

ASX Announcement

6 July 2016

Sale of Chalice's interest in the Ardeen Project, Ontario Canada

Chalice Gold Mines Limited (ASX: CHN, TSX: CXN) ("Chalice" or the "Company") advises that it has entered into a sale and purchase agreement to sell the Company's 51% interest in the Ardeen Gold Project ("the Project") located in Ontario, Canada, to Kesselrun Resources Limited (TSXV: KES) ("Kesselrun") (the "Transaction"). Chalice acquired the Project from Coventry Resources Inc. in 2014 along with the Cameron Gold Project.

In consideration, Kesselrun has agreed to issue the Company 2,040,000 common shares in Kesselrun which have a current market value of approximately A\$570,000. Following the completion of the Transaction, Chalice will hold approximately 5.5% of the issued and outstanding shares of Kesselrun.

In addition, Chalice has also been granted certain Net Smelter Return royalties ("NSR") over certain mining claims ranging between 0.12% and 1% subject to certain buy-back clauses.

The shares to be issued by Kesselrun are subject to a statutory hold period of 4 months plus further provisions restricting the sale of shares to not more than approximately one tenth of the total per month over the following ten months except where the sale is in a single block to a purchaser acceptable to Kesselrun.

Mr Goyder, Managing Director of Chalice said "*The Ardeen Project is a non-core asset of Chalice and we are pleased to have completed the transaction which will generate further value for shareholders. We look forward to Kesselrun advancing the project over the coming months.*"



TIM GOYDER
MANAGING DIRECTOR

For further information, please contact:

Tim Goyder, Managing Director
Chalice Gold Mines Limited
Telephone +618 9322 3960

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.

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, the results of business development activities which may result in a corporate transaction or investment, the future share price performance of Kesselrun Resources Limited, the estimation of mineral reserve 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, will, may would, 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 may 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 mineral resources or 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; 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.