

STOCKHEAD



Is this explorer closing-in on a new Victorian gold discovery? This analyst certainly believes so...

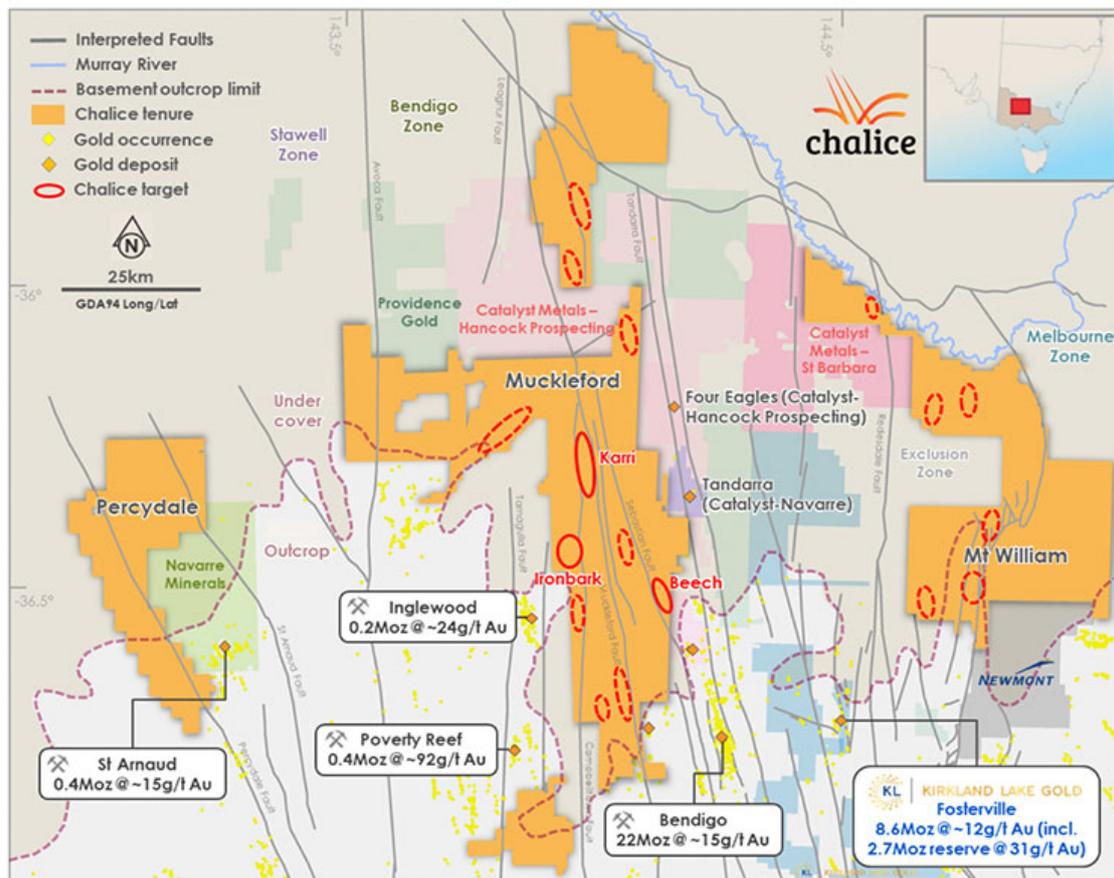
Special Report: Excitement levels appear to be building around well-funded gold explorer Chalice Gold Mines (ASX:CHN) and its ongoing drilling program to unearth the next big gold discovery in Victoria's Bendigo region.

Chalice shares firmed yesterday after it announced the discovery of a >2km long gold trend at the Karri Target, within its Pyramid Hill project, located near the world-class 8.6Moz ultra high-grade Fosterville gold mine (see figure below).

Chalice said recent air-core drilling had intersected “strongly anomalous gold grades for this early stage of drilling up to 0.7g/t” with zones of “abundant quartz veining with accompanying sulphides”.

Several parallel gold trends have been outlined at the Karri Target over an area of ~1.5km by 2km, which the company says shows the potential for “an extensive primary gold system”.

Chalice has assembled an impressive 5,190 square kilometre ground position in the Bendigo region (see map below), and, with an impressive cash and investments balance of ~\$30m (11c a share as of September 30), is progressing a major exploration program targeting new Tier-1 gold discoveries.

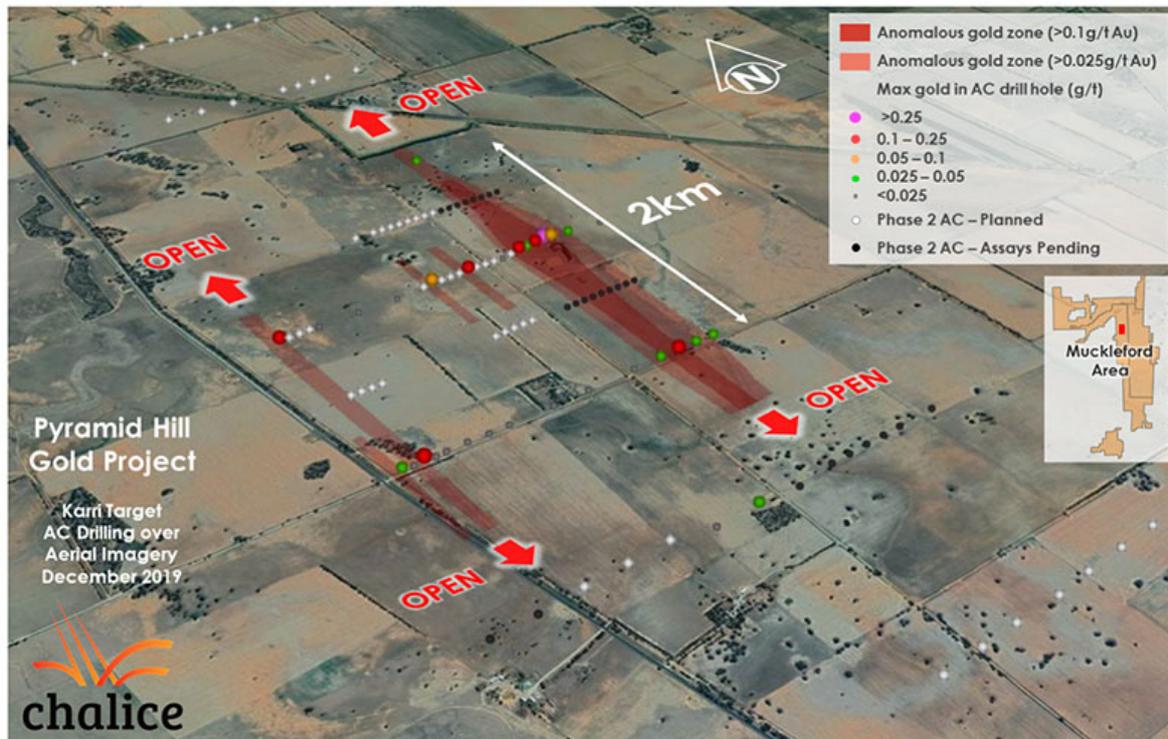


Strong similarities with early days at Four Eagles

According to veteran Sydney-based resource analyst Gavin Wendt, there are strong similarities between the early stage air-core results at Karri and the early results reported by Catalyst Metals (ASX:CYL) from its Four Eagles project.

“Some of the other big discoveries under cover in this region stemmed from early-stage air-core results just like this, and the similarities between the prospects at a similar stage of exploration is quite striking,” Wendt said.

“Of course, it’s still early days but it’s a great start and very encouraging to be generating such strongly anomalous gold results at this stage from shallow air-core drilling – which is really only a shallow geochemical test under 50-75m of Murray Basin cover.



“The real excitement could come when they put some deeper diamond holes in January next year and try to find high-grade lodes at depth – that will be the real breakthrough if they are successful.”

Catalyst Metals’ success at Four Eagles and elsewhere has since driven a sharp increase in its market capitalisation to over \$270m, Wendt says, demonstrating the value that can be created through systematic and focused greenfields exploration.

Chalice is currently trading at 18c for a market capitalisation of around \$49m, despite having a ~\$30m cash and investments balance (as of September 30).

And the stunning recent performance of the nearby Fosterville gold mine has firmly established it as one of the best gold mines in the

world, making the Bendigo region one of the most sought-after gold provinces in the world.

‘Excitement levels building’

Chalice managing director Alex Dorsch says “excitement levels are building” as the drilling advances, with the latest results suggesting that the Karri Target has “all the hallmarks of a significant gold system”.

The main anomalous gold trend identified in the drilling covers a strike length of >2km and strikes in a north-south orientation.

“Encouragingly, there are several sub-parallel zones of gold anomalism, all of which remain open along strike to the north and south,” Chalice said.

An additional ~5,700m of air-core drilling is underway at Karri to in-fill the drill coverage to 50m hole spacing on several lines, and also to tighten the drill spacing to 500m. Assays for an additional ~5,500m of drilling completed are also pending.

The company plans to drill some strategically located diamond holes into the new Karri and Ironbark Targets in January.

“We knew from the outset that the Karri Target had all the hallmarks of a significant gold system, and we are optimistic that we are on track to make a significant gold discovery,” Dorsch said.

“The identification of broad zones of low-level gold anomalism, such as these results at Karri, have been an important step in the discovery of numerous gold deposits throughout Australia and in Victoria in particular. They are particularly important in undercover areas as they allow the target search space to be rapidly refined.

“We are just beginning to scratch the surface on our district scale Pyramid Hill gold project and, given our strong financial position and significant technical expertise in-house, Chalice is positioned exceptionally well for the exploration journey ahead.”

One of Australia's exploration hot-spots

Meanwhile, as bidding heats up for one of the mining industry's most sought-after ground packages – surrounding the world-class 8.6Moz ultra high-grade Fosterville gold mine – interest in Victoria's Bendigo region has never been more intense.

The Victorian government has put four exploration blocks up for tender to the north and south of the outperforming gold mine, widely acknowledged as one of the profitable gold mines anywhere in the world.

Chalice on the other hand, made a cheap and quick entry into the region in late 2017 well head of the pack, viewing the lack of exploration within the region as a true opportunity.

Final tender bids for the four exploration blocks are due by end-January and the winning tenders will be announced later in the March quarter.

This could well coincide with some more results from Pyramid Hill, both from ongoing air-core drilling and from the eagerly anticipated diamond drilling planned at the Karri and Ironbark Targets in January.

All of which should make the start of 2020 an exciting time for Chalice holders.