

ASX Announcement

26 July 2012

Update on transactions with China SFECO Group and ENAMCO

One-month extension to 26 August 2012 agreed to facilitate final Chinese approvals

Chalice Gold Mines Limited (ASX: CHN; TSX: CXN) advises that it has agreed to a request from China SFECO Group ("SFECO") to extend the date for the satisfaction of conditions for its acquisition of Chalice's 60 per cent interest in the Zara Gold Project in Eritrea by one month to 26 August 2012.

The extension was requested by SFECO to facilitate completion of outstanding regulatory approvals for the transaction within China, including approval from the National Development and Reform Commission (NDRC).

The additional time will also enable outstanding documents to be authenticated in China as one of the final steps in obtaining relevant government approvals in Eritrea.

SFECO has agreed to acquire Chalice's 60 per cent interest in the Zara Project for US\$78 million in cash plus a deferred payment of US\$2 million.

Chalice has also agreed to amend the completion date for the parallel transaction with the Eritrean National Mining Corporation ("ENAMCO") for ENAMCO's acquisition of a 30 per cent interest in the Zara Project for US\$34 million (including approximately US\$2 million in reimbursable expenditures), so that completion of the two transactions occurs concurrently on 26 August 2012. ENAMCO has agreed to make a further interim payment of US\$2 million by 31 July 2012 in addition to the first interim payment of US\$3 million received in January 2012. The balance owing from ENAMCO following receipt of the second interim payment will be approximately US\$29 million.

Chalice Executive Chairman, Tim Goyder, said the Company appreciated the need for additional time to facilitate completion of outstanding Chinese approvals.

Mr Goyder commented:

"China SFECO Group has reiterated their commitment to complete the transaction in a timely fashion and we are happy to work with them to provide an extension until 26 August to ensure that all the required approvals can be obtained. We have also amended the completion date for the ENAMCO transaction so that the two deals can settle at the same time."

We look forward to completing these transactions in parallel next month, paving the way for Chalice's next chapter of growth."



TIM GOYDER

Executive Chairman

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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.