Option agreement sees Chalice consolidate 16km of strike along the highly prospective Larder Lake-Cadillac fault in Quebec, a trend that hosts several multi-million ounce gold deposits

Symbol:	ASX: CHN TSX: CXN
Shares outstanding:	269 million
Fully diluted:	279 million

Highlights:

- Chalice Gold Limited (ASX: CHN; TSX: CXN) has entered into a binding option and farm-in term sheet with Richmont Mines Inc. (TSX: RIC; NYSE: RIC) to acquire a 70% interest in the Chimo Gold Project ("Project"), located in the highly endowed Abitibi region of Quebec, Canada.
- Chalice may acquire the interest through total option payments of C$200,000 and incurring exploration expenditures of C$3.1M over four years.
- Chalice shall grant a 1% Net Smelter Royalty to Richmont on claims with no existing royalty.
- The Project is located adjacent the Nordeau Gold Project, which Chalice also secured recently under an option agreement, allowing it to consolidate a contiguous ~16km strike length along the Larder Lake-Cadillac fault.
- The Project is adjacent to the former producing Chimo gold mine and lies at the eastern end of the prolific Archaean Abitibi greenstone belt, ~35km east of the >20Moz Val d'Or gold camp.

PERTH, Western Australia, Nov. 23, 2016 /CNW/ - Chalice Gold Mines Ltd. (ASX: CHN, TSX: CXN) ("Chalice" or the "Company") is pleased to announce that it has taken a further step towards consolidating a significant ground position in the Abitibi gold province in Quebec, Canada after entering into a binding option and farm-in term sheet to acquire a 70% interest in the Chimo Gold Project from Richmont Mines Inc. ("Richmont").

Chalice can earn a 70% interest in the Project by making total option payments of C$200,000 to Richmont and funding exploration expenditures of C$3.1 million over a period of four years (Table 1). Upon meeting these requirements and exercising the option, Chalice shall then grant a 1% Net Smelter Royalty ("NSR") to Richmont on claims with no pre-existing royalties. Chalice has the right to withdraw without earning an interest in the Project at any time.

Upon completing all obligations under the term sheet and forming a joint venture, the agreement is subject to usual joint venture dilution terms including reverting to a 1.5% NSR (0.5% NSR on certain claims with pre-existing royalties), with a right to buy back 0.5% of the royalty for C$1.0M, upon either party diluting its Project interest to less than 10%.

The term sheet remains subject to satisfactory due diligence, primarily in relation to matters of tenure.

Table 1. Chimo Gold Project option and farm-in commitments

Timing	Option Payments	Expenditure Commitment
Upon completion of due diligence	C$25,000	-
12 months	C$50,000	C$700,000
24 months	C$50,000	C$700,000
36 months	C$65,000	C$700,000
48 Months	-	C$1,000,000
At completion	C$10,000	-
Total	C$200,000	C$3,100,000

The Chimo Gold Project, together with the Company's recently secured Nordeau Gold Project and adjacent claims owned 100% by Chalice, gives Chalice a significant contiguous land position along the Larder Lake-Cadillac fault, and a strategic foothold in the most prolific gold endowment trend in Canada.

The Abitibi region of Canada is a premier gold district hosting multi-million ounce gold deposits that are preferentially sited on well-defined structural breaks, of which the Larder Lake-Cadillac fault hosts approximately 100Moz of gold in past production and current mineral resources (Figure 1).

The Chimo Gold Project

The Chimo Gold Project is located 35km east of Val d'Or and comprises approximately 2,593Ha of claims in two main blocks along strike to the east and west of the former Chimo gold mine (Figure 2).

Historical exploration in the area in the 1940s led to the discovery of the Chimo mine, as well as the Nordeau West and Nordeau East deposits (located on the Company's Nordeau Gold project) to the east of the Chimo Gold Project.

Louvem Mines Inc. ("Louvem") acquired the Chimo claims and completed additional work in the late 1970s and 1980s, resulting in the identification of several gold targets throughout the property. Richmont acquired all of the issued and outstanding shares of Louvem not owned by Richmont Mines in 2010 and completed one surface sampling program in 2013 with recommendations for follow-up drill testing of up to eight separate targets.

Exploration work undertaken to date has highlighted targets to the west of the historical Chimo mine including the Simon West target, which is in a similar geological setting as the historical Chimo Mine and the Nordeau West deposits to the east.

No modern surface geochemistry, geological mapping or structural analysis has been completed in the district for decades. The Company will commence a review of historical exploration results and merge the data with the Company's Nordeau Gold Project to allow an integrated approach to exploration targeting over the Company's consolidated land position.

Chalice's Managing Director Tim Goyder said the agreement with Richmont gave the Company a rare opportunity to consolidate a significant contiguous land-holding in a world-class gold district.

"The Abitibi is one of the world's most prolific and well known gold provinces, host to numerous world-class deposits," he said. "Chalice has now been able to assemble what amounts to a significant strategic position covering a contiguous 16km strike length of the major regional fault system that controls a majority of the known gold mineralization in this region.

"By consolidating the Chimo and Nordeau projects, for the first time in decades, we will be able to apply a coordinated and systematic approach to exploration, bringing the latest techniques and methodologies to what is an under-explored area of the Larder Lake-Cadillac Fault."

"We look forward to commencing an immediate review of the project in anticipation of defining targets for drill testing as soon as possible."

TIM GOYDER
Managing Director
Chalice Gold Mines Ltd.

Competent Persons and Qualifying Persons Statement

The information in this report that relates to Exploration Results in relation to the Chimo Gold 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 Ltd. (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 estimation of mineral reserve and mineral resources, the realisation of mineral reserve estimates, the likelihood of exploration success, 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, 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; 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.

Contact
Tim Goyder, Managing Director, Richard Hacker, CFO, Chalice Gold Mines Ltd., Telephone +618 9322 3960

Accordingly, readers should not place undue reliance on forward-looking statements.

JORC Tables

Please click here to review JORC tables.

SOURCE Chalice Gold Mines Ltd.