

Chalice further expands its strategic position in the world-class Abitibi greenstone belt in Canada through new farm-in deal

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Option agreement sees Chalice further expand its East Cadillac Gold Project, consolidating more than 27km of strike along a globally significant and prolific Larder Lake – Cadillac fault

Highlights:

- Chalice has entered into a binding option and farm-in agreement with Renforth Resources Inc. to acquire an 80% interest in the prospective Denain-Pershing Project, located immediately east of its East Cadillac Project
- The project has several historical gold showings but is largely unexplored using modern exploration techniques
- East Cadillac Project area increased by ~100km² (~68%) immediately east and contiguous with the current Project
- Strike coverage along the Larder Lake – Cadillac fault increased by ~11km (~70%), consolidating a contiguous strike length along this globally significant greenstone belt
- Program of sampling / targeting to be undertaken in Q2-Q3 2018 to assess the full potential of the newly-secured project

PERTH, Australia, May 3, 2018 /CNW/ - [Chalice Gold Mines Ltd.](#) (TSX: CXN; ASX: CHN) is pleased to advise that it has expanded its strategic footprint in the world-class Abitibi gold belt in Quebec, Canada after securing an option and farm-in agreement over a prospective package of ground immediately adjacent to its East Cadillac Gold Project.

The Company has entered into a binding option agreement to acquire up to an 80% interest in the Denain-Pershing Project ("Renforth Project") from Renforth Resources Inc. ("Renforth") (CSE: RFR).

The acquisition of the Project adds to the already regionally significant contiguous land position held by Chalice along the Larder Lake – Cadillac fault (Figure 1), with the total strike coverage now exceeding 27km, over a total area of ~100km².

The Denain-Pershing Project

The Denain-Pershing Project is located ~55km east of the town of Val-d'Or in Quebec, and comprises 184 contiguous claims with a total area of ~100km². The claims include ~11km of Larder Lake – Cadillac fault.

The Val-d'Or district, which includes Chalice's East Cadillac Gold Project, is one of the more prolific gold producing areas in Canada, having contributed more than 20 million ounces of gold production to the approximately 84 million ounces of gold produced along the Larder Lake – Cadillac structure.

The Project is largely unexplored, with limited historical drilling defining several gold showings on the western and northern parts of the claims. Renforth completed an airborne magnetic survey over the entire property in late 2017 that will allow better define the continuation of the Larder Lake – Cadillac fault as it extends through the western portion of the project.

Planned work program

The Company will begin merging all historical Renforth exploration data, including existing drill data, into the East Cadillac database. This will facilitate an integrated approach to exploration targeting over the consolidated land position.

Initially, a coarse grid surface soil and rock sampling program will be conducted over the summer season (June through August 2018). Once results are processed, it is expected that a surface geophysics program will be conducted to define drill targets.

Option Agreement terms

Chalice may earn an 80% interest in the Project by making total option payments of C\$200,000 to Renforth and funding exploration expenditures of C\$1.25 million over a period of three years (Table 1). Chalice has the right to withdraw with an interest in the Project at any time.

Table 1. Denain-Pershing Project Option Agreement key commercial terms

Timing	Option Payments	Expenditure Commitment
Execution of binding agreement	C\$50,000	-
Year 1	C\$50,000	C\$200,000
Year 2	C\$50,000	C\$400,000
Year 3 (Chalice earns 80%)	C\$50,000	C\$650,000
Total	C\$200,000	C\$1,250,000

Upon completing all obligations under the agreement and forming a joint venture, the agreement is subject to usual joint venture dilution terms including reverting to a 2% NSR upon either party diluting its Project interest to less than 10%, unless the royalties payable to any party in respect of a particular claim would exceed 3%, in which case the royalty rate will be reduced so that the maximum aggregate royalty is 3%. The Denain-Pershing claims have pre-existing NSR royalties of up to 2%.

As part of the transaction, Chalice will also subscribe to C\$250,000 worth of ordinary shares in Renforth, subject to prior approval to be agreed. Should the share placement not be completed by 31 May 2018 or if the terms are not agreed, the remainder of the Option Agreement shall continue to apply. Shares taken up pursuant to the placement will be subject to a 4-month share purchase escrow period. The Option Agreement is subject to satisfactory completion of due diligence primarily in relation to matters of title tenure.

Chalice's Chief Executive Officer Alex Dorsch said: "The agreement with Renforth further enhances and consolidates our strategic and significant position in the world-renowned Abitibi, extending our exploration footprint along the key gold-hosting structural corridor in the region, the Larder Lake & Cadillac fault. We are looking forward to kicking off our exploration programs in the near future by applying modern exploration techniques and methodologies for the first time in this region to advance this exciting project as quickly as possible."

Alex Dorsch
Chief Executive Officer

Background on the East Cadillac Gold Project

The East Cadillac Gold Project ("ECG Project") covers an area of 245km² and is located ~35km east of the >20Moz Val d'Or camp in Quebec, Canada. With land holdings encompassing a strike length of 27km of the Larder Lake & Cadillac fault, the most prolifically endowed gold trend in the southern Abitibi, the Project is situated amongst some of the region's most significant gold mines, and surrounds the historical Chimo gold mine, owned by Cartier Resources (TSX: ECR). Chalice has completed large scale geochemistry, geophysics and ~27,000m diamond drilling program on the Project since acquiring the Project in 2012. The Project is a consolidation of several earn-in option agreements (Chalice earning 70 to 100%) and Chalice's 100%-owned project.

Competent Persons and Qualifying Persons Statement

The information in this report that relates to Exploration Results in relation to the Denain-Pershing 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 an 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 Competent 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.](#) (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 and beliefs regarding future events and include, but are not limited to, the estimation of mineral reserve and mineral resource, the realisation of mineral reserve estimates, the likelihood of exploration success at the Company's projects, 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 or might 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; future prices of mineral resources; possible variations in mineral resource 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 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 be materially different from those described in forward-looking statements, there may be other factors that cause actions, events or results to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be 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.

SOURCE [Chalice Gold Mines Ltd.](#)

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