

ASX Announcement

CHALICE GAINS EXPOSURE TO TWO PROSPECTIVE EXPLORATION PROJECTS IN AUSTRALIA

Chalice commits \$1.3 million to “drill ready” targets via transactions in two highly prospective exploration projects in Australia

Highlights:

- Chalice’s primary focus remains on acquiring a cornerstone asset, where good progress is being made with a number of robust, lower risk projects prioritised for further evaluation
- Two exploration deals have been completed as part of a second leg of the Chalice’s corporate strategy to target a limited number of high quality “drill ready” exploration targets
- The first deal gives Chalice significant exposure to GeoCrsytal’s Webb Diamond Project in Western Australia, which shows potential to be a large kimberlite field, via a 10.1% placement plus options to earn up to 19.9%
- The second deal gives Chalice the right to earn up to 70% of both the Oodnadatta and Marla Projects in South Australia, in a province with high iron oxide-copper-gold-uranium (IOCGU) endowment, by funding \$5.5 million
- Both deals have “drill ready” targets, with drilling expected to commence at the Webb Diamond Project shortly, and on high priority IOCG targets at the Marla Project in the October quarter 2013

Chalice Gold Mines Limited (“Chalice”) is pleased to announce two transactions as part of the execution of a second leg of its corporate strategy, targeting high quality, “drill ready” targets in prospective low risk mineral provinces.

Chalice’s primary focus remains on securing a cornerstone asset, leveraging off its cash position of approximately \$57 million following the sale of the Zara Gold Project in Eritrea late last year. Chalice’s experienced technical team is targeting high quality mining projects globally with strong cash flow generation potential, and has made good progress in reviewing and prioritising robust, lower risk projects for further evaluation.

“Whilst our search for a cornerstone asset is progressing well, where we have definitely seen the quality of opportunities available improving significantly over the last 6 months, the Board has approved a second leg to Chalice’s strategy in order to take advantage of the ongoing tightness in the equity markets and the decline in drilling costs, by targeting a limited number of high quality, “drill ready” exploration opportunities on a deal by deal basis”, said Managing Director Bill Bent.

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“There is a unique opportunity in the market at the moment to gain exposure to some of the best and most prolific mineral provinces in Australia and other low risk jurisdictions, with a clear pathway to a controlling position, without significantly impacting our cash position or limiting our ability to execute on our primary strategy of acquiring a cornerstone asset.”

“The transactions we are announcing today provide Chalice shareholders exposure to two high quality exploration plays, both with potential to host world class deposits, for an initial funding commitment of \$500,000 via a placement in GeoCrystal Limited to explore the Webb Diamond Project, and a non-binding commitment of \$800,000 with Uranium Equities Limited (“Uranium Equities”) to undertake the first phase of exploration on the Oodnadatta and Marla IOCGU Projects.”

Webb Diamond Project – 10 per cent Placement in GeoCrystal Limited

Chalice has agreed to subscribe for 3,333,333 shares and 3,333,333 free attaching options in unlisted public company GeoCrystal Limited (“GeoCrystal”) at an issue price of \$0.15 (\$500,000). Following the placement, Chalice will own 10.1 per cent of the issued and outstanding shares of GeoCrystal. The options are exercisable at \$0.20 each and expire on 30 September 2015. In addition, GeoCrystal has granted Chalice an option to acquire a further 2.1 million shares at \$0.20 per share on or before 29 March 2014, which if exercised would increase Chalice’s stake to 19.9 per cent on a fully diluted basis. Chalice has been granted a conditional first right of refusal on future financings until its stake has reached 51 per cent of GeoCrystal.

GeoCrystal is earning into 70 per cent of Meteoric Resources’ interest in the 400km² Webb Diamond Project in Western Australia, which has the potential to be a large kimberlite field. More than 80 discrete aeromagnetic anomalies with the potential to be kimberlite pipes have been identified within the project area (see Figure 1). Seven of these anomalies have been tested by single vertical drill holes. Five of these holes terminated in altered kimberlites, with the remaining two holes failing to reach bedrock. Detailed analysis of diamond indicator minerals obtained from the drilling suggests that a small proportion of the mineral grains tested were sourced from the upper mantle under conditions considered to be favourable for diamond formation (the diamond stability field).

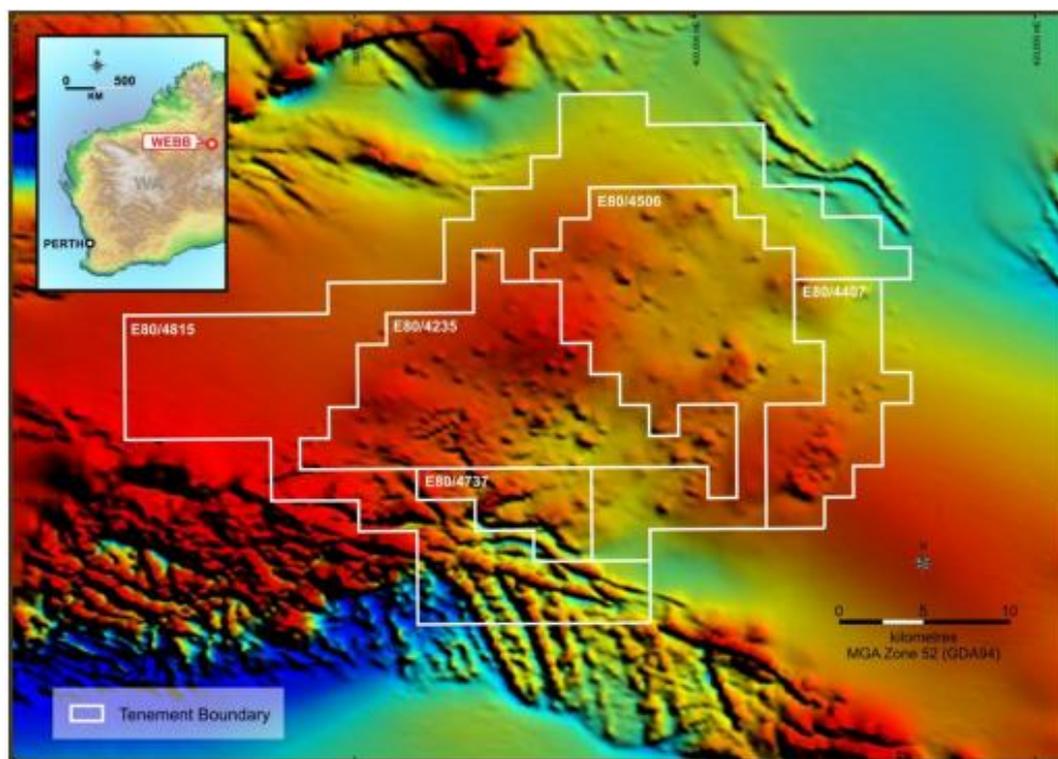


Figure 1: Webb Diamond Project tenements on aeromagnetic image showing discrete anomalies potentially reflecting kimberlite pipes.

The funds being contributed by Chalice will enable GeoCrystal to undertake a further 1,500m to 3,000m of air-core drilling to test up to 20 additional magnetic anomalies and undertake detailed analysis of the mineral chemistry from each pipe for diamond indicator minerals. In addition, larger 50kg loam samples will

be collected on a broad sample grid over the entire field and analysed for indicator minerals and microdiamonds. Drilling is expected to commence shortly, with this phase of exploration work expected to be completed by the end of December.

Refer to Meteoric Resources' (MEI) ASX releases for further details on the Webb Diamond Project.

Oodnadatta and Marla IOCG Projects, SA – Farm-in Joint Venture with Uranium Equities

Chalice has entered into a farm-in joint venture agreement with ASX-listed Uranium Equities Limited (ASX: UEQ) over its Oodnadatta and Marla Projects in South Australia (the “O&M Projects”). The farm-in agreement gives Chalice the right to earn up to 70 per cent of both projects by sole funding a total of \$5.5 million in exploration expenditure. Chalice may earn an initial 51 per cent by sole funding \$2.5 million, but there is no minimum spend required before withdrawal.

The O&M Projects comprise 16 granted Exploration Licences totalling 7,746km² in the under-explored northern margin of the Gawler Craton (see Figure 3). Both projects are in a province with high iron oxide-copper-gold-uranium (IOCGU) endowment that hosts deposits such as Olympic Dam, Prominent Hill and Carrapateena.

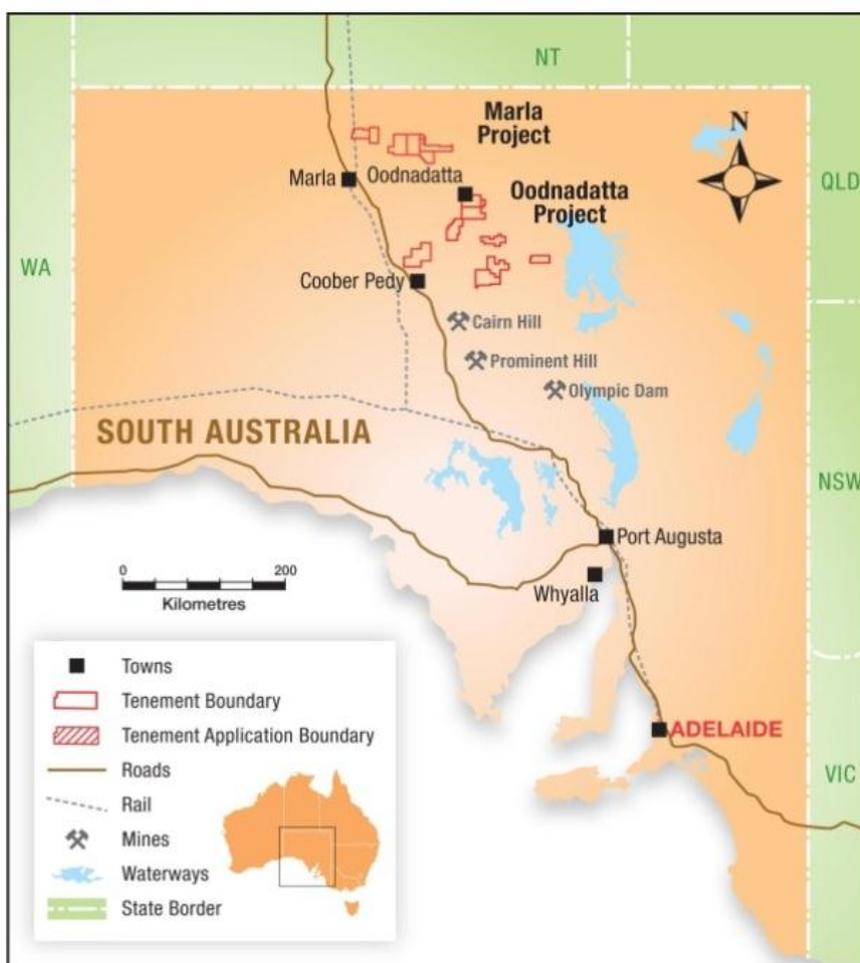


Figure 2: Marla and Oodnadatta location map

The Marla Project straddles a major suture zone between the Gawler Craton and Musgrave Block. Significant coincident magnetic and gravity features have been identified within a west-northwest trending structural corridor. A detailed ground gravity survey was completed in 2011 comprising 2,000 stations over an area of 1,612km² at between 500m and 1km spacings. The gravity survey identified several high priority target areas where gravity and magnetic anomalism coincide in areas of complex structural interactions. Preliminary depth modelling at Marla estimates these magnetic anomalies at less than 400m, making the targets very compelling when compared to other parts of the Olympic Dam Province.

The Oodnadatta Project tenements lie along and adjacent to the Peake – Denison Ranges, which include the Peake Metamorphics and the Wirriecurrie Granite. A review of existing geophysical data over the

Oodnadatta Project has identified a number of significant coincident magnetic and gravity features with only limited gravity coverage over the highest intensity magnetic anomalies. An initial ground gravity program covering the most prospective targets is planned to provide depth and targeting information for a drilling program.

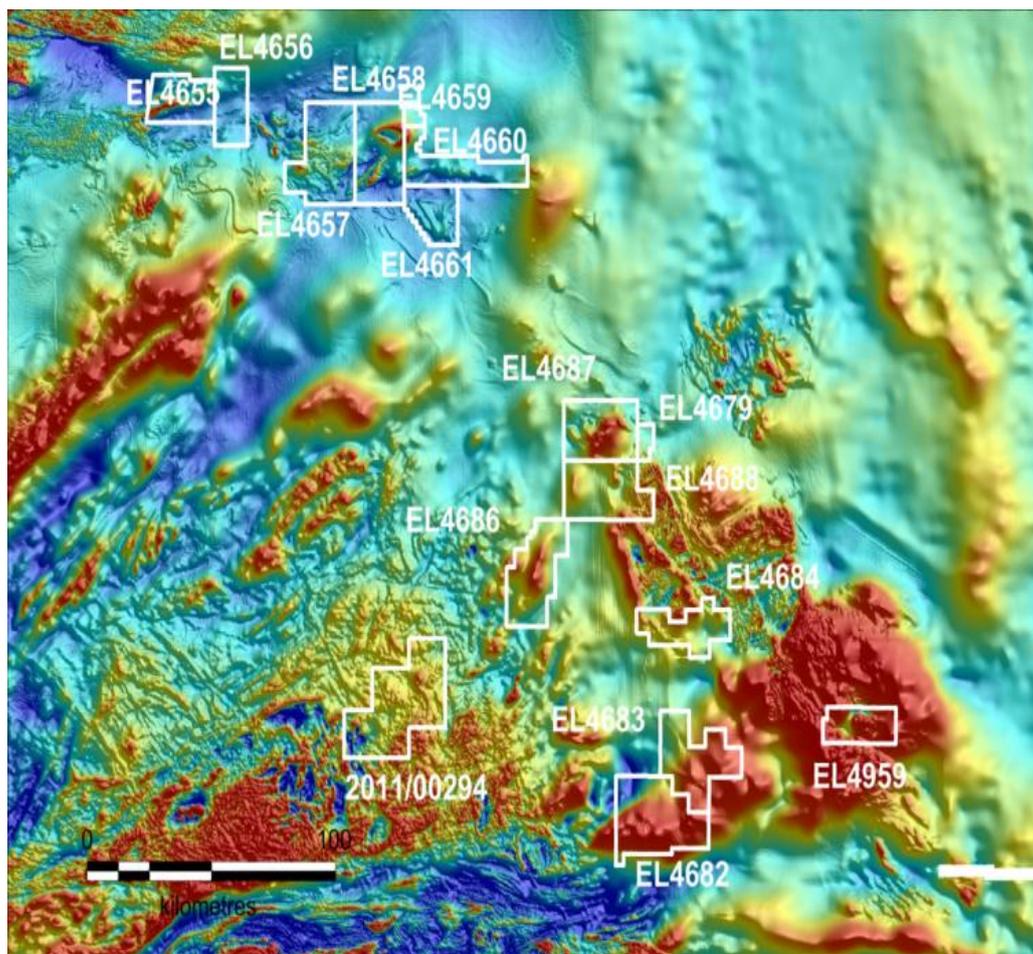


Figure 3: UEQ tenements on aeromagnetic image covering the northern Gawler Craton.

The total spend for the first stage of exploration to be conducted over the next 12 months is \$800,000 and will include at least 2,000m of combined rotary mud and diamond drilling on the Marla Project designed to test coincident gravity and magnetic targets potentially indicative of IOCGU mineralisation, and a ground gravity survey over the Oodnadatta Project. Drilling is expected to commence in the October quarter, 2013.

Tony Kiernan and Tim Goyder are Directors of both Chalice Gold Mines Limited and Uranium Equities Limited. As such they have been excluded from all negotiations, decisions and approvals in relation to this transaction.

BILL BENT
Managing Director

25 September 2013

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Competent Persons and Qualified Person Statement

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.

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, 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, 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.

Appendix 1 – Oodnadatta & Marla Project JORC Tables

According to Clauses 18 & 19 of the 2012 JORC Code, the criteria listed in the following tables need to be addressed when first reporting exploration results.

Section 1: Sampling Techniques and Data

JORC Criteria	Explanation
Sampling techniques	No sampling has been conducted to date.
Drilling techniques	No drilling has been conducted to date. It is planned to undertake rotary mud drilling with diamond tails.
Drill sample recovery	Due to no previous drilling, no samples have been recovered.
Logging	Due to no previous drilling, no drill samples have been logged.
Sub-sampling techniques and sample preparation	As per above.
Quality of assay data and laboratory tests	Due to no previous drilling, no samples have been assayed.
Verification of sampling and assaying	Due to no previous drilling, no samples have been verified.
Location of data points	It is intended that future drillhole collars will be located using a hand held Garmin GPS MAP62s with an accuracy of <3m. Down-hole surveys using Reflex downhole camera or similar is planned for future holes.
Data spacing and distribution	Planning of drill hole collar positions relative to the geophysical targets to be tested is still in the planning stage.
Orientation of data in relation to geological structure	No drill data has been oriented relative to structure. Orientation of diamond core tails is planned for future drill holes.
Sample security	Due to no previous drilling, no samples have been collected.
Audits or reviews	Due to no previous drilling, no audits have been conducted.

Section 2: Reporting of Exploration Results

JORC Criteria	Explanation
Mineral tenement and land tenure status	<p>The Marla Project includes a total of 7 granted exploration licences totaling 2,886 sq km. Licences are held by GE Resources Pty Ltd, a wholly owned subsidiary of Uranium Equities Limited. Exploration licences were granted on 25th January 2011 for an initial period of 4 years.</p> <p>The Oodnadatta Project includes a total of 9 granted exploration licences totalling 4,860 sq km. Licences are held by GE Resources Pty Ltd, a wholly owned subsidiary of Uranium Equities Limited. Exploration licences EL4679 to EL4688 were granted on 22/02/2011, EL4959 was granted on 09/07/2012 and EL5144 was granted on 10/01/2013. Each exploration lease was granted for an initial period of 2 years with EL4679 to EL4688 currently under renewal. All of the EL's are in good-standing as of the date of this announcement.</p>
Exploration done by other parties	<p>Oodnadatta area - limited historical drilling was conducted in areas of cover and numerous small iron-oxide, copper, gold and uranium mineral occurrences were identified by prospectors (c1800's to early 1900's) in the adjacent outcropping Peake and Denison Ranges. No significant deposits have been identified to date.</p> <p>Marla area - previous exploration in the Marla Project region is extremely sparse to non-existent. Large areas of unexplored ground exist which are prospective for uranium mineralisation in Mesozoic and Tertiary stratigraphy. Previous exploration has predominantly been for diamonds, with lesser uranium, coal, and base metal focus. No significant deposits have been identified to date.</p>
Geology	<p>The Oodnadatta Project tenements are situated at the north-eastern margin of the Archaean to Palaeoproterozoic Gawler Craton, and cover both outcropping basement within the Peake and Denison Ranges, and buried basement flanking the Ranges. Proterozoic basement blocks are largely covered by five superimposed Phanerozoic intra-cratonic basins, separated by unconformities (Figure 5). The basal "cover" sequence comprises Neo-Proterozoic sediments associated with the Adelaide Geosyncline, and is in turn overlain by the Cambro-Ordovician Officer Basin, comprising a thick sequence of marine and non-marine sediments.</p> <p>The Marla Project is located in the North east corner of the Gawler Craton and is bounded by two craton bounding structures- a major ENE-trending suture zone separating the Meso-Proterozoic basement of the Musgrave Province to the north west from the Archaean to Palaeo-Proterozoic basement of the Gawler Craton's Nawa Domain to the south east, and the Torrens Hinge Zone to the north east, a north west trending structural zone separating the Gawler Craton from rocks of the Curnamona Craton.</p> <p>The Marla & Oodnadatta projects are prospective for the discovery of economic Iron – Oxide Copper – Gold ± Uranium (IOCGU) deposits.</p> <p>The Gawler Craton hosts a number of significant IOCGU deposits including Olympic Dam, Prominent Hill and Carrapateena.</p>
Drill hole Information	No drilling has been undertaken.
Data aggregation methods	Due to no previous drilling, no sample data has been aggregated.

JORC Criteria	Explanation
Relationship between mineralisation widths and intercept lengths	Due to no previous drilling, no mineralization identified to date.
Diagrams	See Figures 2 & 3
Balanced reporting	Results reported reference all available data.
Other substantive exploration data	Regional geological mapping has been conducted by the SA Geol Survey. Geophysical surveys (aeromagnetism & gravity) come from public domain data sets. An infill gravity survey has been completed over parts of the Marla property. No other material results are available.
Further work	RC/DD drilling is proposed to follow up the targets identified from geophysics. Further ground geophysics (gravity) may be undertaken to confirm and refine targets for drilling.