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ASX Announcement

CHALICE GOLD MINES AND COVENTRY RESOURCES TO MERGE

Chalice takes first significant step in its growth strategy through deal with Canadian gold developer

Highlights:

- Chalice and Coventry agree to merge by way of Statutory Plan of Arrangement
- Consideration will comprise 1 Chalice Share for every 1.78 Coventry Shares
- The offer represents a premium of approximately 23% based on the closing share prices of Chalice and Coventry on the ASX on Friday 27th September 2013
- The transaction represents the first significant step in Chalice's stated strategy of acquiring quality assets while preserving its cash balance at approximately A\$55M
- The proposed merger will combine Chalice's strong technical team and financial capacity with Coventry's quality gold asset located in a low risk, stable mining jurisdiction (Ontario, Canada)
- Coventry's 100%-owned Cameron Gold Deposit hosts Measured and Indicated Mineral Resources of 567,000 ounces of gold at 2.45 g/t, and an Inferred Mineral Resource of 829,000 ounces of gold at 2.11 g/t
- There is significant additional exploration potential within the Cameron Gold Camp, including defined Mineral Resources at the Dubenski and Dogpaw satellite deposits

Australian gold company Chalice Gold Mines Limited (TSX: CXN; ASX: CHN; "Chalice") and Canadian gold developer Coventry Resources Inc. (ASX: CYY; TSX-V: CYY; "Coventry") are pleased to announce that they have agreed to merge the two companies by way of a Statutory Plan of Arrangement ("Merger") under the British Columbia Business Corporations Act. The proposed merger will combine Chalice's strong cash position of A\$55 million with Coventry's 100% interest in the Cameron Gold Camp in Ontario, Canada (see Appendix A).

Chalice and Coventry have executed a binding term sheet for the proposed merger and expect to execute an Arrangement Agreement ("AA") shortly. The proposed transaction represents the first significant step in Chalice's stated strategy of acquiring quality resource assets capable of generating strong cash flow. The structure of the transaction will preserve Chalice's strong cash position while giving Coventry shareholders exposure to a well-funded resource company with a strong technical capability and clear growth strategy.

Under the proposed Merger, Coventry shareholders will receive 1 Chalice Share for every 1.78 Coventry Shares and will hold approximately 17% of the merged company. Other security classes, comprising options and warrants, are to be exercised by the holder, converted to Chalice options and/or warrants or purchased by Chalice as may be agreed between the option and warrant holders and Chalice. Further details will be provided in the Arrangement Agreement ("AA") which is expected to be executed by 18 October 2013.

The Merger is subject to a due diligence period of 14 days and will require approval by $\frac{2}{3}$ of eligible Coventry security holders voting at a special meeting of the company, the Supreme Court of British Columbia, as well as the Toronto Stock Exchange, Vancouver Stock Exchange and the Australian Securities Exchange. The Merger is not

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subject to approval by Chalice shareholders.

The proposed Merger has the full support of the Board of Directors of both Chalice and Coventry. The Board of Coventry has advised Chalice that, in the absence of an unfavourable fairness opinion or a superior offer, it will unanimously recommend that its shareholders vote in favour of the proposed Merger.

The parties anticipate signing the definitive Arrangement Agreement by October 25, 2013 with a view to completing the Merger by mid-December, 2013. A full copy of the Term Sheet is included in Appendix C.

Overview of the Cameron Gold Deposit

The Cameron Gold Deposit currently comprises an NI 43-101/JORC (2004) (1.0 g/t cut-off) compliant Measured and Indicated Mineral Resource of 567,100 ounces of gold at 2.45 g/t and an Inferred Mineral Resource of 830,100 ounces of gold at 2.11 g/t. In addition, at two satellite deposits, there are NI 43-101/JORC(2004) (1.0 g/t cut-off) compliant Mineral Resources at Dubenski of 59,000oz Indicated at 2.28 g/t and 18,200oz at 1.44g/t Inferred; and NI 43-101/JORC(2012) (1.0 g/t cut-off) compliant Mineral Resources at Dogpaw of 24,000oz indicated at 3.02 g/t and 4,600oz at 2.27g/t inferred.

A positive Preliminary Economic Assessment ("PEA") was completed on the deposit in January 2013 which showed average annual production of 61,000 ounces of gold and an initial 10-year mine life at an average cash cost of US\$852/oz. Initial development and capital expenditure was estimated at US\$110 million (inclusive of \$17m contingency).

The PEA is considered preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as mineral reserves and there is no certainty that the PEA will be realised. Mineral Resources that are not mineral reserves do not have demonstrated economic viability.

Overview of Merged Group and Management Comment

Following completion of the merger, Chalice will have approximately 302.3 million shares outstanding and is forecasting a cash balance of approximately A\$54 million as at 31 December, 2013 for the Merged Group, putting it in a strong position to progress the Cameron Gold Project, while still having the financial capacity to continue to execute its strategy of acquiring other quality resource assets globally.

Coventry's corporate office in Perth will transfer to the Chalice corporate office and Steven Chadwick will continue to support the handover and future development of the Cameron Project in his existing role as Technical Manager for Chalice, with in country operations expected to remain unchanged. The Board of Chalice, as the surviving entity following the merger, is expected to remain unchanged.

Commenting on the transaction, Chalice's Managing Director, Mr Bill Bent, said:

"The Cameron Gold Project is a quality asset in a low-risk, favourable mining jurisdiction. The transaction preserves our strong cash balance while the low holding costs of the Cameron Project provide us with plenty of flexibility in our future development strategy as we continue to look at further complementary transactions targeting high quality projects capable of generating strong cash flow."

"What particularly attracted us to this project were the good grades, excellent exploration upside potential and access to good infrastructure with a local labour force with strong mining experience. This project sits right in our sweet spot in terms of our current technical capability and I am very confident we can add significant value to this project with our current team and a focused exploration budget. We are delighted to have the opportunity to participate in the project's future development."

Commenting on the transaction, the President of Coventry, Mr Steven Chadwick, said:

"The proposed merger with Chalice represents an excellent opportunity to fund the ongoing exploration and potential ultimate development of the Cameron Gold Project in an extremely difficult economic climate. Existing Coventry shareholders will hold approximately 17% of the merged entity and will continue to have exposure to the project through their shareholding in Chalice, while also benefiting from Chalice's strong balance sheet, experienced technical team and the future growth of the Company. Shareholders will have exposure to any future transactions that Chalice undertakes as it seeks further quality resource assets globally."

BILL BENT
Managing Director
Chalice Gold Mines Limited

Steven Chadwick
President and CEO
Coventry Resources Inc.

30 September 2013

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Competent Persons and Qualified Person Statement - Chalice

The information in this news release that relates to exploration results is based on information compiled by Dr Doug Jones, a full-time employee and Director of Chalice Gold Mines Limited, who is a Member of the Australasian Institute of Mining and Metallurgy and is a Chartered Professional Geologist. Dr Jones has sufficient experience in the field of activity being reported to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and is a Qualified Person under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. The Qualified Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Dr Jones consents to the release of information in the form and context in which it appears here.

Competent Persons and Qualified Person Statement – Coventry

The Mineral Resource statements for all Mineral Resource estimates within the Cameron Gold Camp Project have been prepared by Mr Peter Ball of DataGeo Geological Consultants, an "independent qualified person" as that term is defined in National Instrument 43-101.

The information in this report that relates to the Cameron Gold Deposit and Dubenski Gold Deposit Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Ball who is a Chartered Professional and Member of the Australasian Institute of Mining and Metallurgy. Mr Ball is the Director of DataGeo Geological Consultants. Mr Ball has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ball consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Dogpaw Gold Deposit Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Ball who is a Chartered Professional and Member of the Australasian Institute of Mining and Metallurgy. Mr Ball is the Director of DataGeo Geological Consultants. Mr Ball has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ball consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

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.

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 realisation 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.

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, the conditions to the completion of the merger between Chalice and Coventry Resources are not met, risks related to actual results of current exploration activities, changes in project parameters as plans continue to be refined, future prices of Mineral Resources, progressing the project beyond a PEA, the ultimate economics of a future project, future permitting, future funding of the project, possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry, 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.

None of the securities anticipated to be issued pursuant to the Arrangement have been or will be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and any securities issued in the Arrangement are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

APPENDIX A – BACKGROUND TO THE CAMERON CAMP GOLD PROJECT, ONTARIO

OVERVIEW

The Cameron Gold Camp Project comprises the Cameron Gold Project and the West Cedartree Gold Project located approximately 80 km to the southeast of Kenora in western Ontario, Canada (Figure 1). In total, the combined area of the two properties that make up the Cameron Gold Camp Project is 140 sq km or 14,000 hectares.

Coventry Resources has defined a gold resource at the Cameron Gold Camp Project, with a NI 43-101 and JORC compliant **Measured & Indicated Mineral Resource of 8.26 million tonnes at 2.45 grams gold per tonne for 651,000 ounces of contained gold.**



Figure 1: Location Plan of the Cameron Gold Camp Project (Source: Coventry)

HISTORY

Modern exploration at the Cameron Gold Project commenced in the 1960s and numerous companies have carried out prospecting, geological mapping, trenching, soil and outcrop sampling and ground magnetic and electromagnetic (EM) geophysical surveys. The first drilling was undertaken in 1960 at what is now the Cameron Gold Deposit. Prior to Coventry purchasing the project in 2010, 836 holes comprising in excess of 90 kilometres of diamond drillcore were drilled by six companies. The majority of the exploration conducted previously was completed by Nuinsco Resources Limited.

In 1987, underground development for an extensive sampling program was undertaken. Some 65,000m³ of material was excavated and bulk sampling, diamond drilling and rock chip sampling was completed, however no commercial production has ever been undertaken.

Company-driven exploration at the West Cedartree Gold Project commenced in 1945 and has been conducted intermittently until the present day. The most significant exploration directed at the Dubenski Gold Deposit has been undertaken during the late 1990's by Avalon Ventures Inc. and from 2007 onwards by Houston Lake Mining Inc.

GEOLOGY

The Cameron Gold Camp Project is located at the western end of the Late Archaean Savant Lake-Crow Lake Greenstone Belt in north-western Ontario. The region is dominated by the crustal-scale, southeast-striking and northwest-dipping Cameron-Pipestone Fault which extends over a strike length of greater than 100 kilometres.

A series of large-scale secondary shear zones and faults splay from the Cameron-Pipestone Fault, trending southeast from this regional crustal-scale structure, before striking east-northeast along the northern margin of the intrusive body. There are two main splays, the Cameron Lake and Monte Cristo Shear Zones (Figure 2).

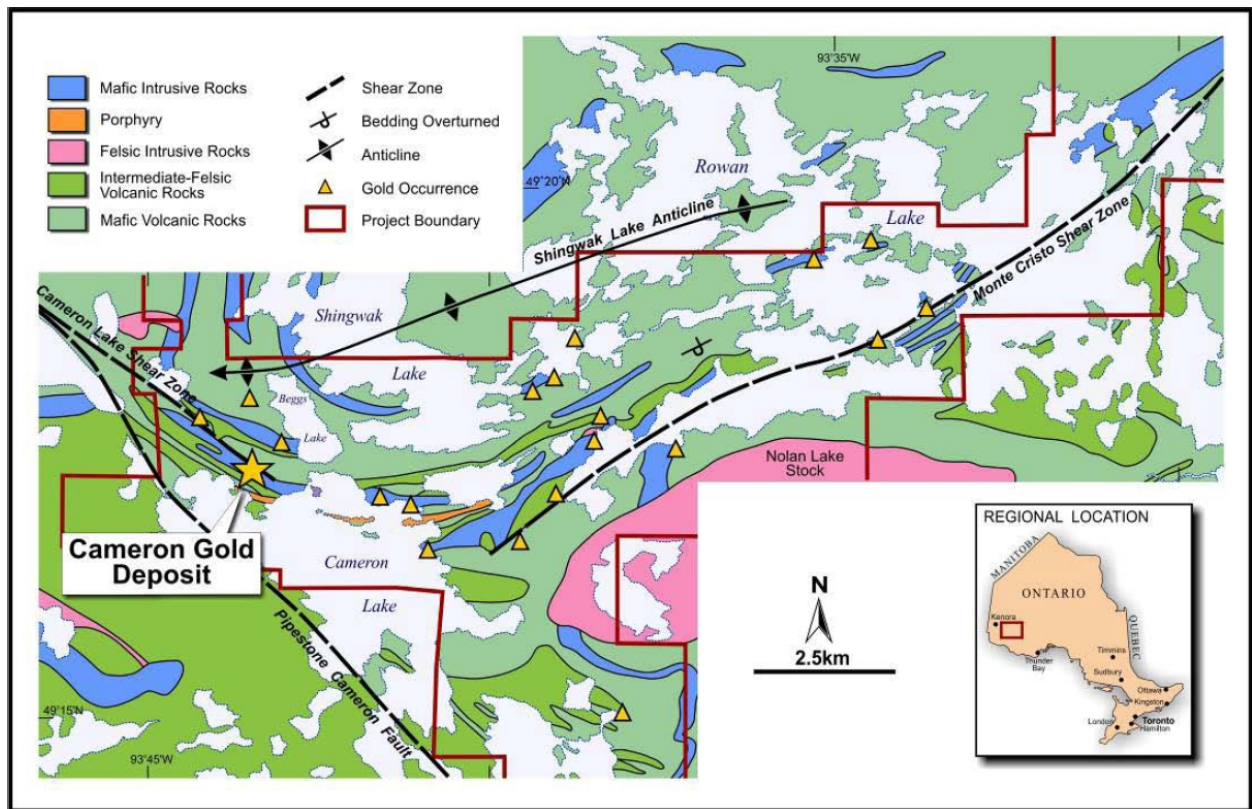


Figure 2: Regional Geology – Cameron Gold Project (Source: Coventry)

The Cameron Gold Deposit is associated with, and partially hosted by, the Cameron Lake Shear Zone. The Monte Cristo Shear Zone is also associated with a number of gold occurrences, principally the Victor and Monte Cristo prospects. The Cameron Gold Project is located on the southeastern limb of the large-scale, east-northeast-trending Shingwak Lake Anticline. The Shingwak Lake Anticline is dominated by tholeiitic basalt of the Rowan Lake Volcanics, overlain by felsic to mafic volcanics and lesser sedimentary rocks of the Cameron Lake Volcanics. These units have been intruded by a series of mafic and felsic intrusive bodies. The mineralisation at the Cameron Lake Gold Deposit is hosted by mafic volcanic rocks within the northwest-trending CLSZ, which forms the contact between these lithologies and gabbro in the footwall (Figure 3).

The geological setting of the West Cedar Tree Project deposits is less well-known. It is believed that the Dubenski Gold Deposit is hosted by the Flint Lake Shear Zone, a zone of highly-foliated and variably-sheared rocks traceable for about 2 km. It appears to be a splay from the Cameron-Pipestone Fault, similar to the Cameron Lake Shear Zone.

The Cameron Gold Camp Project is extensively mantled by unconsolidated glacial overburden. The thickness of glacial overburden across the project is variable and ranges from less than 1-3m up to 20m. This, along with the extensive lakes, presents a significant impediment to exploration.

MINERALISATION

Mineralisation at the Cameron Gold Deposit comprises quartz-albite veins and breccia associated with intense silica-sericite-carbonate-pyrite alteration in a series of zones that dip moderate-steeply to the north and plunge steeply to the northwest (Figure 3). Mineralisation has been intersected in drilling over a strike length of more than 1,000 metres and to a vertical depth of greater than 700 metres. The mineralisation is continuous over these extents, but varies in thickness from between 5 to more than 50 metres wide, depending on its position within the orebody.

Disseminated sulphide replacements makes up the largest component of the mineralized material. This style comprises mostly fine-grained pyrite, ranging from trace amounts to greater than 10% in rare cases, in association with carbonate-sericite alteration (lower gold-grades) and also carbonate-sericite-silica-albite alteration (high gold-grades). Generally pyrite comprises between 0.5% - 2% by volume. Gold is associated with disseminated pyrite, with high sulphide concentrations generally corresponding with higher grades. Visible gold is present, but rare.

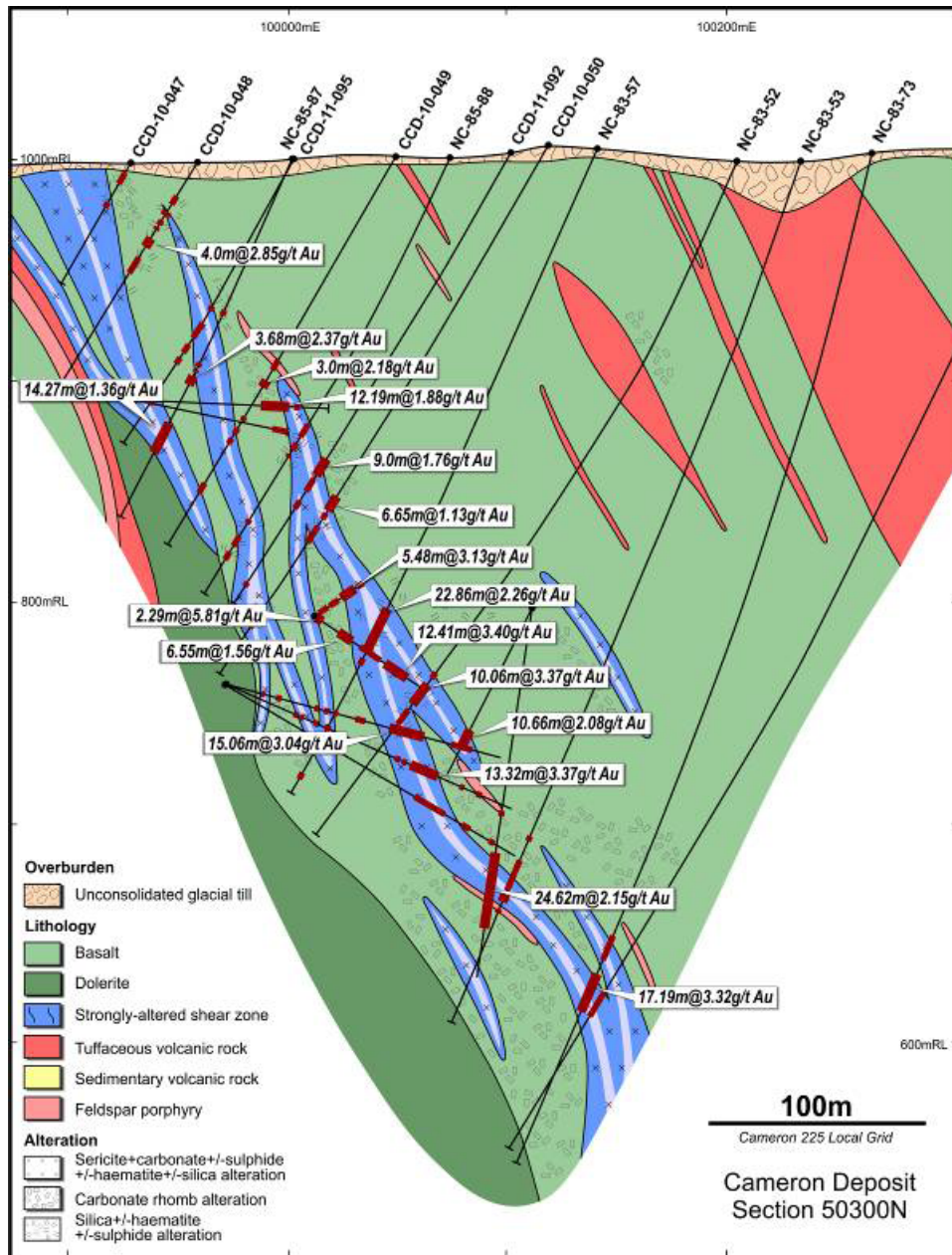


Figure 3: Cameron Gold Project Cross Section 50300N (Source: Coventry)

Mineralisation at the Dubenski Gold Deposit is hosted by a sub-vertical shear zone over a strike of 400m that is up to 20m wide and has been delineated to a vertical depth of more than 150m. The mineralisation consists of fine-grained pyrite and free gold associated with carbonate, sericite, silica and locally, fuchsite alteration within strongly-deformed mafic volcanic rocks. The mineralisation is open in all directions.

The Cameron Gold Project area also contains more than 30 known gold prospects and occurrences. Several of these, including the Monte Cristo and Victor prospects have had significant gold mineralisation intersected in previous exploration drilling. Like the Cameron Gold Deposit, most of the other gold prospects are associated with a similar style of mineralisation and alteration and are commonly associated with shear zones developed at or near lithological contacts with competency contrasts. The West Cedartree Project, in addition to the Dubenski Gold Deposit, also holds the Angel Hill, Dogpaw and McLennan Prospects, as well as a number of other prospective targets.

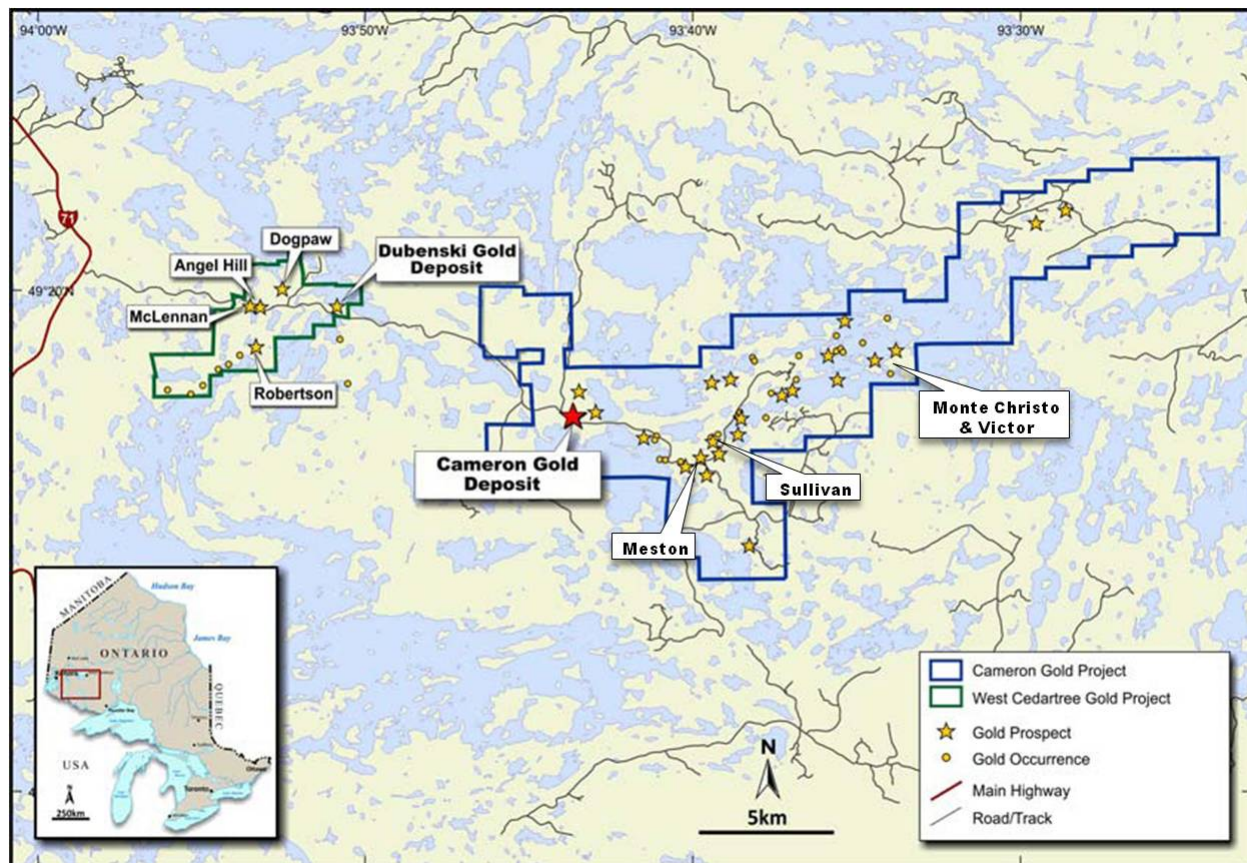


Figure 4: Regional prospects, Cameron Gold Camp Project (Source: Coventry)

RESOURCE ESTIMATES

The independent Mineral Resource estimates and reports for the Cameron, Dubenski and Dogpaw Gold Deposits were prepared by DataGeo Geological Consultants (DataGeo). The Cameron and Dubenski resource estimates were prepared in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code; 2004) and National Instrument NI43-101. The Dogpaw Mineral Resource estimate was prepared in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code; 2012) and National Instrument NI43-101. Mineralised zones were defined using both geological and assay data.

The Mineral Resource estimate for the Cameron Gold Deposit was based on data up to 30 October 2011 and consisted of 908 diamond drillholes with a combined length of 112,293 m. The holes varied in core diameter from BQ to NQ and were drilled from both surface and underground.

The Mineral Resource estimate for the Dubenski Gold Deposit was based on data up to September 2012 and consisted of 112 diamond drillholes with a combined length of 15,421 m. The core diameter was mostly NQ-size and all holes were drilled from surface.

The Mineral Resource estimate for the Dogpaw Gold Deposit was based on data up to 30 January 2013 and consisted of 93 diamond drillholes with a combined length of 10,475 m. The core diameter was mostly NQ-size and all holes were drilled from surface.

The following tables present the resource estimates for the various deposits. Note in all cases that Mineral Resources are not mineral reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate.

NI 43-101 and JORC-Code (2004) compliant Mineral Resource estimate for the Cameron Gold Deposit, part of the Cameron Gold Camp Project.

Cut-off grade (g/t gold)	Category	Tonnes	Grade (g/t gold)	Ounces of Gold
1.0	Measured	2,472,000	2.68	213,000
	Indicated	4,724,000	2.33	354,000
	<i>Measured & Indicated</i>	<i>7,196,000</i>	<i>2.45</i>	<i>567,000</i>
	<i>Inferred</i>	<i>12,226,000</i>	<i>2.11</i>	<i>829,000</i>

NI 43-101 and JORC-Code (2004) compliant Mineral Resource estimate for the Dubenski Gold Deposit, part of the Cameron Gold Camp Project.

Cut-off grade (g/t gold)	Category	Tonnes	Grade (g/t gold)	Ounces of Gold
1.0	Indicated	806,000	2.28	59,000
	<i>Inferred</i>	<i>392,000</i>	<i>1.44</i>	<i>18,200</i>

NI 43-101 and JORC-Code (2012) Compliant Mineral Resource Estimate, Dogpaw Gold Deposit, part of the Cameron Gold Camp Project.

Cut-off grade (g/t gold)	Category	Tonnes	Grade (g/t gold)	Ounces of Gold
0.5	Indicated	247,000	3.02	24,000
	<i>Inferred</i>	<i>64,000</i>	<i>2.27</i>	<i>4,600</i>

PRELIMINARY ECONOMIC ASSESSMENT

A National Instrument 43-101 compliant Preliminary Economic Assessment ("PEA") has been completed for the Cameron Gold Camp Project. The PEA was prepared by Lycopodium Minerals Pty Ltd ("Lycopodium") with input from its Toronto and Perth offices to evaluate the conceptual development of a mine and centralized processing plant at Cameron. AMC Consultants Pty Ltd. ("AMC") (geotechnical and mining), Knight Piésold (tailings dam and environment) and DataGeo Geological Consultants (resources and geology) also contributed to the study. All dollar amounts below are stated in US dollars.

The PEA is considered preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as mineral reserves and there is no certainty that the PEA will be realised. Mineral Resources that are not mineral reserves do not have demonstrated economic viability.

PEA HIGHLIGHTS

- Base case pre-tax NPV of \$111 million, 20.1% IRR (at \$1,472/oz gold); Pre-tax NPV of \$205 million, 31.2% IRR (at \$1,700/oz gold) at a discount rate of 5%.
- Base case after-tax NPV of \$79 million, 17.0% IRR (at \$1,472/oz gold); After-tax NPV of \$143 million, 25.7% IRR (at \$1,700/oz gold) at a discount rate of 5%.
- Initial 10 year mine life producing 604,673 ounces of gold from only the Cameron and Dubenski gold deposits.

- Average annual production of 61,000 ounces of gold at an average cash cost of \$852/oz; Average open-pit fully diluted head grade of 1.96 g/t Au, average fully diluted underground head grade of 2.60 g/t Au (on the basis of initial “un-optimized” mine plans and schedules) .
- Life of mine gold recoveries averaging 91.5%.
- Estimated initial development capital expenditure of \$110 million, including 20% contingency.
- High level of confidence with Measured and Indicated Mineral Resources accounting for 75% of the total material included in the PEA:
 - Cameron Gold Deposit open pit (47% Measured, 52% Indicated and 1% Inferred).
 - Dubenski Gold Deposit open pit (88% Indicated and 12% Inferred).
 - Cameron Gold Deposit underground (3% Measured, 25% Indicated and 72% Inferred).
- 2,750 tonne per day (1 million tonne per annum) conventional crush, grind, and CIL processing route.

The study found further opportunities to substantially improve the economics at Cameron including:

- Further planned geotechnical drilling to lower the strip ratio by optimising pit wall angles. Pits were designed with conservative slope angles due to limited geotechnical data.
- Optimization of mine scheduling, including results of ongoing exploration and pending resource estimates at satellite prospects in the area.
- Optimization of processing costs and metallurgy, including refining power costs (\$0.10/kWh used in the PEA) and a reduction in milling consumables, in particular cyanide.

OTHER COVENTRY EXPLORATION PROJECTS

RAINY RIVER, CANADA

The Rainy River Project is located in the western-most part of northern Ontario, immediately to the north of Canada’s border with the United States and approximately 60 kilometres to the northwest of the City of Fort Frances.

The Rainy River District Properties comprise mineral rights over an area of 57.3 sq km adjacent to the Rainy River Gold Deposit. The Rainy River Gold Deposit is currently reported to contain Proven and Probable Mineral reserves of 4.0 million ounces of gold and 10.3 million ounces of silver and is one of the most significant gold discoveries in Canada in the past decade.

Geologically the project is located within the Archaean Rainy River Greenstone Belt of the Western Wabigoon Subprovince. The geology of the Rainy River GSB is poorly known due to extensive glacial till blanketing much of the area, with outcrop amounting to less than 1%. As a consequence, the published geological map of the area is principally interpretative and extremely general in nature. Basement lithologies are dominated by mafic to intermediate volcanic rocks, predominately overlain by intermediate volcanic and volcanoclastic rocks and minor sedimentary rocks, intruded by a wide variety of felsic to alkaline plutonic rocks.

Since acquiring the Rainy River Project, Coventry has undertaken detailed interpretation of geophysical data, geological mapping, geochemical water sampling and has completed 46 backhoe dug pits and 181 Reverse Circulation (“RC”) drillholes (4,349 metres) for geochemical analyses as part of a first stage evaluation.

Coventry recently completed a 46 hole, 1,058 metre, overburden RC drilling program as follow up to four high priority gold anomalies (Conqueror, Royal, Aries and Martin) and three base metal anomalies (Scylla, Charybdis and Bellepheron) generated from its winter 2012 RC program (Figure 5). This work defined two significant, discrete, high-priority gold anomalies at Conqueror and Royal, both with high proportions of “modified” and “pristine” gold grains suggesting a distance to the primary source of mineralization of between 500 and 1,000 metres. Further drilling is planned to locate the primary sources to the mineralization.

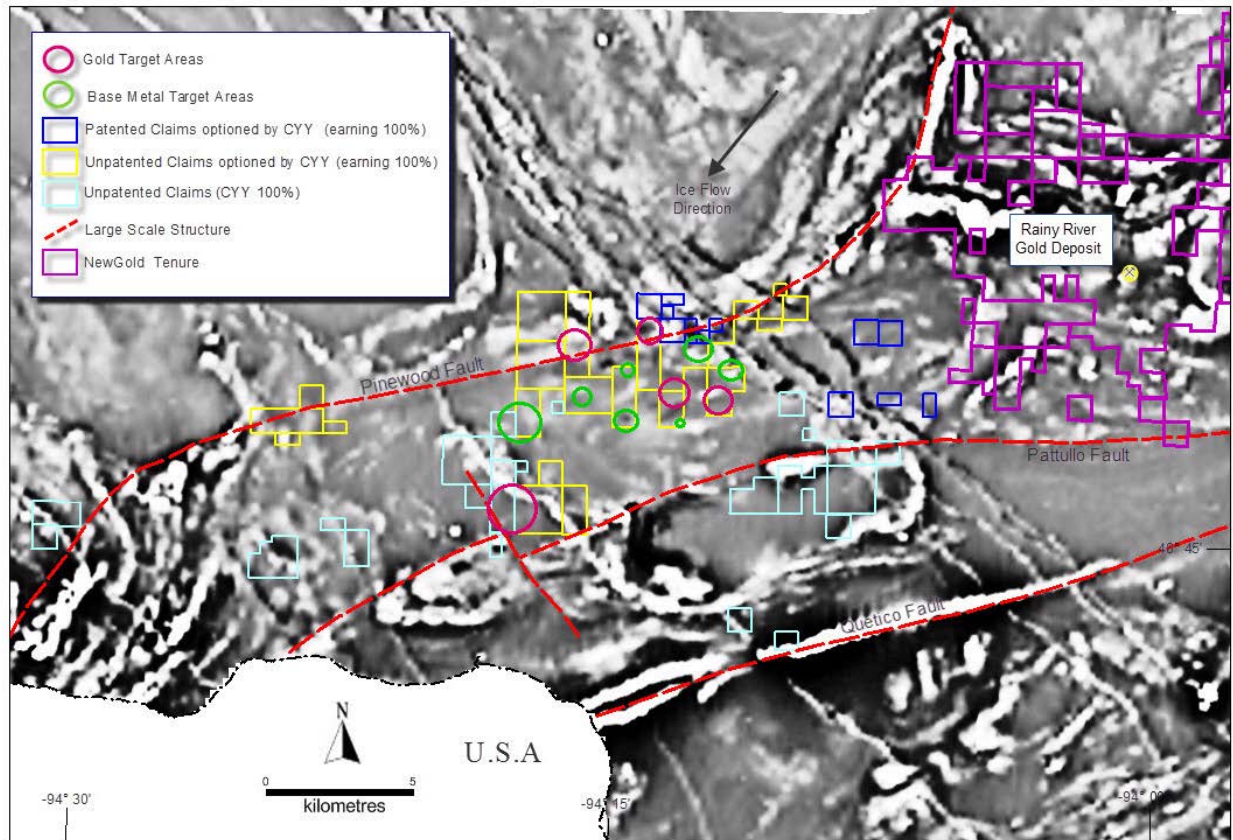


Figure 5: Coventry tenure in the Rainy River district showing newly generated till geochemical anomalies (Source: Coventry)

ARDEEN GOLD PROJECT, ONTARIO

The Ardeen Gold Project is located approximately 110 kilometres west of the City of Thunder Bay, which is situated on the western edge of Lake Superior in northwestern Ontario. The Project comprises 153 unpatented mining claims (4,540 hectares) and four patented mining claims (404.3 hectares) that cover Archaean greenstone sequences with potential for shear hosted gold deposits.

UNCLE SAM GOLD PROJECT, ALASKA

The Uncle Sam Project is located 75 kilometres southeast of the City of Fairbanks. The Uncle Sam Project is an intrusion related gold target hosted in a similar age of intrusive rocks to those which host the Pogo Gold Mine approximately 60 kilometres to the east of the Uncle Sam Project. A comprehensive exploration data package compiled by previous operators of the Uncle Sam Project indicates that there are extensive anomalous areas defined by surface gold geochemistry and numerous significant drill intercepts.

APPENDIX B – BACKGROUND ON CHALICE GOLD MINES

Chalice Gold Mines Limited is junior resources company based in Perth, Australia with an experienced Board and strong management team. Following the sale of its equity in the Zara Project in Eritrea in 2012 the Company is well funded, providing an excellent platform for future growth.

The primary focus of Chalice's growth strategy is on securing a cornerstone asset (or assets), leveraging off its cash position of approximately \$55 million. Chalice's experienced technical team is targeting high quality mining projects globally with strong cash flow generation potential. As a second leg of its growth strategy the Board has approved targeting high quality, "drill ready" targets in low risk jurisdictions on a deal, by deal basis.

Chalice has a 60% JV on the Mogoraib North (550km²) exploration licence in northern Eritrea and recently entered into a joint venture agreement with Uranium Equities Limited (ASX. UEQ) to earn up to 70% of the Marla and Oodnadatta IOCGU projects in South Australia. It also holds a 10% ownership in unlisted public company GeoCrystal Limited which is exploring the Webb Diamond Project in Western Australia.

APPENDIX C – TERM SHEET FOR MERGER

TERM SHEET FOR MERGER

Dated: 28 September 2013

Provision	Explanation
Parties	<p>Chalice Gold Mines Limited Level 2, 1292 Hay Street West Perth Western Australia AUSTRALIA 6005 ("Chalice")</p> <p>Coventry Resources Inc. Suite 760-36 Toronto Street Toronto Ontario CANADA M5C 2C5 ("Coventry")</p> <p>(together the Parties)</p>
Nature and purpose of this Term Sheet	<p>Chalice and Coventry are proposing to merge by Chalice acquiring all issued securities in Coventry by way of a Statutory Plan of Arrangement to be conducted pursuant to Division 5 of Part 9 of the Business Corporations Act (British Columbia ("BCBCA")) (Merger).</p> <p>The purpose of this Term Sheet is to:</p> <ul style="list-style-type: none"> • enter into a binding commitment to implement the Merger; • record the major commercial terms of the Merger; • record the process and timing by which the Merger will be implemented; and • the terms and conditions applying thereto.
Merger Implementation Agreement	<p>Subject to each of Coventry and Chalice being satisfied with their respective due diligences hereunder, they shall as expeditiously as possible following from due diligence confirmation, negotiate and enter into a more formal and comprehensive Arrangement Agreement ("AA") by the date set out in the Timetable attached hereto, which such AA is to record the terms and conditions herein and also to include such other provisions as are found in documents of that nature and as are reasonably necessary to effect the Merger including as to title, corporate standing and each of the Parties having complied with their respective continuous disclosure obligations under applicable corporate and securities laws and the requirements of applicable stock exchanges, being in the case of Chalice the Australian Securities Exchange ("ASX") and the Toronto Stock Exchange ("TSX") and in the case of Coventry the TSX Venture Exchange ("TSXV") and the ASX (collectively, the "Exchanges").</p>
Treatment of different securities; Scheme Consideration	<p>Coventry Shares (Currently 90,974,487 listed shares on issue)</p> <p>The Coventry Shares will be acquired by Chalice by way of Plan of Arrangement and each holder of a Coventry Share shall be entitled to 1 ordinary share in the capital of Chalice (Chalice Share) for every 1.78 Coventry share held.</p>

	<p>Under the Plan it is intended that approximately 51 million Chalice Shares will be issued to the Coventry security holders in proportion to their respective interests in Coventry.</p> <p><i>Coventry Unlisted Options (3,558,594 which expire between 08/08/14 and 17/08/17 with average prices between \$0.50 and \$5.00)</i></p> <p>As part of the transaction contemplated herein these options are to be either exercised by the holder converted to Chalice options and/or warrants or purchased by Chalice.</p> <p>As noted in the conditions below, it is a condition of the Merger that these options have been dealt with as stated above on or before the second court hearing.</p> <p>In the event Coventry shareholders approve the issue of approximately 3,350,000 options to directors and officers within 45 days of the date hereof in lieu of the fees those directors and officers have not been receiving of late (Fee Options), then those Fee Options shall be included in the treatment of the Coventry Unlisted Options herein.</p> <p><i>Warrants (9,375,000 on Issue which expire 22/10/14 with an exercise price of \$0.45)</i></p> <p>As part of the transaction contemplated herein these warrants are to be either exercised by the holder, converted to Chalice options and/or warrants or purchased by Chalice.</p> <p>As noted in the conditions below, it is a condition of the Merger that these warrants have been dealt with as stated above on or before the second court hearing.</p> <p>If the Warrants or Options are not cancelled or purchased they will be adjusted in line with the Share Exchange Ratio. This would increase the exercise price for these securities by a multiple of 1.78 and reduce the number on issue by 0.5618.</p>
Conditions precedent to Merger	<p>The Merger is subject to the following conditions precedent:</p> <p>Mutual benefit</p> <ul style="list-style-type: none"> • The Parties executing the AA by 18 October 2013; • The receipt of all requisite regulatory and other approvals, including the Supreme Court of British Columbia (the “Court”), the Exchanges and other necessary approvals; • The approval of the security holders of Coventry, such approval to be the affirmative vote of the holders of at least two thirds (2/3) of eligible security holders present and voting in person or represented by proxy at a meeting of such security holders; • Court approval of the Merger as required under the BCBCA; • No court or other order restraining implementation of the Merger; and • The distribution of the Chalice shares shall be exempt from the prospectus and registration requirements of applicable Canadian and US securities legislation.

	<p>Chalice's benefit (can be waived by Chalice)</p> <ul style="list-style-type: none"> Chalice completing such due diligence as it considers reasonably necessary for the purposes of fully informing itself as to Coventry and its operation with the same being approved by the board of Chalice within 14 days of the date hereof (Due Diligence Period); Customary conditions precedent, including the absence of a material adverse change in the business affairs, financial conditions and the like of Coventry and there being no "prescribed occurrences" (as that term is used under the Corporations Act of Australia); All outstanding options and warrants on issue are either exercised, acquired by Chalice or cancelled as at the second Court hearing; Material contracts ,as notified by Chalice as being material following the conduct of its due diligence, being in full force and effect as at the second Court date; No cash distributions, material compensation adjustments or any grant of equity interests having been made by Coventry between signing of the AA and completion of the Merger; All warranties and representations to be given by Coventry under the AA being true and correct in all material respects as at completion and Coventry having complied with its covenants under the AA; Coventry not giving any party a notice of termination of any employment or consultancy agreement in respect to which there is a contingent liability without Chalice's prior written consent; and Holders of no more than 5% of the Coventry Shares shall have exercised dissent rights. <p>Coventry's benefit (can be waived by Coventry)</p> <ul style="list-style-type: none"> Customary conditions precedent, including the absence of a material adverse change in the business affairs, financial conditions and the like or Chalice and no prescribed occurrence in relation to Chalice having taken place; Chalice's representations and warranties under the AA being true and correct in all material respects as at completion and Chalice have complied with its covenants under the AA; and Coventry being satisfied with its due diligence investigations into Chalice within the Due Diligence Period of 14 days from the date hereof.
Exclusivity	<p>Each Party grants to the other Party exclusivity with respect to the transaction contemplated herein as set out below and as may be further covered in the AA.</p> <p>During the Due Diligence Period, and until execution of the AA (if the due diligence conditions are satisfied) each of Parties agree that:</p> <ul style="list-style-type: none"> The Parties will not undertake or allow any material business change to their businesses and activities; The Parties will not issue any more equity or debt securities or grant

	<p>any rights over existing issued capital (except pursuant to existing Options or Warrants and any Fee Options approved for issue by the shareholders of Coventry);</p> <ul style="list-style-type: none"> The Parties will not participate in any negotiations or discussions with, or provide any information to, or accept or enter into any agreement, arrangement or understanding with, any third parties in respect of a transaction that may reduce the likelihood of success of the Merger and will also cease any existing discussions or negotiations regarding such transactions; provided that nothing contained in this Term Sheet shall prevent the Board of either Party, if it receives after the date hereof a bona fide Acquisition Proposal (as defined in Schedule A) involving the Party which was not solicited after the date hereof, from considering, negotiating, approving or recommending to its shareholders such Acquisition Proposal if the Board of the Party determines in good faith such Acquisition Proposal to be a Superior Proposal (as defined in Schedule A). Coventry acknowledges Chalice is reviewing other business opportunities and confirms that this provision is not designed to limit Chalice's activities in this regard provided such activities or transaction would not materially impact upon Chalice and its executive team's ability to complete the Merger and in advancing the Coventry projects after completion of the Merger; Each Party will immediately notify the other Party of any approach or attempt to initiate discussions or negotiations regarding any Acquisition Proposal and provide to the other Party full details of that Acquisition Proposal including its material terms, which shall include the identity of the other party, the proposed price or implied value, conditions and timing; and <p>Except where a person has made or has indicated it intends to make an Acquisition Proposal which the Board of a Party determines in good faith to be a Superior Proposal, neither Party will provide any other third party with any information regarding, its business, assets or undertakings without the prior written approval of the Party</p>
Lock Up Agreements	<p>It is a condition that upon signing the AA (for the benefit of Chalice) that all of the senior officers and directors of Coventry, Macquarie (on behalf of Macquarie Bank Limited) and Sun Valley Gold LLC (on behalf of Sun Valley Gold Master Fund Ltd) (in their capacity as shareholders of Coventry) will enter into agreements with Chalice pursuant to which they will agree to vote in favour of the Merger or tender their shares to the offer to be made pursuant to the Plan of Arrangement (in the absence of a Superior Proposal), to exercise any Options or Warrants held by them or sell the same to Chalice, to not solicit other transactions and will otherwise support the Merger and will further agree not to sell or dispose of their Coventry Shares.</p>
Appointment of Merger Implementation committee	<p>A Merger Implementation Committee comprising:</p> <ul style="list-style-type: none"> Richard Hacker and Tony Kiernan for Chalice Steven Chadwick and Nicholas Day for Coventry <p>will oversee the efficient implementation of the Merger in accordance with the Merger Timetable attached hereto.</p>
Mutual obligations to implement the Merger	<p>Each Party must use its best efforts to:</p> <ul style="list-style-type: none"> implement the Merger as soon as is reasonably practicable and in any event in accordance with the Merger Timetable attached hereto; provide the other Party with all information reasonably required to assess the terms of the Merger; assist the other in obtaining any approval required from any government agency to implement the Merger; consult with each other on all material and relevant communications with third parties
Conduct of Merger	<ul style="list-style-type: none"> Chalice is primarily responsible for drafting of all transaction

process	<p>documents including the AA (but excluding any Shareholder Circular or similar document required for the purposes of the approval of the Merger by the Coventry Shareholders (Circular))</p> <ul style="list-style-type: none"> • Chalice to be consulted on, and to have input into the Circular and also provide Coventry such information as Coventry may reasonably require in relation to Chalice for the purpose of properly completing the Circular. To the extent as to may be reasonably required by Coventry, Chalice is to verify the information provided to Coventry for the purpose of the Circular. • Whilst the Circular is the document and obligation of Coventry, it will, prior to dispatch provide Chalice with sufficient opportunity to review and comment on the same and, acting reasonably, pay due regard to any comment by Chalice.
Fairness report	<ul style="list-style-type: none"> • If Coventry's Board so requires it shall obtain a Fairness Opinion. • If the Fairness Opinion concludes that the consideration to be received by the Coventry security holders is not fair, from a financial point of view, to the Coventry security holders, Chalice and Coventry shall meet to discuss the prospects of the Plan but the Plan Meeting shall be convened and held as provided for in the AA unless both Chalice and Coventry decide otherwise. However, in such an event the Board of Coventry will no longer be obliged to recommend that Coventry shareholders approve the Merger.
Coventry Board recommendation	<ul style="list-style-type: none"> • The Coventry Board will unanimously recommend that Coventry shareholders approve the Merger on announcement to TSXV and indicate that all Board members will vote their own shares in favour of the Merger. • This recommendation may only be changed where the Fairness Opinion has concluded that the Merger is not fair from a financial point of view to Coventry security holders, or where the Board has received written advice from its legal advisers, or that each director is required to change the recommendation because a failure to do so would be a breach of their fiduciary duties, or there is an Acquisition Proposal which the Board in good faith determines to be a Superior Proposal.
Conduct of business prior to implementation	<p>The AA shall include customary restrictions on Coventry and Chalice between signing and implementation of the Merger requiring them to carry on their business in the ordinary course and not, without the consent of the other:</p> <ul style="list-style-type: none"> • deal with or otherwise dispose of any material assets (other than in the ordinary course); • undertake any new activities or commit to new business opportunities or buy assets. Coventry acknowledges Chalice is reviewing other business opportunities and confirms that this provision is not designed to limit Chalice's activities in this regard provided such activities or transaction would not materially impact upon Chalice and its executive team's ability to complete the Merger and to advance the Coventry projects after completion of the Merger; • create an encumbrance over its assets or borrow any funds from a third party; • pay a dividend or distribute or return capital to its members; • issue any shares, options or other convertible securities (except pursuant to existing options or warrants and the grant or exercise of the Fee Options); • buy back its shares; • change its accounting policies or alter its constitution; and • make or agree payments (other than in the ordinary course of business) to directors/management or change employment terms and other customary restrictions.

	Each party to have access to the other's business information, records etc until implementation date.
No shop, no talk restrictions	The AA shall contain customary non-solicitation and "right to match" provisions.
Break Fees	<p>A break fee of A\$250,000 is payable to Chalice if after the execution of this Term Sheet:</p> <ul style="list-style-type: none"> • A Superior Proposal (as defined in Schedule A) is recommended by the Directors of Coventry; • Control of Coventry changes (i.e. if a person obtains voting power of >50% ownership or control over more than 50% of the issued and outstanding Coventry shares); • Coventry commits a material breach of the terms of the AA and Chalice terminates the AA in reliance on that breach; and • Coventry changes its Board recommendation (i.e. there is no longer a unanimous or majority board recommendation for the Merger) other than where it is required to do so to meet its fiduciary obligations and duties as would be required in assessing a Superior Proposal. <p>A break fee of A\$250,000 is payable to Coventry if Chalice commits a material breach of the terms of the AA and Coventry terminates the AA in reliance on that breach.</p>
Costs and expenses	Each party will bear its own costs and expenses in respect of the negotiation and execution of the AA and Merger.
Governing law	British Columbia, Canada
Confidentiality and public announcements	<p>The parties must keep confidential the terms and conditions of this Term Sheet, the AA and status of negotiations and will only discuss or disclose if required by law or as otherwise authorised by the other party (subject to the required ASX or TSXV announcements) and then only after appropriate consultation.</p> <p>Both Parties will make an announcement to their respective Exchanges or under applicable Securities Laws immediately upon the signing of this Term Sheet, such announcement to include Coventry Board and major shareholder voting intentions at the meeting to approve this. The contents of the announcements shall be agreed as between the Parties acting reasonably and in good faith.</p>
Binding Nature of the Term Sheet and Formal Documents	The Parties intend this Term Sheet to be a binding document which such nature shall continue until such time as the AA (as referred to above) is executed.
Counterparts	This Term Sheet may be executed in any number of counterparts and by the Parties on separate counterparts. Each counterpart constitutes an original of this Term Sheet, and all together constitutes one agreement.

INDICATIVE TIMETABLE

Activity	Date
Execute Term Sheet	Week ending 28 September 2013
Announce binding Term Sheet to ASX, TSX, TSXV and public	Immediately after execution of this Term Sheet
Due Diligence Period during when AA will be negotiated, fairness opinion prepared and other transaction documents identified	14 days from execution of Term Sheet
Execute AA and Voting Agreements;	Week ending 18 October 2013
Set record date (at least 30 days before meeting) and initiate meeting process	Week commencing 21 October 2013
Prepare meeting materials	Week commencing 21 October 2013
File court materials and obtain interim order	November 4/5
Record Date	November 6
Deliver circular to depositary/intermediaries	November 7
Meeting	December 5
File court materials and obtain final order	December 6
Completion	TBD

Executed by **Coventry Resources Inc** in)
accordance with (*appropriate Canadian legislation*):)
)
)

.....
Signature of director

.....
Signature of director or company secretary

.....
Name (please print)

.....
Name (please print)

Executed by **Chalice Gold Mines Limited** ACN 116)
648 956 in accordance with section 127(1) of the)
Corporations Act 2001 (Cth):)
)

.....
Signature of director

.....
Signature of director or company secretary

.....
Name (please print)

.....
Name (please print)

SCHEDULE A – DEFINITIONS

“Acquisition Proposal” means, other than the transactions contemplated by this Agreement, any offer, proposal, expression of interest or inquiry from any Person (other than a Party or any of its affiliates) relating to; (i) any acquisition or sale, direct or indirect, of: (a) the assets of a Party or any of its subsidiaries that, individually or in the aggregate, constitute 20% of more of the fair market value of the consolidated assets of a Party and its subsidiaries taken as a whole or (b) 20% of more of any voting or equity securities of a Party or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% of more of the fair market value of the consolidated assets of a Party and its subsidiaries taken as a whole; (ii) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of a Party; or (iii) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganisation, recapitalisation, liquidation, dissolution or other similar transaction involving a Party or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% of more of the fair market value of the consolidated assets of a Party and its subsidiaries taken as a whole;

“Superior Proposal” means any *bona fide*, unsolicited, written Acquisition Proposal in respect of a Party made after the date of this Agreement by a person who is an arm’s length third party (and not obtained in violation of this Agreement) which the Board of such Party, after consultation with its legal and financial advisors, determines in good faith: (a) that considering, negotiating, approving or recommending to its shareholders such Acquisition Proposal would be a proper exercise of its fiduciary duties under applicable law; and (b) that such Acquisition Proposal would, if consummated in accordance with its terms, result in a transaction: (i) more favourable to its shareholders than the Merger; (ii) that is reasonably capable of being completed within a reasonable period of time; and (iii) which is not contingent upon financing.