

Chalice Gold Mines Ltd. (ASX:CHN)

First Time is a Charm; Spectacular Discovery at Julimar

Exploration Update
March 24, 2020

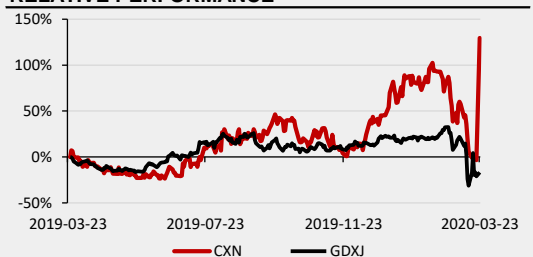
(Currency is CAD\$ unless noted otherwise)

Closing Price	\$0.32	
Rating	NA	
Target (\$/sh)	NA	
Return to Target	NA	
52 Week Low / High	\$0.12 / \$0.39	
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	274.1	296.9
Market Capitalization (\$MM)	\$87.0	
Enterprise Value (\$MM)	\$65.6	
Cash and Equivalents (\$MM) (incl. Equities)	\$21.5	
Total Debt (\$MM)	\$0.0	

STOCK CHART



RELATIVE PERFORMANCE



Peer Comparison	EV C\$M
Canadian Peer Group	\$107
Australian Peer Group	\$27
Chalice Gold Mines Limited	\$66

*Capital IQ Consensus

MAJOR SHAREHOLDERS

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

DISCLOSURE CODE: 3

(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 the tier-1 mining jurisdiction of Australia. 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 King Leopold Nickel Project in the west Kimberley region of Western Australia. Additionally, the 100%-owned Julimar nickel-copper-PGE project is located 70km NE of Perth in Western Australia.

Impact: Very Positive

Chalice Gold Mines announced a new discovery at its 100%-owned Julimar project in Western Australia. The company's first hole of a four-hole maiden RC drill program intersected Ni-Cu-PGE mineralization at shallow depth. The project is located ~70km NE of Perth and covers the entirety of a ~26km x 7km layered ultramafic-mafic intrusive complex that has never been explored for nickel or PGEs (Figure 1). **We view this new discovery as an extremely positive development for Chalice, as it demonstrates the ongoing ability of the company to generate exploration success that should continue to re-rate the stock.**

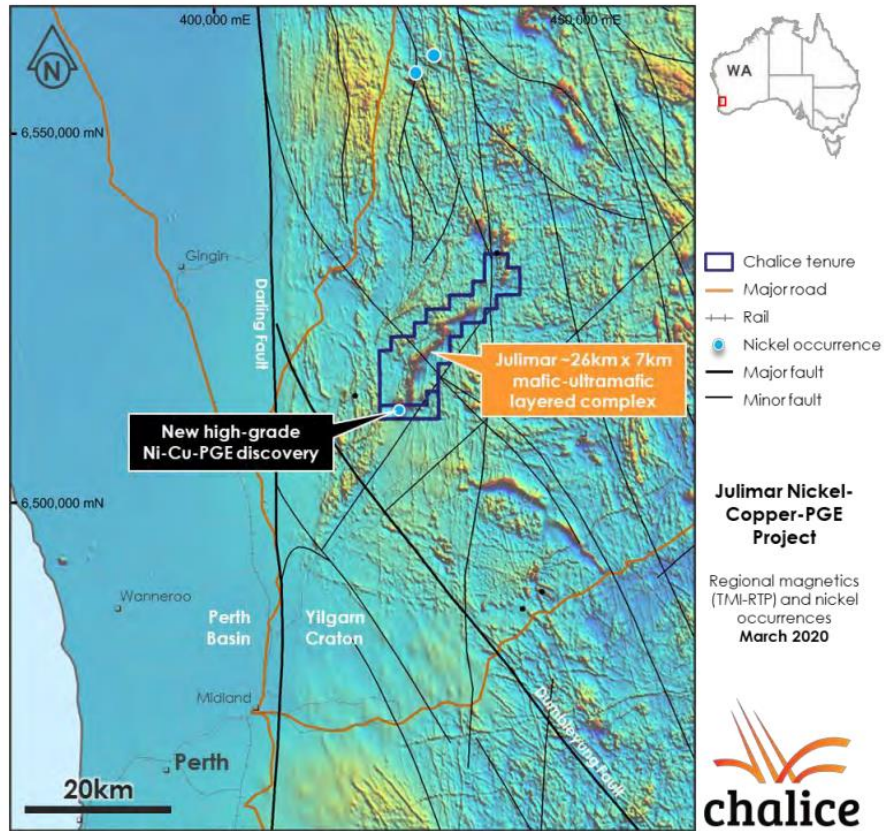
Highlights:

- **Drill hole #1 intersects high-grade mineralization at Julimar.** The company reported the results from its first of four drill holes planned at the Julimar project, as it discovered mineralization in a province that has never been explored for Ni-Cu-PGE metals. The highlight intersection from drill hole JRC001 is 2.59% Ni, 1.04 Cu, 8.37 g/t Pd and 1.11 g/t Pt over 19m from 48m depth (Figure 2). The intercept includes a massive sulphide zone of 13m as well as a matrix/stringer sulphide zone of 6m. Additionally, cobalt and other PGE assays are pending. The hole was drilled to a depth of 150m within a lens-shaped ~2km x 0.5km layered mafic intrusion that remains open in all directions.
- **Geophysics playing a large role and potentially leading the way to more hits.** In Q4/19, Chalice identified a lens-shaped magnetic anomaly using moving loop electromagnetics (MLEM) (Figure 3). The massive sulphide zone in JRC001 coincided with MLEM conductor 'E', which leads the company to believe MLEM is an effective targeting tool for shallow sulphides. The second drill hole (JRC002) is currently being drilled to test MLEM conductor 'A' at the NE margin of the magnetic anomaly and has so far intersected a sequence of mafic to ultramafic rock types with visible disseminated sulphides.
- **Advancing Julimar along with its other key assets.** The company is progressing Julimar alongside drill programs at its Pyramid Hill gold project in Victoria, where three rigs are currently turning. As part of the ongoing program at Julimar, three more geophysical targets are to be tested (one rig on site) and down-hole EM surveying is planned to define step-out targets. Chalice is expanding its regional licences and has filed licence applications for over 2,300km² around Julimar.

Valuation:

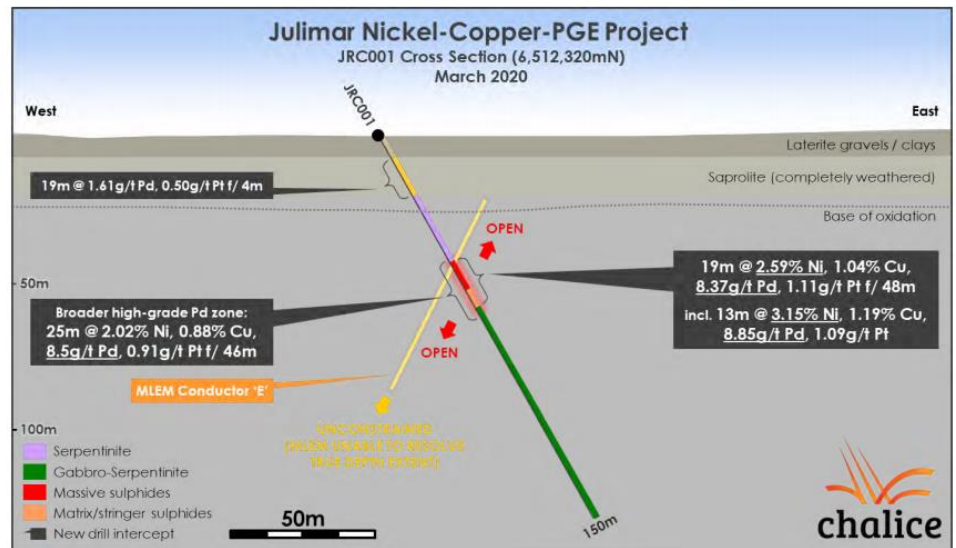
With a fully funded exploration program and discounted EV, Chalice offers significant upside as the company advances its exploration work. With the ongoing success of its exploration efforts, Chalice is well funded (~C\$9.1 in cash) with an EV of ~\$65.6M, and we believe it offers significant upside with very limited downside risk. **Upcoming catalysts:** 1) Ongoing exploration results from drilling at Pyramid Hill and Julimar and 2) Results from the 2D seismic program at the Muckleford area (Q2/20).

Figure 1: Julimar project tenure over regional magnetics



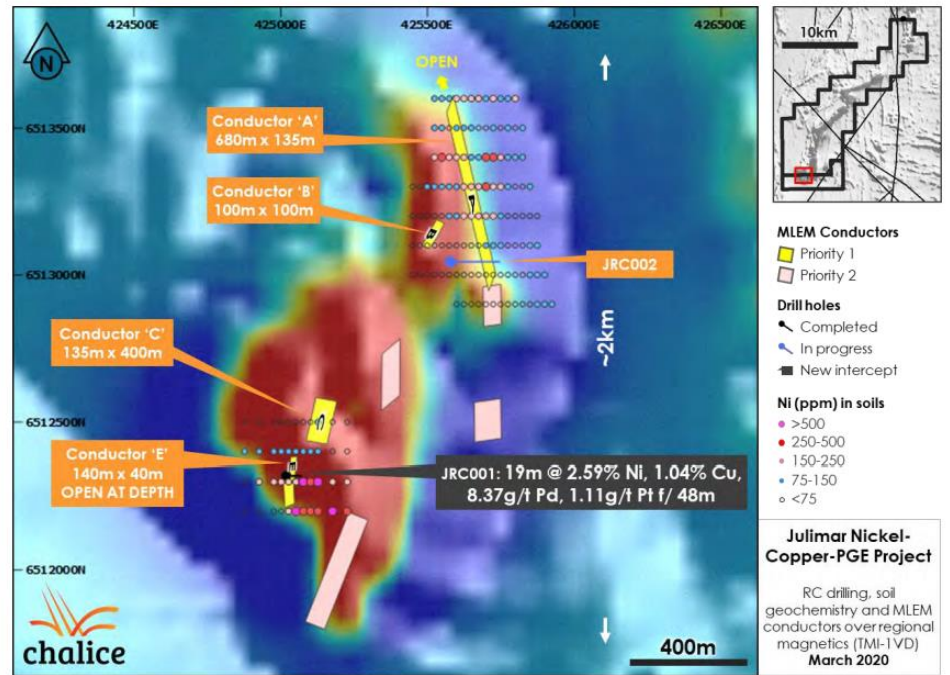
Source: Company Reports

Figure 2: Cross section showing the Julimar discovery hole (JRC001)



Source: Company Reports

Figure 3: Plan view of Julimar EM anomaly with RC drilling and soil geochemistry



Source: Company Reports

Jacob Willoughby | VP, Equity Research Analyst
Taylor Combaluzier | Research Associate

Red Cloud Securities Inc.

105 King Street East, 2nd Floor
 Toronto ON, M5C 1G6

research@redcloudsecurities.com

www.redcloudsecurities.com/research-home

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Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
Chalice Gold Mines Ltd.	ASX:CHN	3

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