

ASX Announcement

27 April 2012

Shanghai Construction Group Board approves acquisition of Chalice's stake in Zara Gold Project

Chalice Gold Mines Limited (ASX:CHN) (TSX:CNX) is pleased to advise that the Board of Shanghai Construction Group Co Ltd ("SCG") has approved the agreement to acquire Chalice's 60 per cent interest in the Zara Project in Eritrea for US\$78 million plus a deferred payment of US\$2 million.

As a result of the SCG Board approval, a Sale and Purchase Agreement ("the Agreement") has been executed between SCG subsidiary, China SFECO Group ("SFECO") and Chalice.

Key conditions precedent to completing the Agreement include:

- the approval of Chalice Shareholders;
- SFECO obtaining certain regulatory approvals within China, including those of the National Development and Reform Commission, the Ministry of Commerce, the State Asset Supervision and Administration Commission and the State Administration of Foreign Exchange;
- completion of the sale of the 30 per cent interest in the Zara Project by Chalice to ENAMCO for the outstanding balance of US\$31 million. This condition remains for the benefit of Chalice, which can choose to waive it; and
- SFECO obtaining certain approvals within Eritrea to confirm that it has the requisite technical and financial resources to meet its obligations in developing the Project.

All conditions are required to be met by no later than 26 July 2012.

Chalice advises that completion of the transaction with ENAMCO will now occur concurrently with the SFECO transaction rather than prior to 30 June 2012 as previously announced on 25 January 2012.

In addition, subject to completion of the sale of the Zara Project to SFECO, Chalice and Dragon Mining Limited have agreed to set aside the trailing payment of \$4 million to Dragon in the event that a one million ounce Ore Reserve is delineated at the Zara Project (see announcement to the ASX on 22 June 2010) in consideration for an up-front one-off payment of \$1.5 million.

Chalice was advised by Middletons and China SFECO Group was advised by Deloitte on financial and accounting matters, Pinsent Masons LLP on legal matters and Golders on technical mining issues.



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Forward Looking Statements

This document may contain forward-looking information within the meaning of Canadian securities legislation and forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking statements”). These forward-looking statements are made as of the date of this document and Chalice Gold Mines Limited (the Company) does not intend, and does not assume any obligation to update these forward-looking statements except as required by law or regulation.

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Forward-looking statements relate to future events or future performance and reflect Company management’s expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the likelihood of exploration success, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage, as well as the possibility that a sale of the Zara Gold Project may be consummated.

In certain cases, forward-looking statements can be identified by the use of words such as plans, expects or does not expect, is expected, budget, scheduled, estimates, forecasts, intends, anticipates or does not anticipate, or believes, or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; completion of the sale of the Zara Gold Project to SFECO; the tax payable on any such transaction; completion of the sale of a 30% interest in the Zara Gold Project to the Eritrean National Mining Corporation; the use of any sale proceeds received from the sale of the Zara Gold Project; as well as those factors detailed from time to time in the Company’s interim and annual financial statements, all of which are filed and available for review on SEDAR at sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking statements.