ICP-AES and MS analysis after aqua regia digestion. 53 elements were analysed including gold at a 2ppb detection limit.
	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.	Not Applicable
	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	Chalice has its own internal QAQC procedure involving the use of certified reference materials (standards), blanks and duplicates which accounts for ~6% of the total submitted samples. All QAQC has been checked with no apparent issues.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Significant results are checked by the Exploration Manager and Senior Geologist.
	The use of twinned holes.	Not Applicable
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data was collected via excel through laptop computer with data sent to the Perth based office to be validated and entered into the master database.
	Discuss any adjustment to assay data.	There has been no adjustment to assay results reported. A 0.1%Cu and 0.1ppmAu bottom cut has been applied to results presented.

Criteria	JORC Code explanation	Commentary
Location of data points	*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.*	Rock chip locations have been recorded using a handheld GPS with a +/- 3m error. The grid system used for location of all drill holes and as shown on all figures is MGA GDA94, Zone 50. No topographical control was recorded.
Data spacing and distribution	*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.*	Rock chip sample spacing is highly variable. The current spacing is not considered sufficient to assume any geological or grade continuity of any surficial mineralisation discovered. Not Applicable
Orientation of data in relation to geological structure	*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.*	Rock chip sample spacing is highly variable. The sampling may or may not occur along possible structures as this was unknown at the time of collection. Not Applicable
Sample security	*The measures taken to ensure sample security.*	Chain of custody is managed by Chalice. Samples were stored on site before being transported by third parties to the laboratory.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	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	*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.*	The West Pilbara project is located ~125 SE of Onslow, Western Australia. The project area contains the following granted exploration licences held by API Management Pty Ltd and Red Hill Iron Limited with no known encumbrances: E08/1430, E08/1473, E08/1289, E08/1294, E08/1295, E08/1516, E08/1283 and E08/1181. Chalice is earning up to a 70% interest in the base and precious metal rights on the West Pilbara project tenements by spending a total $3M on exploration with a minimum of $500,000 within the first 12 months. There are no known impediments in operating in the area.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Previous RC, RAB drilling and surface geochemical sampling has been completed by Red Hill Iron. It is unknown if and whether results have been previously reported.

Criteria	JORC Code explanation	Commentary
Geology	*Deposit type, geological setting and style of mineralisation.*	The mineralisation identified in rock chips is of late epigenetic hydrothermal origin. A deposit style for the surficial mineralisation remains unknown.
Drill hole Information	*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:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.*	Not Applicable
Data aggregation methods	*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.*	There has been no adjustment to assay results reported. A 0.1%Cu and 0.1ppmAu bottom cut has been applied to results presented Not Applicable Not Applicable
Relationship between mineralisation widths and intercept lengths	*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').*	Not Applicable Not Applicable
Diagrams	*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.*	See Figures in body of report
Balanced reporting	*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.*	There has been no adjustment to assay results reported. A 0.1%Cu and 0.1ppmAu bottom cut has been applied to results presented which provides a large range or results.
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.*	Details of ground Gradient Array IP geophysics survey: Company : Zonge Engineering and Research Organisation Survey details: *Red Hill Prospect* 200m line, 50m station spacing, total of 166 stations and 7.9 line km *Dereks Bore Prospect* 200m line, 50m station spacing, total of 175 stations and 8.4 line km *Wyloo West Prospect*

Criteria	JORC Code explanation	Commentary
		100m line, 50m station spacing, total of 203 stations and 9.5 line km Equipment: GGT-30 transmitter, GDD GRX receiver, 0.125Hz Good quality, low noise data returned
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Follow up drilling will be planned to further assess regional prospect areas and IP geophysical targets