

ASX Announcement

18 April 2012

Zara Gold Project Sale Consideration

Chalice Gold Mines Limited (ASX:CHN) (TSX:CXN) advises that, following completion by the China SFECO Group (SFECO) of its due diligence and further negotiation between the parties, the consideration payable by SFECO for Chalice's 60 per cent interest in the Zara Project, including the area surrounding the Koka Gold deposit, will be US\$80 million payable as to US\$78 million on settlement and US\$2 million on first gold pour.

The agreement remains subject to the approval of the SFECO Board on 26 April 2012 and the conditions previously advised in the Company's announcement to ASX on 28 December 2011 (except the financing letter and due diligence conditions).

Due to various internal Chinese Governmental approvals, completion is now expected mid to late July 2012, although SFECO will use its best endeavours to expedite the approvals process.

Completion of the sale of 60 per cent to SFECO will see the end of Chalice's holding in the Zara Project. Chalice will continue to hold its interests in the Mogoraib North and Hurum exploration licences.

Zhang Lin Fa, the President of SFECO, and Mr Tim Goyder, the Executive Chairman of Chalice said:

"We are delighted to have concluded the commercial terms for the sale by Chalice of the 60 per cent interest in the Zara Project and look forward to working together to complete the transaction."



TIM GOYDER
Executive Chairman