Chalice set to drill large-scale gold targets at Pyramid Hill Gold Project, Victoria

27.09.2018 | CNW

Seven high-priority targets identified from gravity surveys and soil geochemistry to be tested by maiden 8,500m drill program commencing in late October

Highlights

- Initial program of 8,500m of Reverse Circulation/Aircore drilling to commence next month at the Pyramid Hill Gold Project, on granted Exploration Licences EL6661 and 6737 located 20-50km north-west of the Bendigo Goldfield in central Victoria.
- Drilling will test large-scale targets defined by peak gold-in-soil geochemical anomalies and basement gravity features in favourable structural settings, proximal to known gold-bearing regional faults.
- Three major regional faults (Sebastian, Muckleford and Campbelltown) which control multi million-ounce gold deposits such as Bendigo, Ballarat and Castlemaine are interpreted to trend within Chalice's tenure.
- Drill lines will be widely-spaced to provide the first effective and comprehensive test of the prospective Bendigo Zone geology below areas of Murray Basin cover. The thickness of the overlying cover is estimated to be 20m to 100m in the areas selected for initial drill testing.

PERTH, Western Australia, Sept. 27, 2018 - Chalice Gold Mines Ltd. (TSX:CXN; ASX:CHN), ("Chalice" or the "Company) is pleased to announce that it is gearing up for its maiden drilling program at the Pyramid Hill Gold Project, located north-west of the Bendigo Goldfield (not owned by the Company) in central Victoria.

The Company has made significant progress in advancing exploration activities at Pyramid Hill over the last two months. Successful targeting work has culminated in the identification of three large-scale priority gold targets which will be tested by an initial 8,500m Reverse Circulation/Aircore drill program due to commence next month.

Drilling is designed to test the West and East gold-in-soil geochemical targets (West and East Anomalies), as previously validated by the Company in July 2018, together with prominent gravity features identified from a recently completed 250-line km ground gravity survey and a historic airborne Falcon gravity survey.

8,500m RC/Aircore Drilling Program

An 8,500m program of RC/Aircore drilling is planned over seven drill traverses that are located between 20-50km north-west of the town of Bendigo (Figure 1). Four of the seven drill traverses will test the two largest gold-in-soil anomalies identified to date (the West and East Anomalies), each of which extend over a 12km strike length, with drilling prioritised over gravity highs which are interpreted as 'buried hills' beneath Murray Basin cover, where bedrock should be closer to surface. The southernmost two drill lines will test a large-scale gravity anomaly associated with the prospective Muckleford fault in the same area that reported anomalous gold in historic drill holes, including 1m @ 0.38g/t Au and 5m @ 0.11 g/t Au.

Drilling has previously been attempted in the vicinity of the West and East Anomalies, although historical Aircore drilling was almost entirely ineffective with most drill-holes terminated within barren Permian tillite cover – which is known to occur throughout part of EL6661. Chalice plans to utilise RC drilling in these areas of deeper cover in order to provide the first effective test of the underlying Bendigo Zone succession (including saprolite) which hosts the primary gold deposits of the Central Victorian goldfields.

All planned drill traverses are at least 3.2km apart, reflecting the district-scale approach to the Company's initial drill testing at the Pyramid Hill Gold Project. Any anomalous results will provide an immediate target for follow-up drill testing and the Company is confident it can fast-track drilling approvals to facilitate a continued aggressive approach to drilling on the project.

Regional soil geochemical programs

Chalice has continued to progress regional surface geochemical surveys elsewhere on the project, including. 417 samples on EL6737, for which assay results are still outstanding. The Company has also commenced an initial approximately 830 sample grid over recently-granted tenement EL6738, which is located approximately 30km north-east of Kirkland Lake Gold's (NYSE / TSX: KL | ASX: KLA) Fosterville gold mine (Figure 2).

EL6738 comprises a westernmost succession of Bendigo Zone sediments, which is the same rock sequence that hosts the Fosterville gold deposits, and an older succession of volcanics and sediments that define a strongly magnetic trend in the eastern part of EL6738. Soil sampling has been designed in areas amenable to surface geochemistry – which are areas with less than 100m depth of cover to basement. Gold deposits and occurrences are known throughout both successions, which attests to the prospectivity of the Company's tenement-holding (Figure 3).

Next Steps

RC/Aircore drilling is expected to commence in late October, subject to approvals.

Assays are expected to be received shortly for soil sampling completed within the southern part of EL6737. These results will be reviewed and integrated with recently completed ground gravity data to work up the next phase of drill targets. Soil sampling on EL6738 will continue this month and is expected to be completed by mid-October with assays to follow in mid-November.

Chalice's Chief Executive Officer Alex Dorsch said: "Our exploration team has made significant progress at Pyramid Hill over the last three months, working up an extremely large area in a short time-frame. We are very excited about the upcoming maiden drill program, which will target the same regional faults that host multi million-ounce gold deposits in the Bendigo region.

"We believe this a great opportunity for our shareholders to be part of the continued reinvigoration of one of Australia's premier goldfields, which is continuing to deliver exceptional mining and exploration results. We look forward to releasing results from drilling in due course."

Alex Dorsch
Chief Executive Officer

About the Pyramid Hill Gold Project, Victoria

The 100%-owned Pyramid Hill Gold Project covers an area of 3,080km2 north of Bendigo, Victoria. The Project extends to the north-west of the Bendigo Goldfield and to the north-east to the Fosterville Gold Mine owned by Kirkland Lake Gold (NYSE / TSX: KL | ASX: KLA).

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For further details on sampling techniques, please refer to the announcement entitled "Chalice to drill large-scale gold targets at Pyramid Hill", dated September 27, 2018, which can be found on the Company's website at www.chalicegold.com/investor-relations/asx-announcements/.

Competent Persons and Qualifying Persons Statement

The information in this report that relates to Exploration Results in relation to the Company's Projects 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 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" 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; 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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