Chalice Gold Mines Limited - Newly defined large-scale gold anomalies prioritised for drill testing at East Cadillac Gold Project, Quebec

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Regional geochemistry defines new large-scale gold-in-soil anomalies for drilling in early 2019

Highlights

- Several extensive and coherent MMI (mobile metal ion) gold-in-soil anomalies defined in new geochemistry result 100%-owned areas at the East Cadillac Gold Project in Quebec, Canada:
- - Legrand soil anomaly covers an area of ~3.4km x 1.3km, with a peak gold value of up to 22 times backgrou anomaly has a similar pathfinder response and lies in a similar structural setting to Canadian Malartic (locat to the west);
  - Anderson soil anomaly covers an area of ~2.3km x 0.5km, with a peak gold value of up to 22 times backgro located on a regional structure that hosts several large gold deposits to the west.
- The Legrand and Anderson anomalies represent the largest and most coherent anomalies found to date at the Ea Project, and are entirely untested by drilling.
- The new high-priority targets are to be drill tested in the upcoming winter drill season, due to commence in Janua

PERTH, Western Australia, Oct. 25, 2018 - Chalice Gold Mines Ltd. (TSX:CXN) (ASX:CHN) is pleased to announce th defined several new, high priority, large scale, gold-in-soil anomalies at its East Cadillac Gold Project in Quebec, Canad on extensive surface geochemistry programs completed during the 2018 summer field season. The newly defined ano represent priority drill targets.

The recent soil, rock chip and geophysical programs were designed to expand regional data coverage and define new drill targets for the upcoming winter drilling season. The program builds on previous regional work, completed by Chalic which included reconnaissance soil, rock chip and bark geochemistry as well as LiDAR, Aeromagnetic and 3D-IP geop surveys.

The results of the previous phase of work were used to design and execute the ~28,700m reconnaissance diamond dri program completed in Q2 2018. This drill program identified two significant new zones of mineralisation at the Lac Rapi North Contact Prospects and confirmed the potential for large-scale gold systems on the district-scale East Cadillac Pro

Chalice's Chief Executive Officer Alex Dorsch said: "The latest results confirm that East Cadillac is highly prospective fo large-scale gold systems, and that the exploration toolkit we are applying gives us the best chance of vectoring towards substantial discovery. This potential is further underlined by the prospective geological setting of the Project in the proli Val-d'Or district, and its location along strike from several multi-million ounce gold deposits and mines.

"Since acquiring and consolidating the Project, we have systematically explored the area and made substantial progres relatively short period of time. We are very excited about the upcoming drilling program and we look forward to receivin as our exploration activities ramp-up."

Surface Geochemistry and Geological Mapping Programme

The surface geochemical and geological mapping programs were completed during June-September 2018. A total of 1 mobile metal ion (MMI) soil samples were collected from both newly optioned/acquired claims and in-fill samples were c over target areas defined from the wide-spaced 2017 soil sampling program.

The MMI soil sampling results have identified four new significant gold and pathfinder soil anomalies in areas subject to

no previous drilling (Figure 1).

Table 1 below summarises the main attributes of the geochemical anomalies. Importantly, the MMI gold anomalies are associated with gold pathfinder elements, providing more evidence that the anomalies are related to bedrock gold mine

Table 1. MMI soil anomaly properties

Anomaly Name	Approx. Length at 4RR contour (km)	Approx. Width at 4RR contour (km)	Peak MMI Gold Value (Response Ratio)	Associated Pathfinder Elements
Legrand	3.4	Up to 1.3	22	As, Bi, W
Anderson	2.3	Up to 0.5	22	Minor Ag, Bi
Marquise	1.4	Up to 0.7	20	As, Sb, Ag
Makwa	Up to 1.5	Up to 0.3	10	W, Ag, Cu

The Legrand gold-in-soil anomaly is coherent and covers a large surface area within a 5km x 4km area of anomalous a and tungsten with minor bismuth. No bedrock geology outcrops were recognised in this area although aeromagnetic interpretation suggests that the Legrand anomaly overlies Pontiac Sediments which also host significant gold deposits in the region including the Canadian Malartic gold deposit (endowment of >16Moz Au, not owned by Chalice), located approximately 70km to the WNW (Figure 2).

The Legrand anomaly overlies a zone of interpreted complex structure in an area of folded sedimentary rocks transecte thrust faults and intruded by felsic dykes, all of which suggests a favourable setting for orogenic gold mineralisation. In the distribution of anomalous pathfinder metals in soils has a similar pattern of the metal zonation documented for the C Malartic gold deposit which displays a zonation from proximal Au-W to distal Cs-Li-Tl. The Legrand anomaly has not be previously drill tested and is to be prioritised for drilling in the upcoming winter program.

The Anderson anomaly is a strong coherent gold-in-soil anomaly defined over a strike length of 2.3km and located abou north of the Larder Lake-Cadillac fault zone (LLCFZ). The east-west orientation is similar to other sub-parallel structure the Forsan gold deposit and other gold occurrences in the northern mafic succession. The anomaly is also to be prioriti drill testing.

Rock chip sampling conducted during the 2018 field season has identified a 1.2km long zone of anomalous gold minera with assays up to 39g/t Au, located between 1-2.5km east of the recent Lac Rapides gold discovery. Gold mineralisatio associated with pyrite and/or arsenopyrite alteration in and around quartz veins in Banded Iron Formation. Limited histo in this area has not intersected significant gold mineralisation however, given the strong association of gold with sulphid mineralisation, it is likely that the planned 3D-IP survey will allow a better definition of potential targets for testing.

Sampling techniques

Mobile Metal Ion Soil and QAQC Samples
Chalice sampling consists of 1504 mobile metal ion (MMI) soil and QAQC samples. Soil samples were collected from b 10 to 30 cm below surface. For every 20 samples collected a sand blank and field duplicate are inserted with all batche dispatched to the laboratory. Results are reported for all 1504 MMI soil samples.

MMI soil samples are processed as received. MMI soil samples are analysed by SGS Laboratories in Burnaby, British C Canada using laboratory technique GE_MMI_M which is a proprietary partial leach analysis.

Rock chip and QAQC Samples
Sampling includes 157 rock chip and QAQC samples. Samples collected from available outcrops which occur sporadic

areas traversed. For every 20 samples collected a certified standard and blank are inserted with all batches sent to the laboratory.

Rock chip samples are dried and crushed to 70% passing 2mm, then riffle split to a 250gm which is pulverized to better 85% passing 75 microns. Samples are analysed by ALS Laboratories in Val-d'Or, Quebec, Canada using laboratory tec ME-MS61, Au-AA23, and Au-GRA21.

Geophysical Surveys

New aeromagnetic and LiDAR geophysical surveys were completed in June-August 2018 on newly acquired tenure to existing LiDAR and helicopter-based aeromagnetic coverage to the north and west of the main Larder Lake – Ca Fault (Figure 3). In conjunction with field geological mapping, these surveys have improved the Company's geological understanding of the known gold occurrences throughout the project area.

Proposed Future Work

A 3D-IP OreVision survey commenced in early October to extend existing coverage along the Larder Lake-Cadillac Fau additional ~7km east of the 2017 survey area (which covered ~16km of strike). The grid is also being extended to the s cover the new Legrand anomaly to the south-east of Lac Rapides. Survey results are expected by the end of Decembe

The recently received results are being incorporated with the previously acquired data to design a diamond drill progra for the upcoming winter drill season, to commence in January 2019. The program will be designed to test the new surfa anomalies as well as testing several zones along strike from existing mineralisation. Existing targets will be refined and drill targets may be added to the program once the 3D-IP survey results are finalised in late December.

Alex Dorsch
Chief Executive Officer

JORC Tables

Refer to the ASX announcement entitled "Newly defined large-scale gold anomalies prioritised for drill testing at East C Gold Project, Quebec", released on October 25, 2018 for JORC tables. This announcement is available to view on the Company's website at www.chalicegold.com.

About the East Cadillac Gold Project, Quebec, Canada

The East Cadillac Gold Project covers an area of 245km^2 and is located ~35km east of the >20Moz Val-d'Or gold camp 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 along strike with globally significant mines) includin Canadian Malartic (endowment of >16Moz) and Sigma Lamaque (endowment of >11Moz) (both not owned by Chalice).

The Project surrounds the historical Chimo gold mine, owned by Cartier Resources (TSX: ECR), which produced ~379 4.8g/t Au. The Project is a consolidation of several earn-in option agreements (Chalice earning 70 to 100%) and Chalic 100%-owned claims (refer to figure 4).

Qualifying Persons Statement

The information in this report that relates to Exploration Results in relation to the East Cadillac Project is based on infor compiled by Dr. Kevin Frost BSc (Hons), PhD, a Competent Person and Qualifying Person, who is a Member of the Au Institute of Geoscientists. Dr. Frost is a full-time employee of the company and has sufficient experience that is relevan activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for of Exploration Results, Minerals Resources and Ore Reserves, and is a Qualified Person under National Instrument 43 – 'Standards of Disclosure for Mineral Projects'. The Qualified Person has verified the data disclosed in this rele including sampling, analytical and test data underlying the information contained in this release. Dr. Frost consents to th

inclusion in the announcement of the matters based on his information in the form and context in which it appears.

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 (co forward-looking statements). These forward-looking statements are made as of the date of this document and Chalice Mines Ltd. (the Company) does not intend, and does not assume any obligation, to update these forward-looking stater

Forward-looking statements relate to future events or future performance and reflect Company management's expectat beliefs regarding future events and include, but are not limited to, the estimation of mineral reserve and mineral resourc realisation of mineral reserve estimates, the likelihood of exploration success at the Company's projects, the timing and of estimated future production, costs of production, capital expenditures, success of mining operations, environmental r 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 n expect", "is expected", "is to be", "will", "may", "would", "budget", "scheduled", "estimates", "forecasts", "intends", "antici "does not anticipate", "believes" or variations of such words and phrases or statements that certain actions, events or re may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminolo their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which m the actual results, performance or achievements of the Company to be materially different from any future results, perfo 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; chan project parameters as plans continue to be refined; future prices of mineral resources; possible variations in mineral res ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtain governmental approvals or financing or in the completion of development or construction activities; as well as those fac detailed from time to time in the Company's interim and annual financial statements, all of which are filed and available on SEDAR at sedar.com.

Contact:
Alex Dorsch, Chief Executive Officer, Chalice Gold Mines Ltd., Telephone +618 9322 3960; Nicholas Read, Principal and Managing Director, Read Corporate Investor Relations, Telephone +61 8 9388 1474

Although the Company has attempted to identify important factors that could cause actual actions, events or results to d materially from those described in forward-looking statements, there may be other factors that cause actions, events or not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove t accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordin readers should not place undue reliance on forward-looking statements

SOURCE: Chalice Gold Mines Ltd.