

Symbol:	ASX: CHN TSX: CXN
Shares outstanding:	261 million
Fully diluted:	275 million

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 km²) (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 km².

Perth, Western Australia, Sept. 29, 2017 /CNW/ - [Chalice Gold Mines Ltd.](#) (TSX:CXN; ASX:CHN) 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 July 31, 2017 available on SEDAR at www.sedar.com) 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 km² 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.

Table 1: Tenement application numbers and area

Tenement Application	Blocks	Area km ²
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 Ltd.](#) (ASX: RHI) (and up to 70% if Red Hill elects not to contribute at this stage).

Sampling Techniques and Verification

Results from rock chip sampling undertaken on gold and base metal targets including Wyloo West, Dereks Bore, Kens Bore, B2, G1 and Red Hill Copper prospects are summarised in Table 2. A total of 130 samples were collected and submitted to ALS in Perth Western Australia. Samples were analysed using ICP-AES and MS analysis after aqua regia digestion. 53 elements were analysed including gold at a 2ppb detection limit. 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.

Table 2: Rock Chip Sampling Results Ó 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

TIM GOYDER
Managing Director

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 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 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.

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