## Quarterly Report

## East Cadillac Gold Project, Quebec, Canada

The East Cadillac Gold Project ("ECG Project") covers an area of 145km$^2$ and is located 35km east of the 20Moz Val-d'Or gold camp. With land-holdings encompassing a strike length of 16km of the Larder Lake-Cadillac Fault – the most prolifically endowed gold trend in the southern Abitibi – the project is situated amongst some of the region's most significant mines, and is adjacent to the historical Chimo gold mine (owned by Cartier Resources (TSX: ECR)). Recognising the lack of modern exploration work in the area, Chalice has systematically collected a broad range of geochemical, geophysical and geological data and combined it with a 3D model of the historical work to generate a large number of new targets throughout the highly prospective project area.

## Proposed Phase 2 Drilling

During the Quarter, Chalice reviewed the results from the recently completed project-wide surface geochemical sampling program, which consisted of MMI soil, Black Spruce bark and rock-chip sampling. This significant dataset, combined with the completion of extensive geophysical surveys including 3D IP and aeromagnetic surveys, has resulted in the identification of several additional high-priority targets (Figure 1).

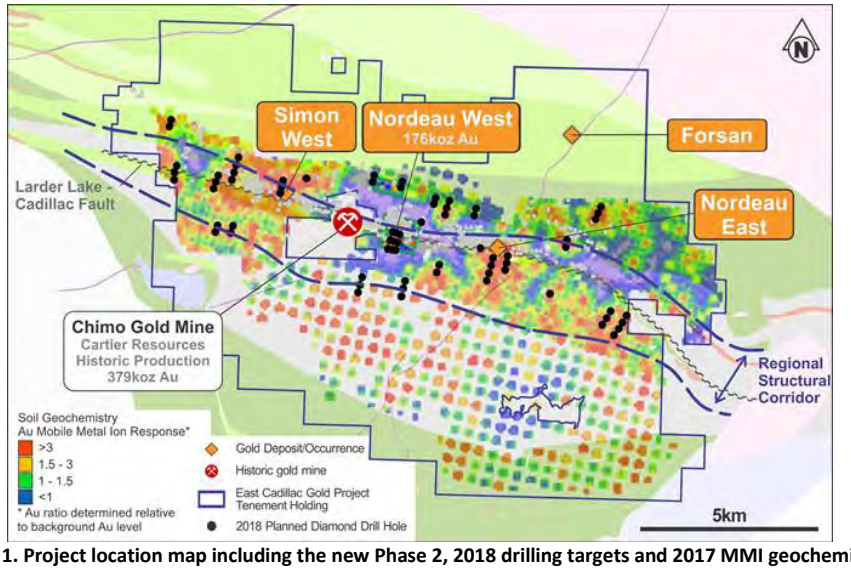


**Figure 1. Project location map including the new Phase 2, 2018 drilling targets and 2017 MMI geochemistry.**

MMI soil sampling identified numerous gold and pathfinder anomalies associated with and along strike from known gold deposits and occurrences on the Larder Lake – Cadillac fault, as well as volcanic-sediment contacts to the immediate north and within the sediment sequence to the south.

The 3D IP survey highlighted a series of strong chargeability anomalies, some associated with known gold mineralisation within the Piche Group Volcanics, and other chargeability anomalies which are broadly aligned with contacts between the mafic and sediment packages.

Based on the results of these programs, the targets to be tested by the expanded Phase 2 drilling program have been grouped into three areas:

**Larder Lake – Cadillac Fault corridor** (**the central mineralised trend).** Targets in this area are considered lower risk with portions of the trend already assessed, and the focus of drilling will be on testing areas down-plunge of existing showings and untested anomalies;

**Hanging wall targets** located north of the trend which are poorly tested to date – a similar area in the Val-d'Or district has delivered deposits such as Sigma Lamaque (~9Moz of historical gold production); and

**Footwall targets** to the south which are almost entirely untested – a similar area in the Malartic district has delivered deposits such as Canadian Malartic (total reserves and resources of >10Moz Au), however current data is widely spaced (400m) except for immediate area around the Marilynne showing.

## Phase 1 Drilling

An initial Phase 1 program of 14 holes for approximately 7,700m diamond drilling continued throughout the Quarter, with drilling in two of the four target areas completed (Figure 2). The balance of the drilling will be completed early in Q1 2018 prior to commencing the new Phase 2, 2018 drill holes.

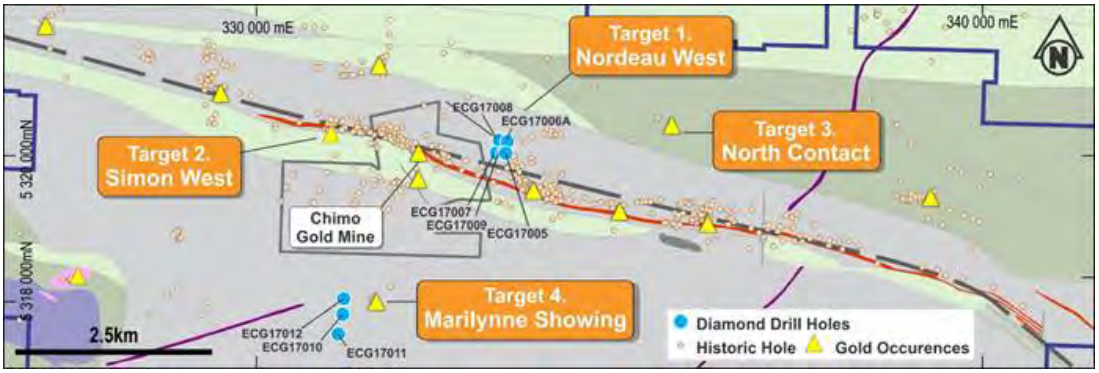


**Figure 2. Phase 1 diamond drilling completed during quarter**

A total of five drill holes were completed on the down-plunge extension of the Nordeau West deposit (Target 1) with all five holes intersecting the extension of the 5M mineralised structure, the main mineralised structure hosting gold mineralisation at the adjacent Chimo Mine complex.

Seven occurrences of visible gold were observed in the drill core. In addition to the 5M structure, several zones within the hanging wall sediments to the north that potentially represents the western extension of the Nordeau East zone were also identified.

The results have extended the mineralised structures in the Nordeau West deposit a further 150m west and down to the -800m vertical level. The mineralisation is associated with silica-sericite-chlorite-sulphide (arsenopyrite, pyrite) alteration within strongly deformed mafic tuff and volcanic rocks of the Piche Group, as well as the Cadillac sediments to the immediate north of the Cadillac fault.

Broad low-grade halos were defined in each hole with several reporting higher grade zones in the 2-7 g/t Au range across 0.7-3.1m core lengths. Preliminary assay results and drill-hole locations are presented in Annexure 1. Additional multi-element analysis is being combined with spectral data in Q1 2018 to complete a final interpretation.

The broad spacing was designed to confirm the extension of the structure and, if possible, grade. Final interpretations will be used to determine if in-fill drilling is warranted.

At the Marilynne showing (Target 4), two of the four holes intersected the surface mineralisation down-dip. Assays for these holes are pending. Drilling at Marilynne identified a previously unknown volcanic panel south of the Larder Lake - Cadillac Fault as well as additional polymictic conglomerate, confirming that this area has higher than previously recognised prospectivity.

The remaining seven holes at Simon West (Target 2) and the North Contact (Target 3) are underway and will be completed by the end of January 2018.

In addition to the Company's diamond drilling program, Cartier Resources, as part of their program testing the depth extension of the Chimo Mine, has collared two mother drill holes within the ECG Project immediately north of the tenement boundary, midway between Target 1 and Target 2. Both holes, CH17_46 and CH17_47, required coring, with approximately 500m contained within the Company's tenement area.

The core and all related survey data has been provided to the Company. Both drill holes were logged and sampled in December 2017, with assay results pending.

## Surface Geochemistry

Field activities were substantially completed at the start of the quarter, with the conclusion of surface geochemical surveys that included collecting an additional 402 Mobile Metal Ion (MMI) soil and 18 rock-chip samples. In-fill MMI soil samples were collected on detailed 200m x 200m centres in the centre of the property, and on reconnaissance spacing of 400m x 400m centres on the northern edge of the newly expanded property.

Rock-chip sampling was also completed along the northern edge. Results have been partially received and will be compiled and reviewed in Q1 2018.

## IP Geophysics

The 3D Induced Polarisation (3D IP) survey initiated in July 2017 was completed in November 2017 and preliminary 3D inversions have been provided for grid halves. As reported previously, well-developed chargeability anomalies have been defined along several trends that are coincident with surface geochemical anomalies and faulted key lithological contacts (Figure 3).

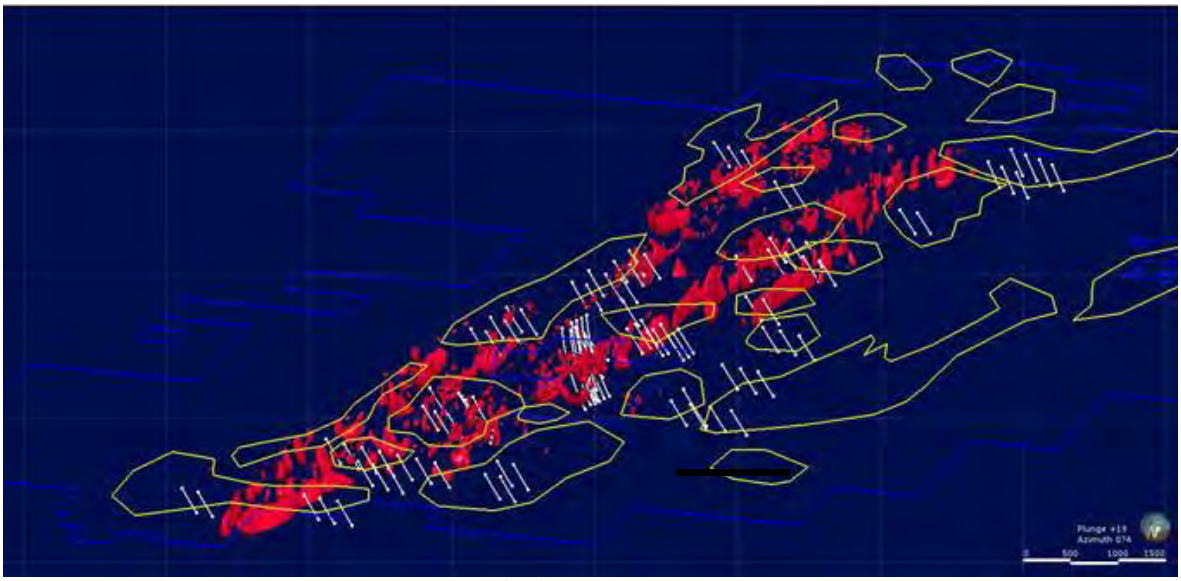

**Figure 3. 3D IP survey showing chargeability iso-surfaces (red) across entire survey area with planned Phase 1 and 2 drill holes and 2017 MMI Soil Geochemistry Anomalies (yellow)**