

Chalice Gold Mines Ltd. (TSX: CXN; ASX: CHN)

Recon Drilling Smoke A Good Sign

Exploration Update

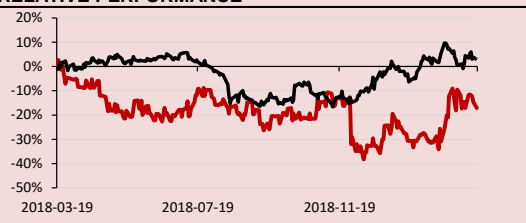
(Currency is CAD\$ unless noted otherwise)

Closing Price	\$0.14	
Consensus NAVPS	NA	
52 Week Low / High	\$0.10 / \$0.17	
Consensus P/NAV	NA	
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	266.6	272.8
Market Capitalization (\$MM)	\$37.3	
Enterprise Value (\$MM)	\$17.4	
Last Reported Quarter Cash (\$MM)	\$19.9	
Total Debt (\$MM)	\$0.0	

STOCK CHART



RELATIVE PERFORMANCE



RELATIVE VALUATION

US\$EV/oz AuEq

Peer Group Average*	\$22
Chalice Gold Mines Limited	NA

*Capital IQ Consensus

MAJOR SHAREHOLDERS

Management (23.35%), HSBC Nominees (Australia) Ltd (17.25%)

DISCLOSURE CODE:

2,4

(Please refer to the disclosures listed on the back page)

Source: RCKS, Company Information, Capital IQ

Company Description

Chalice Gold Mines is a well-funded junior explorer with district-scale exploration projects across tier-1 mining jurisdictions in Australia and Canada. Chalice's key projects are the 100%-owned Pyramid Hill Gold Project located in the prospective Bendigo gold district of Victoria, as well as the East Cadillac Gold Project in the equally significant Val-d'Or gold district Quebec.

Impact: Mildly Positive

Chalice has released encouraging results from its Pyramid Hill project where it just completed a 19,500m air-core and reverse-circulation (AC/RC) reconnaissance drill program. Chalice is on the hunt for world class deposits at Pyramid Hill in the prolific Victorian Goldfields of Australia while also advancing East Cadillac, within the Abitibi of Quebec, where exploration work is ticking the boxes for another Canadian Malartic. **Chalice's discounted EV doesn't reflect that this is a cashed-up junior on the hunt in two major gold camps.**

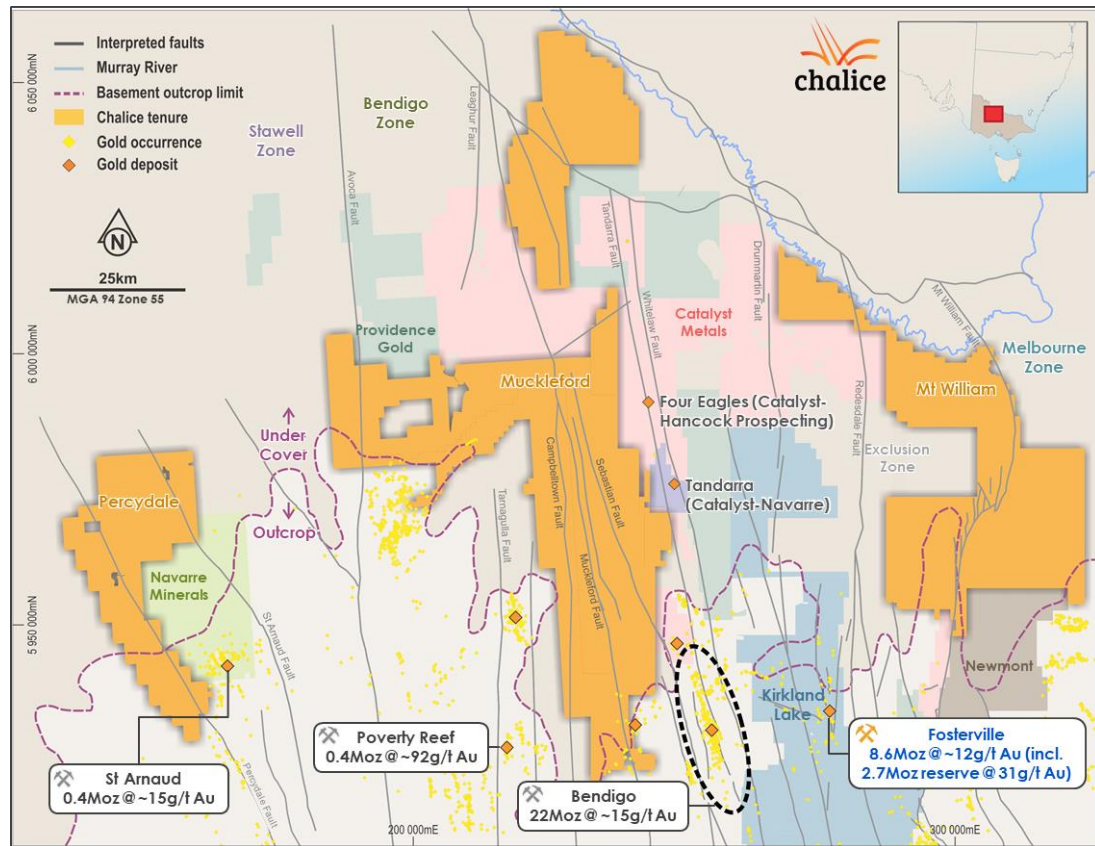
Highlights:

- **AC/RC recon drilling fleshes out targets.** Chalice reported the first batch of results from widely spaced reconnaissance holes drilled within its Muckelford Property. From the East Target, Chalice reported 6m at 6857 ppm As (PA 136) and 4m at 0.25 g/t Au (PA 149). From the West Target, PA 073 returned 4m at 0.39 g/t Au and PA 078 returned 4m at 0.29 g/t Au. We note that the high-grade gold deposits in the southern exposed portion of the Bendigo camp have footprints measured in kilometers and feature extensive geochemical halos. Today's results will help enable Chalice to vector to a potential gold discovery at depth.
- **Catalyst Metals, Proof of Concept.** Chalice's neighbor, Catalyst Metals (A\$180M Market Cap), has had great drilling success exploring under cover at their Four Eagles and Tandarra projects. Geochemical anomalies identified in AC holes within overburden led to headline grabbing diamond drill results including 16m at 63 g/t Au at the Boyd's Dam Zone (June 25, 2018). Catalyst's current market cap is based on a 50% and 51% interest in pre-resource exploration at Four Eagles and Tandarra, respectively.
- **More reconnaissance drilling underway.** Chalice will be following up with an additional 15,500m of AC/RC drilling at Muckelford given that their multi-purpose AC/RC rig configuration is proving itself as an effective geochemical sampling tool. In addition, Chalice will be launching a 4000m reconnaissance AC/RC drill program at its Mt William property (Figure 3), north of Kirkland Lake Gold's (TSX, NYSE: KL, ASX: KLA) high-grade Fosterville mine.

Valuation:

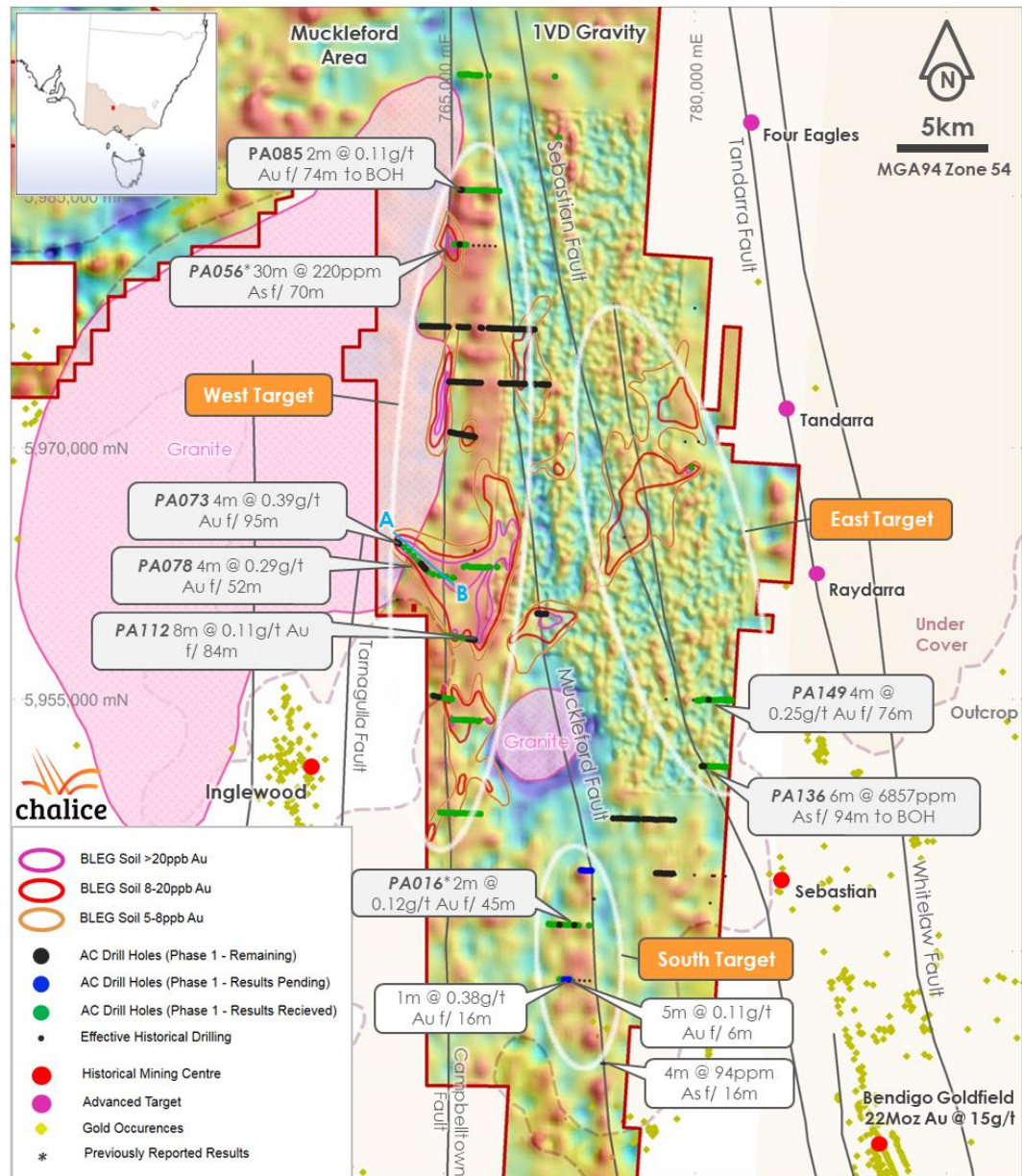
Chalice is an inexpensive option on a major discovery. With A\$21M in cash, Chalice is well positioned to advance its exploration programs while avoiding dilution, effectively providing investors a low-cost option on any exploration success, with a major discovery providing significant upside. **Upcoming Catalysts** 1) Ongoing exploration results from both the Pyramid Hill and East Cadillac projects

Figure 1: Pyramid Hill Gold Project Location



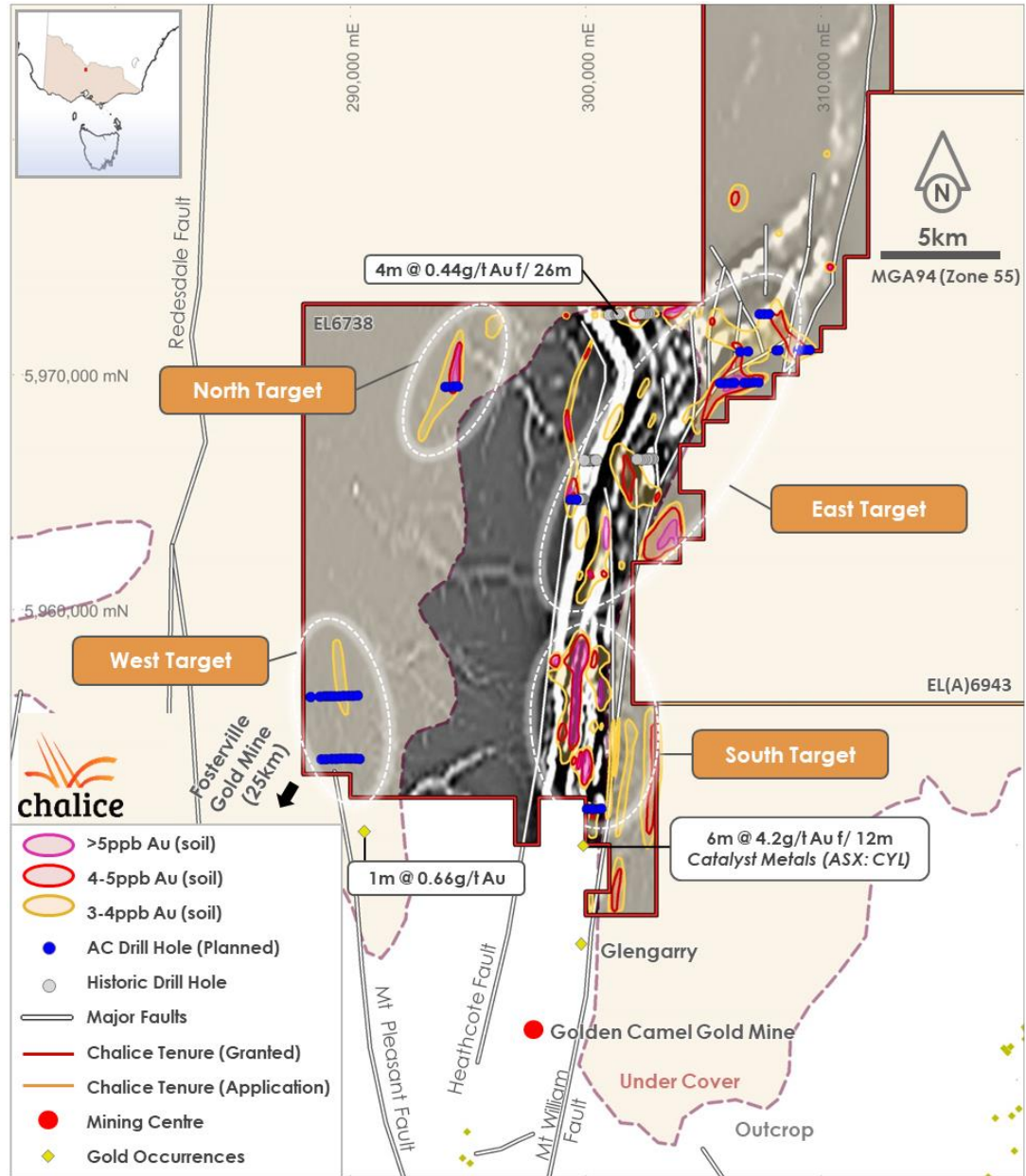
Source: Company Reports

Figure 2: Phase 1 drill results from Muckleford Area



Source: Company Reports

Figure 3: Mt William Phase 1 Drill Targets



Source: Company Reports

Figure 4: Company Comparables

Company	Ticker	Price (C\$/sh)	YTD Perf.	Shares (M)	Mkt. Cap C\$M	Cash C\$M	Debt C\$M	EV C\$M	US\$EV/oz AuEq
Chalice Gold Mines Limited	TSX: CXN	\$0.14	0%	267	\$37	\$20	\$0	\$17	NA
Eastmain Resources Inc.	TSX:ER	\$0.14	-15%	223	\$31	\$3	\$0	\$28	\$12
IDM Mining Ltd.	TSXV:IDM	\$0.05	-17%	520	\$26	\$3	\$0	\$23	\$23
Marathon Gold Corporation	TSX:MOZ	\$0.98	27%	167	\$164	\$6	\$0	\$158	\$28
Ascot Resources Ltd.	TSXV:AOT	\$0.86	-35%	174	\$150	\$11	\$0	\$139	\$44
Bonterra Resources Inc.	TSXV:BTR	\$2.00	-23%	46	\$92	\$11	\$2	\$83	\$32
Abcourt Mines Inc.	TSXV:ABI	\$0.06	-14%	300	\$18	\$3	\$0	\$15	\$5
Monarch Gold Corporation	TSX:MQR	\$0.25	2%	241	\$60	\$11	\$8	\$58	\$12
Median Average									\$23 \$22

Source: S&P Global Market Intelligence, RCKS Estimates

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Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
Chalice Gold Mines Ltd	ASX:CHN	2,4

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