

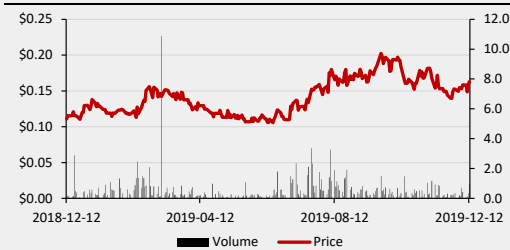
Chalice Gold Mines Ltd. (TSX: CXN, ASX: CHN)
Diamond Drilling to Test Gold Trend Discovery at Karri

Exploration Update
December 13, 2019

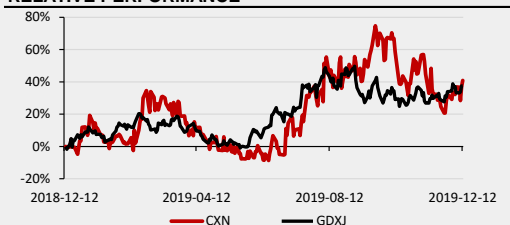
(Currency is CAD\$ unless noted otherwise)

Closing Price	\$0.16	
Fair Value Estimate	NA	
52 Week Low / High	\$0.10 / \$0.20	
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	274.1	291.2
Market Capitalization (\$MM)	\$43.9	
Enterprise Value (\$MM)	\$30.5	
Cash and Equivalents (\$MM)	\$13.4	
Total Debt (\$MM)	\$0.0	

STOCK CHART



RELATIVE PERFORMANCE



Peer Comparison	EV C\$M
Canadian Peer Group	\$192
Australian Peer Group	\$97
Chalice Gold Mines Limited	\$30

*Capital IQ Consensus

MAJOR SHAREHOLDERS

Management (21.39%), Franklin Resources, Inc. (11.35%),
Canadian Register Control (5.97%)

DISCLOSURE CODE: 2,4

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

Source: RCS, 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: Positive

Chalice Gold Mines announced that it has discovered a new >2km gold trend at the Karri target at its 100%-owned Pyramid Hill Gold project in Victoria, Australia. The company has received assays from its Phase 2 air-core (AC) drilling program at Karri that intersected broad zones of anomalous gold and could potentially indicate a significant gold system.

We note that these results, together with reconnaissance work at Ironbark, mark an inflection point for Chalice and pave the way for a possible rerating as the company starts diamond drilling in Q1/20 to follow up on the identified gold trends.

Highlights:

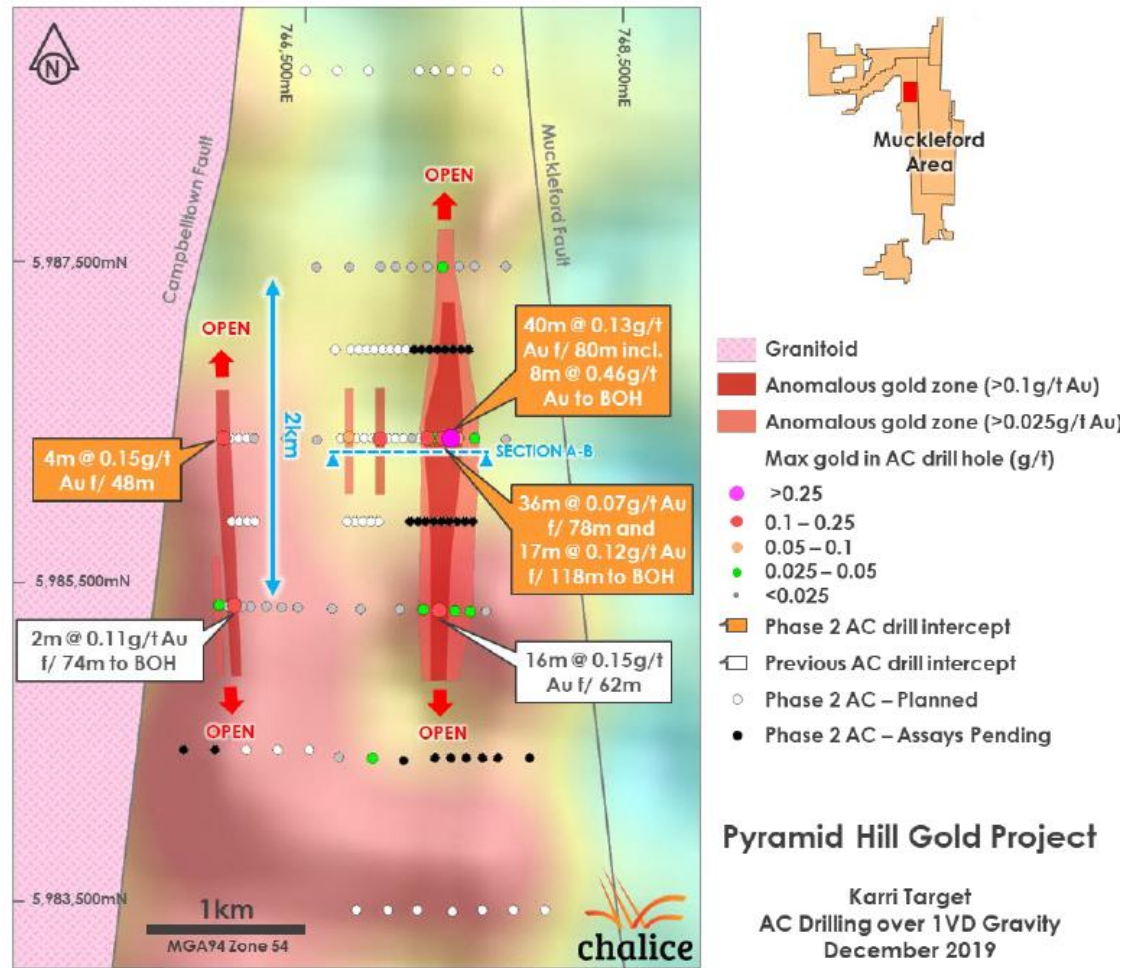
- **Broad zones of anomalous gold intersected at Karri.** Chalice has completed a total of 63 AC holes (7,260m) at the Karri target, with assays for ~4,700m to-date. Notably, two AC holes were drilled 100m apart in the main trend that intersected a zone of anomalous gold (Figure 1). Highlight intersections (from 4m composites) were: 1) 36m at 0.07 g/t Au from 78m and 17m at 0.12g/t Au from 118 to TD (PA433) and 2) 40m at 0.13g/t Au from 80m to TD (PA444). While these results individually are not blockbuster results by any means, spatially as a group they could be pointing to a large system at depth
- **Step-out drilling points to potential large-scale system.** The Karri target is located within the Bendigo Zone, which has historically been high-grade in nature and lacks exploration due to there being little visible outcrop. The primary anomalous gold trend is over a >2km strike length, striking NS and is flanked by adjacent sub-parallel zones of gold anomalism – all of which remain open along strike to both the north and south. Several step-out holes with spacings of 500m have been drilled that have visual indications of abundant quartz veining, potentially indicating a large-scale mineralizing system.
- **Lots of drilling planned at Karri to tighten up spacing.** At Karri, ~5,700m of Phase 2 drilling is ongoing to achieve 50m spacings on select drill lines and tighten up overall spacing to 500m (estimated completion is mid-Q1/20). In late January 2020, an initial diamond drill hole will be done in parallel with AC drilling to better understand local stratigraphic and structural aspects of mineralization. A Phase 3 AC program is planned to refine the main gold trends before future deeper angled RC/DD drilling. Finally, assays are pending for ~5,500m of Phase 2 AC drilling at Karri and Beech.

Valuation:

With a fully funded exploration program and discounted EV, Chalice offers significant upside as the company better defines gold trends.

With the ongoing success of its exploration efforts, Chalice is well funded with an EV of ~\$27.8M, and we believe it offers significant upside with very limited downside risk. **Upcoming catalysts:** 1) Ongoing exploration results from Phase 2 AC drilling at Pyramid Hill (Ironbark, Karri and Beech targets) (Q1/20) and 2) Diamond drilling at Ironbark and Karri (Q1/20).

Figure 1: Plan View of Karri Target with AC Drilling over Gravity Geophysics



Source: Company Reports

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Company Specific Disclosure Details

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

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