

14 May 2020

Chalice raises A\$30 million to fund next phase at Julimar

Strong demand from major domestic and international investors

Highlights

- **A\$30 million raised** (before costs) at **A\$1.05 per share**, from major institutional and sophisticated investors.
- Firm commitments were received for in excess of A\$75 million indicating **strong demand**.
- Placement proceeds to fund systematic exploration activities at Chalice's 100%-owned Julimar Ni-Cu-PGE Project in WA, where Chalice recently made a **high-grade greenfield nickel-copper-PGE discovery**.
- The next phase of activities at Julimar are now fully-funded and include:
 - Diamond drilling targeting **high grade Ni-Cu-PGE mineralisation** (currently underway);
 - RC and diamond drilling to test the full extent of the **~1.6km long x 0.7km** wide mineralised system and potentially derive a maiden JORC Resource; and,
 - Preliminary metallurgical testwork as well as initial mining, processing, environmental and economic scoping studies.
- In addition, the Company will commence a **regional-scale exploration** program in the coming months along **~24km** of the highly prospective Julimar Intrusive Complex which is **yet to be explored** (subject to land access).
- Exploration will also continue at the highly prospective Pyramid Hill Gold Project, where 2 diamond rigs are currently drilling.
- Given the **strong demand**, Executive Chairman Tim Goyder has agreed to sell 10 million shares (~20% of his holding in Chalice) at A\$1.05 per share to facilitate meaningful investment from several parties.
- Upon completion of the capital raising Chalice will have a cash balance of **~A\$47 million**.

Chalice Gold Mines Limited ("Chalice" or "the Company", ASX: CHN | OTCQB: CGMLF) is pleased to report that it has accepted firm commitments for a placement of new fully paid shares in Chalice ("New Shares") at A\$1.05 per New Share to raise A\$30 million ("Placement"), to underpin the next phase of activities at its 100%-owned Julimar Ni-Cu-PGE Project.

Importantly, following completion of the Placement, the Company will be able to fund an expanded, systematic exploration program at Julimar, which is anticipated to include a maiden Mineral Resource Estimate as well as preliminary metallurgical and mining studies for the Gonnevillie discovery. Exploration activities at the highly prospective, 100%-owned Pyramid Hill Gold Project in Victoria will also continue.

The Placement, which was strongly supported by institutional investors globally, having received firm commitments for in excess of A\$75 million, was conducted at A\$1.05 per share and comprises a single tranche A\$30 million Placement via the issue of 28,714,285 New Shares within the Company's 15% placement capacity in accordance with ASX Listing Rule 7.1.



Chalice's Managing Director, Alex Dorsch, said: "We are of the view that Julimar has the potential to become a world-class project, and hence we are gearing up to accelerate our exploration and development activities.

"Recent investor engagement revealed significant investor demand that was reflected in this capital raising. We welcome the addition of a number of significant sophisticated investors to Chalice. We look forward to advancing our exciting projects and look forward to releasing more exploration results from Julimar and Pyramid Hill in the coming weeks."

Settlement of the New Shares is expected to occur on Tuesday 19 May 2020, with allotment to occur on Wednesday, 20 May 2020. Upon completion of the Placement, the 28,714,285 New Shares will represent approximately 9.4% of the expanded share capital of the Company, for a total of 303,482,419 ordinary shares on issue.

Bell Potter Securities Limited and Euroz Securities Limited acted as Joint Lead Managers and bookrunners to the Placement. Red Cloud Securities Inc. acted as co-manager in North America.

During the course of the bookbuild process for the Placement, several large bids were made by parties with significant interest in Chalice. Executive Chairman, Tim Goyder, as a result of this interest and to facilitate meaningful investment from those parties, has agreed to sell 10 million Chalice shares at A\$1.05 per share, representing ~20% of his ~45.9 million holding in Chalice.

Mr Goyder, a founding director of the Company has invested ~A\$9 million of his own funds in Chalice over the course of ~15 years, without having sold any shares in that time. Mr Goyder will continue to hold ~12% of the ordinary shares on issue post completion of this sale and Placement.

Chalice's Executive Chairman, Tim Goyder, said: "The Company is now in an even stronger financial position and, while I have sold a small part of my holding, I am very excited by the potential of our projects and I remain fully committed to the Company.

"I would like to welcome our new investors to the register, and to thank all of our current shareholders for their continued support. I look forward to the next phase of growth for the Company.

An Appendix 3B for the proposed issue of securities will follow this announcement.

Authorised for release on behalf of the Company by:

Alex Dorsch
Managing Director

For further information, please visit www.chalicegold.com to view our latest corporate presentation, or contact:

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About the Julimar Nickel-Copper-PGE Project, Western Australia

The 100%-owned Julimar Nickel-Copper-PGE Project is located ~70km north-east of Perth in Western Australia on private land and State Forest. The Project was staked in early 2018 as part of Chalice's global search for high-potential nickel sulphide exploration opportunities.

Chalice interpreted the possible presence of a mafic-ultramafic layered intrusive complex at Julimar based on high resolution regional magnetics. The large complex is interpreted to be ~26km long and ~7km wide and considered prospective for nickel, copper and platinum group elements. However, it had never been explored for these metals (**Figure 1**).

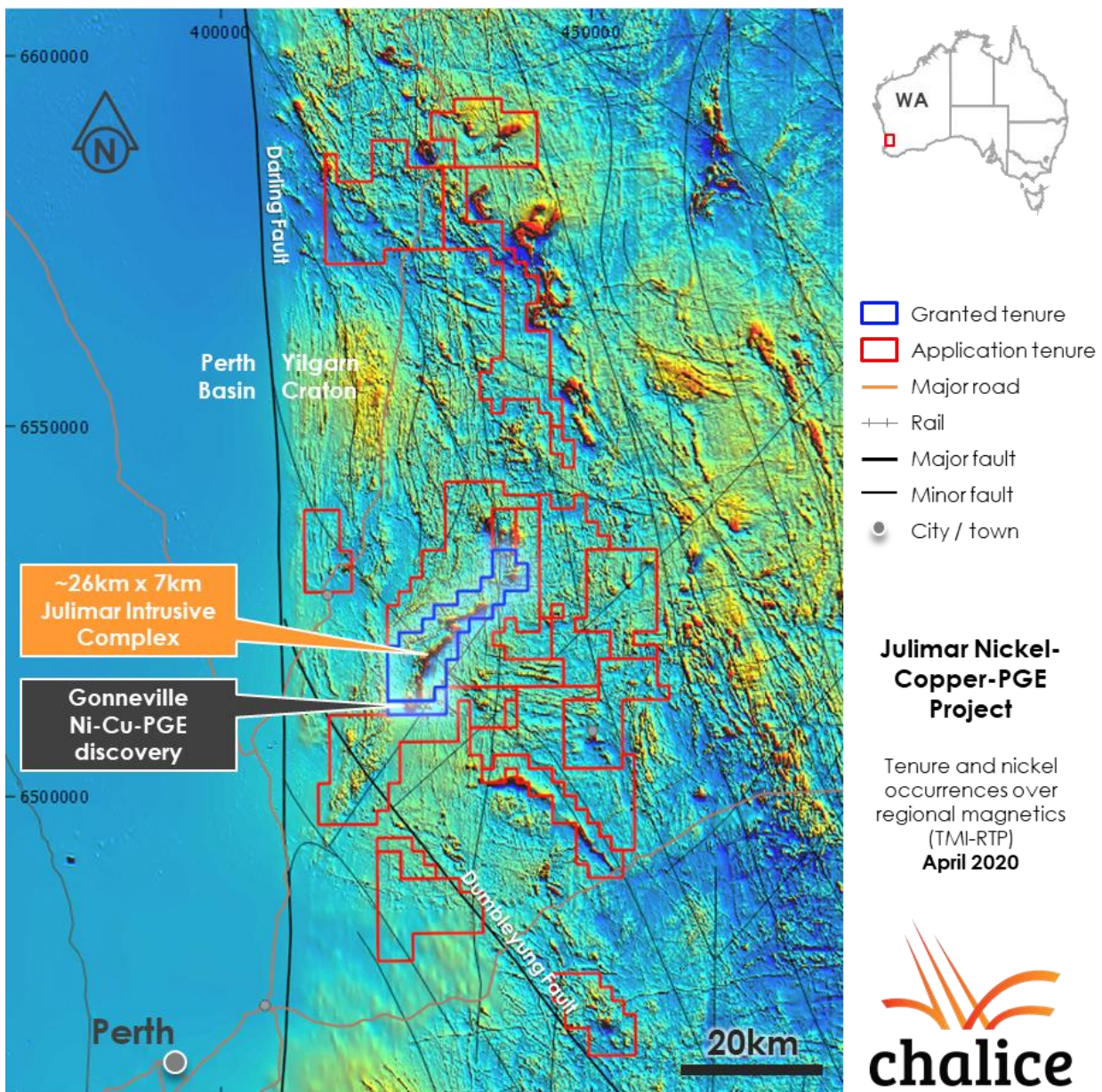


Figure 1. Julimar Project tenure over regional magnetics.

Chalice commenced a systematic, greenfield exploration program in mid-2019 in the southern portion of the Project on private land, targeting high-grade Ni-Cu-PGEs. This included 200m-spaced Moving Loop Electromagnetic (MLEM) with selective 100m infill lines, targeted soil geochemistry over high-priority MLEM conductors, and geological mapping which failed to identify any bedrock exposures over the area of interest.

Two MLEM conductors were shown to be associated with anomalous nickel-in-soils and preferentially located along the margins of a ~2km x 0.5km discrete magnetic anomaly interpreted as a potential feeder zone located near the southern extent of the intrusive complex.

An initial RC drill program commenced in Q1 2020 and resulted in the discovery of high-grade nickel-copper-cobalt-PGE mineralisation at the newly named Gonnevillle Intrusive. Drilling to date has established the Gonnevillle Intrusive has widespread zones of PGE mineralisation as well as several wide zones of high-grade Ni-Cu-Co-PGE.

PGE mineralisation has been confirmed in 12 RC holes drilled to date over the ~1.6km x 0.7km Intrusive and disseminated sulphides (trace to 3% on average) have been identified up to ~450m below surface. Disseminated sulphide zones intersected to date have a grade range of 0.5-1.1g/t PGEs, <0.2% Ni, <0.15% Cu and <0.05% Co. In general, metal content appears to correlate well with sulphur content.

High-grade massive or matrix sulphide zones intersected to date are up to ~30m wide and have a grade range of 3-9g/t PGEs, 0.5-3.2% Ni, 0.5-1.2% Cu and 0.03-0.17% Co.

Weathering appears to extend down to ~30-40m below surface and a well-developed saprolite profile over serpentinite contains elevated PGE grades (ranging from 1.2-4.5g/t PGEs) from near surface to a depth of ~25m.

Forward Looking Statements

This report 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 Limited (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 price of the Company's securities, receipt of tax credits and the value of future tax credits, 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", "impending", "likely" 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; movements in the share price and future proceeds and timing of potential sale of the Company's securities, 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 (as the Company remains a Reporting Issuer in Canada), 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.

Competent Person Statement

The Information in this announcement that relates to exploration results for the Julimar Project is extracted from the following ASX announcements:

- "High-grade nickel-copper-palladium sulphide intersected at Julimar Project in WA", 23 March 2020
- "Preliminary results from second target at Julimar Project", 24 March 2020
- "Significant nickel-palladium discovery confirmed at Julimar", 15 April 2020
- "Second diamond hole intersects discovery zone at Julimar", 20 April 2020
- "Exciting visual results from deep diamond drill hole at Julimar", 5 May 2020
- "Large-scale PGE system further expanded at Julimar", 11 May 2020

The above announcements are available to view on the Company's website at chalicegold.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant original market announcements.