Chalice Gold Mines - Strong, shallow EM conductors identified ahead of maiden drill program at King Leopold Nickel Sulphide Project, WA

20.08.2019 | CNW

Drilling planned to commence next month to test multiple new ground-based EM targets

Highlights

- Moving-Loop Electromagnetic (MLEM) survey completed over four previously identified airborne EM targets on 100%-owned hard-rock mineral rights tenure:
  - Cluster of strong, discrete, late-time EM conductors identified at the Ephesus Target; and
  - Two shallow conductors identified with ~5,000 Siemens conductance overlying Ruins Dolerite outcrop – a known host of high-grade magmatic nickel sulphides in the district.
- Airborne EM program completed over a previously untested ~8km strike length of Ruins Dolerite outcrop within the King Sound Area (Chalice earning an 85% JV interest):
  - New strong, discrete EM conductor identified at King Sound Target; and
  - Additional MLEM planned to refine target for possible inclusion in maiden drill program.
- Maiden RC drill program planned to commence in September to test the two high-priority Ephesus EM conductors and potentially additional targets defined at King Sound.
- King Leopold Orogen continues to demonstrate the potential for new high-grade nickel sulphide discoveries.
- Chalice well positioned with a ~1,800km^2 land-holding in this frontier nickel sulphide province and >A$30 million in working capital and investments.
- Nickel market outlook exceptionally strong, driven by electrification across multiple industries and increasing demand for class-1 nickel for use in lithium-ion batteries.

PERTH, Western Australia, Aug. 20, 2019 - Chalice Gold Mines Ltd. ("Chalice" or "the Company") (ASX: CHN | TSX: CXN | OTCQB: CGMLF) is pleased to advise that it has identified several highly prospective EM conductors from recent ground-based and airborne EM geophysical surveys over the King Leopold Nickel Project in the west Kimberley region of WA (Figure 1).

Commenting on the results, Chalice's Managing Director Alex Dorsch said: "Our first program of ground-based and airborne geophysics has delivered encouraging early-stage results. Given we have only owned the project for a couple of months, we have made great progress on the project in a short timeframe."

"Ground-based EM surveys have confirmed several strong, shallow EM targets at Ephesus which, considering their proximity to the high-grade Merlin nickel sulphide Prospect, may represent massive sulphides. The cluster of strong shallow conductors overlying Ruins Dolerite outcrop represent priority targets for our upcoming drilling program."

"The recently completed airborne EM survey over the previously untested King Sound Area has also identified promising additional targets that will be further refined with ground-based EM surveys ahead of the drill program. We are very much looking forward to the start of RC drilling next month."

All high-priority targets identified are located within or near outcropping / sub-cropping Ruins Dolerite, a known host rock of high-grade magmatic nickel sulphides in the province.

Ground-based EM Results

A MLEM survey was completed over E04/1169, where Chalice owns 100% of the hard-rock mineral rights. The program followed up on four priority targets identified from the previous "Xcite" Airborne EM survey in 2018, with the objective of defining drill-ready, discrete, late-time EM conductors.

The MLEM survey included 125 stations over 12 lines and successfully generated nine conductive plates. Two high priority, strong, discrete and shallow EM conductors were identified and modelled at the Ephesus Target (Figure 2).

Conductors A and B have a strong conductance of ~4,800 and ~5,000 Siemens respectively, and are modelled at a shallow depth within an extensive suite of Ruins Dolerite. The interpreted source of the conductors is massive sulphides.

Conductors C to F are modelled with low to moderate conductance (<3,000 Siemens) and based on field reconnaissance are likely sourced from pyritic and/or graphitic units. They are therefore considered to be lower priority for follow-up drill testing.

All conductors will be field checked in the coming weeks in order to locate any surface expressions of the conductive sources.

Table 1 below summarises the properties of each significant conductor identified to date at the Ephesus Target.

Table 1. Modelled July 2019 MLEM conductors at Ephesus Target, King Leopold Nickel Project*

Plate ID	Depth to top (m)	Length (m)	Depth Extent (m)	Conductance (S)
A	163	315	60	4,850
B	92	100	300	5,024
C	35	2,000	220	2,750
D	101	1,010	228	1,000
E	90	600	150	1,000
F	87	437	213	430

* These parameters have been produced from Maxwell geophysical modelling software, and are approximations based on ground based EM surveys only.

Chalice is encouraged by this first phase of MLEM, with two highly prospective drill targets already identified in a similar geological setting to the nearby Merlin Prospect owned by Buxton Resources (ASX: BUX) and Independence Group (ASX: IGO). Buxton's Merlin Prospect has had several phases of EM and drilling, with drill intercept grades up to 8% Ni reported.

Airborne EM Results

A SkyTEM airborne EM survey was recently completed over E04/2299 and E04/2325, where Chalice is earning an 85% JV interest. This survey is the first geophysical program to be completed over this area, which includes an ~8km outcropping strike length of prospective Ruins Dolerite.

A total of 1,394 line kilometres were flown at 150m line spacing, which generated clear and high-quality EM anomalies in a highly resistive environment.

Several discrete and strong mid-to-late time EM anomalies were identified, coincident with the outcropping

ridge of Ruins Dolerite, which require immediate field checking (Figure 3).

Forward Plan

A heritage survey is planned in late August on the southern areas of E04/1169 as well within key areas of interest on E04/2299 and 2325. Field reconnaissance and further ground EM will then commence in early September at the King Sound Area, as well as at two additional targets on E04/1169.

RC drilling at the Ephesus Target and potentially additional King Sound ground EM targets is expected to commence in mid-late September. The program may be expanded subject to the results of the next phase of reconnaissance and geophysics.

Sampling Techniques

- No drilling data to be reported
- Khumsup Geophysics was contracted to complete the Moving Loop Electromagnetic (MLEM) survey.
- SkyTEM Australia was contracted to complete the Airborne Electromagnetic (AEM) survey.
- MLEM survey data was collected with 200x200m loops and 50 to 100m stations spacing using a Smartem 24 system and FluxGate 3 component receiver in a 200m offset Slingram configuration. Z, X and Y component data were collected at a base frequency of 1Hz.
- AEM survey was heli-borne, with 150m line spacing using a high current and low base frequency (12.5Hz) system
- Maxwell software was utilised to process and model the MLEM and AEM data.
- Modelling and interpretation of the EM survey geophysical data was undertaken by Armada Exploration Services
- MLEM data locations are surveyed with a handheld GPS with an accuracy of +/-5m which is considered sufficient for MLEM data location accuracy.
- Chain of Custody is managed by the Company's geophysical field contractor and geophysical consultants. The data is transferred daily and is QA/QC checked by a qualified (i.e. Member of ASEG) geophysicist.

JORC 2012 Tables:

Please refer to Appendix 1 for JORC 2012 tables.

(Signed)
Alex Dorsch
Managing Director

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About the King Leopold Nickel Project, WA

The King Leopold Nickel Project covers an area of ~1,800km2 in the west Kimberley region of Western Australia (Figure 4). The Project covers several known areas of Ruins and Hart Dolerite, which are both considered highly prospective for magmatic nickel sulphides as well as other related metals (Cu, Co and PGEs).

The Ruins Dolerite has been demonstrated to host high-grade nickel sulphides (drill intercept grades up to 8% Ni) after the Merlin discovery in 2015 by Buxton Resources (ASX: BUX). Buxton has since executed two option and earn-in joint venture agreements with Independence Group (ASX: IGO) and large-scale exploration activities are underway in the region. The JV has also substantially increased its licence holding in this frontier province.

Chalice's King Leopold Nickel Project is a combination of several 100% owned exploration licences, 100% owned hard rock rights as well as an earn-in agreement (earning up to 85%). Field activity on the Project commenced in late June 2019, initially focusing on areas immediately adjacent to the Merlin discovery.

Competent Persons and Qualifying Persons Statement

The information in this announcement that relates to Exploration Results in relation to the King Leopold Project is based on information compiled by Dr. Kevin Frost BSc (Hons), PhD, a Competent Person, who is a Member of the Australian Institute of Geoscientists. Dr. Frost is a full-time employee of the Company and has sufficient experience that is relevant to the activity being undertaken 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 inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

This Announcement 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 report 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 Company's strategy, the likelihood of exploration success at the Company's projects including King Leopold, the prospectivity of the Company's exploration projects including King Leopold, 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 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 , "planning" or, "is expected", "will", "may", "potential", "promising", "prospective" 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 programmes based upon the results of exploration; geophysical anomalies identified may or may not be associated with economic mineralisation, future prices of commodities; grade or recovery rates; accidents, labour disputes and other risks of the mining and exploration 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, on ASX at asx.com.au and OTC Markets at otcmarkets.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.

SOURCE Chalice Gold Mines Ltd.

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