chalice

ANNUAL FINANCIAL REPORT

30 JUNE 2017

CHALICE GOLD MINES LIMITED

ABN 47 116 648 956

Front image: Diamond drilling
operations at Warrego North Project,
Northern Territory, Western Australia

Corporate Directory

Directors

Anthony Kiernan	Non-executive Chairman
Timothy (Tim) Goyder	Managing Director
Stephen Quin	Non-executive Director
Morgan Ball	Non-executive Director

Joint Company Secretaries

Richard Hacker and Catherine Huynh

Principal Place of Business & Registered Office

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Auditors

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PERTH WESTERN AUSTRALIA 6000

Home Exchange

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WESTERN AUSTRALIA 6000

Toronto Stock Exchange

300 – 100 Adelaide Street West
Toronto, Ontario M5H 1S3

Share Registry

Australia

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
PERTH WESTERN AUSTRALIA 6000
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Canada

Computershare Investor Services
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Toronto, Ontario M5J 2Y1

ASX

Share Code: CHN

TSX

Share Code: CXN

Contents

Chairman's Letter

Dear shareholder,

The 2017 year has been successful and productive for Chalice at a number of levels.

While much of our effort in recent years has been directed towards the potential acquisition of an advanced mineral asset, we have also invested considerable time and resources in systematically reviewing exploration opportunities worldwide.

Our current portfolio now spans prospective and well-endowed gold and base metal belts in Canada and Australia, including some of the world's most active "hot-spots" for gold exploration globally such as the prolific Abitibi district in Canada and the Pilbara region of Western Australia.

In Canada, our portfolio now includes:

- ***The East Cadillac Projects:*** located 35km east of Val-d'Or in Quebec and covering 16km of strike at the eastern part of the Larder Lake – Cadillac Fault, a district that has a gold endowment of +100 million ounces; and
- ***The Kinebik Gold Project:*** covering 30km strike on the Casa Berardi Fault in Quebec, a structure that hosts multiple gold deposits.

In Australia, through a combination of strategic joint ventures, option agreements and selective ground acquisitions, our portfolio now includes:

- ***The West Pilbara Gold and Base Metals Project:*** located 160km south-west of Karratha in the Pilbara region of WA, with a contiguous coverage of 90km of strike of prospective geology along the contact between the Ashburton and Hamersley Basins. Subsequent to year-end, Chalice applied for a further 10 Exploration Licences covering an area of 881.3km2;
- ***The Warrego North Project:*** Iron Oxide Copper-Gold targets located in the Northern Territory where we enjoyed some initial success during the year with the Parakeet copper-gold discovery; and
- ***The Latitude Hill Nickel Project:*** Potential for Nova-Bollinger and Voisey's Bay style nickel-copper discoveries in an under-explored region of Western Australia.

Given our strong balance sheet and accomplished in-house technical team, Chalice is in the enviable position of being able to pursue a mid-tier scale exploration effort across this high-quality portfolio without diluting our shareholders at either the company or project level.

To this end, the Board approved exploration budgets for the 2017-18 financial year of A$7.5 million including 22,000m of drilling to test multiple targets at East Cadillac including extensions of our existing high-grade gold resource at Nordeau West and other prospective targets.

At the date of this report, diamond drilling was underway at East Cadillac and up to 6,500 m of RC and Aircore drilling was about to commence at our West Pilbara Project in WA following encouraging results generated from copper and gold rock chip sampling.

Chalice is also assessing the Company's Pilbara tenements to establish the presence of the basal conglomerate unit of the Fortescue Group which contains the conglomerate-hosted gold discoveries reported elsewhere in the region by companies such as Novo Resources Corporation, Artemis Resources and De Grey Mining.

With exploration activities ramping up on a number of fronts in the second half of 2017 – all of which have the potential to generate company-changing returns for Chalice shareholders – we are extremely optimistic about the Company's prospects over the coming 12 months, particularly as investor interest continues to return to the junior resource sector.

On the corporate front, the Company has maintained its strong balance sheet with A$47 million in cash at the 30 June balance date and liquid assets of approximately A$6 million. During the year the Company realised significant value as a result of the sale of the Cameron Gold Project in 2016 by selling 25.3 million shares in First Mining Finance for proceeds of A$21.5 million. We continue to hold approximately 6.9 million shares in First Mining Finance.

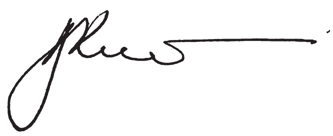
As part of a capital management strategy, the Company acquired 21.5 million of its own shares as part of an on market discretionary share buy-back at a cost of A$3.8 million. Whilst the share buy-back ceased in July 2017, the Board remains vigilant on managing its capital.

Under the leadership of our Managing Director, Tim Goyder, the Company has demonstrated a disciplined and focused approach to the management of our finances and key projects, while demonstrating a preparedness to undertake aggressive exploration and to move quickly to take advantage of corporate or investment opportunities when they present themselves.

As always, a results-driven approach is being taken to exploration and evaluation.

In conclusion, I would like to take this opportunity to thank our shareholders, my fellow directors and all employees both in Australia and Canada for their continued and valued support during the past year. We are all looking forward to an even busier and more successful year ahead.

Yours faithfully



Anthony Kiernan

Chairman

Operating and Financial Review

Business strategy and outlook

Chalice's vision is to grow a multi-asset resource company by exploring and developing high quality mineral resource assets. To deliver this vision the Company is pursuing the following business strategy:

- Securing a strategic exploration footprint across prolific gold and base metal mineral belts, preferably in lower risk jurisdictions.
- Drive shareholder value by executing a mid-tier scale global exploration effort without the need to dilute shareholders at the company or project level.
- Target acquisition of more advanced mineral resource project opportunities, or where Chalice's strong financial position may provide a funding solution to the development of the asset(s).

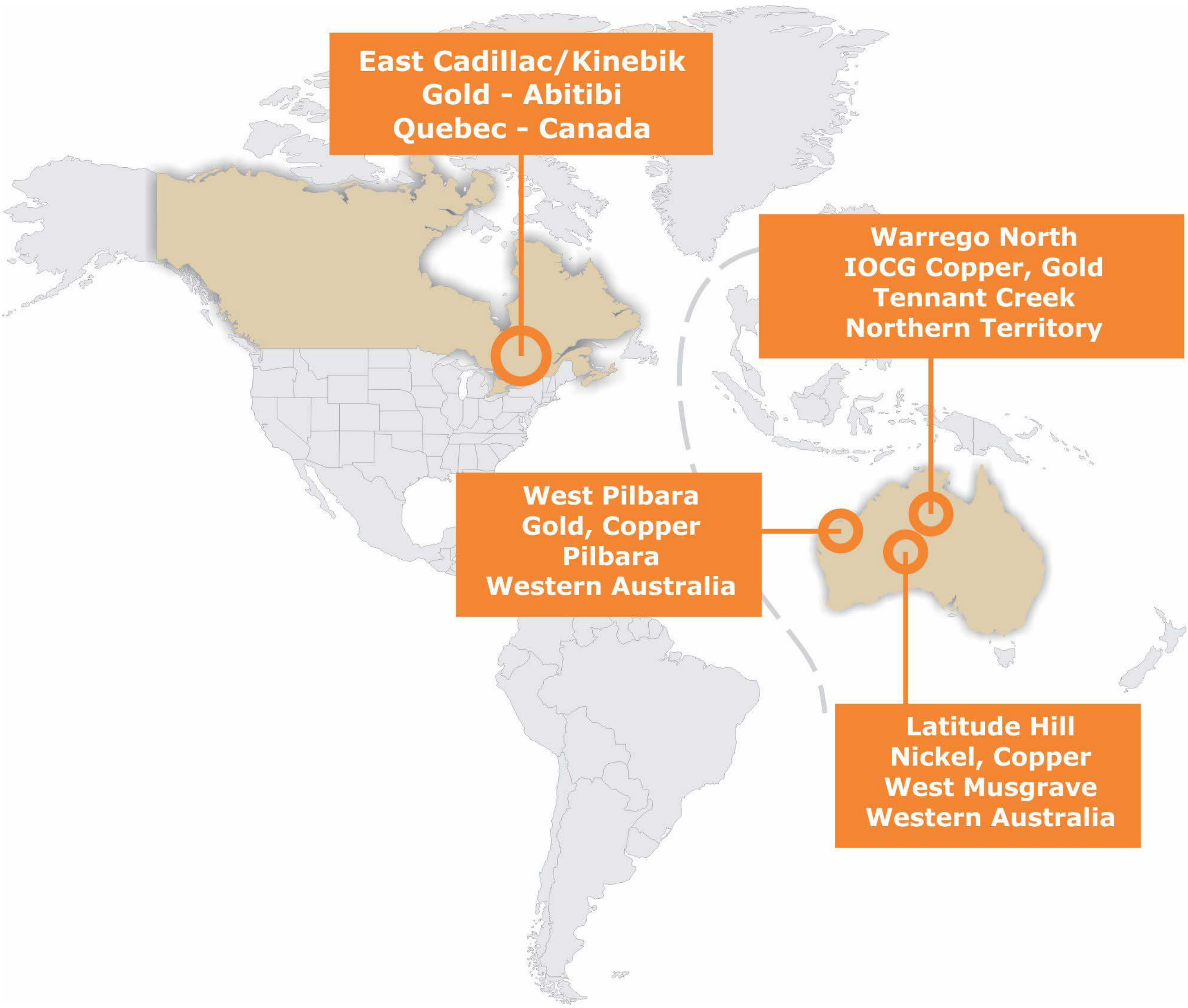


Figure 1. Location of Chalice's exploration assets

Chalice's exploration strategy has focused on acquiring exposure to projects, either through direct ownership or joint venture, hosted in terranes with outstanding metal endowment that also have the key geological features to host Tier 1 deposits. During 2016 and 2017, Chalice entered into a number of option, earn-in and joint venture agreements including the East Cadillac Gold Project in the prolific Abitibi gold district in Quebec, Canada; the Warrego North Iron Oxide Copper Gold project in the Tennant Creek gold ± copper mineral field of the Northern Territory, the Latitude Hill nickel project and the gold and base metals districts of the West Pilbara in Western Australia (Figure 1).

Looking forward, the Board has approved a substantial A$7.5 million budget, including >22,000m drilling, planned on five high-potential gold and base metals projects across five projects in Canada and Australia for the financial year 2018. Chalice will continue to review opportunities to secure prospective land holdings in favourable geological settings.

Future exploration results, movements in commodity prices, foreign exchange rates, equity prices and interest rates may adversely impact the achievement of these objectives. In particular, the Company has an exposure to equity prices through its holding of approximately 7 million First Mining Finance Corp common shares and a potentially material exposure to the movements in the Australian Dollar against the US dollar and Canadian dollars, as the Company holds approximately $27.5 million denominated in foreign currencies. The financial impact of movements in the First Mining Finance Corp share price and foreign exchanges rates is discussed at note 19.

East Cadillac Gold Project, Quebec, Canada

The East Cadillac Gold Project ("ECG Project") covers an area of 107km^2 and is located 35km east of the 20 million oz Val-d'Or gold camp (Figure 2)*. With land holdings encompassing a strike length of 16km of the Larder Lake-Cadillac Fault, the most prolifically gold endowment trend in southern Abitibi, the project is situated amongst some of the region's most significant mines and is adjacent to the historical Chimo gold mine (owned by Cartier Resources (TSX: ECR)) (Figure 3).*

No modern surface geochemistry, geological mapping or structural analysis has been completed in the district. The Company has analysed historical exploration information and merged this data with results from recent exploration activities undertaken by Chalice. This compilation provides the basis for an integrated approach to exploration targeting over the Company's consolidated land position.

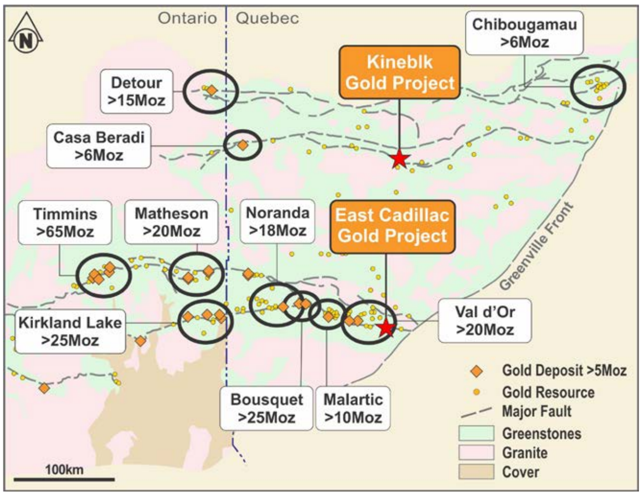


Figure 2. East Cadillac and Kinebik Gold Project Locations

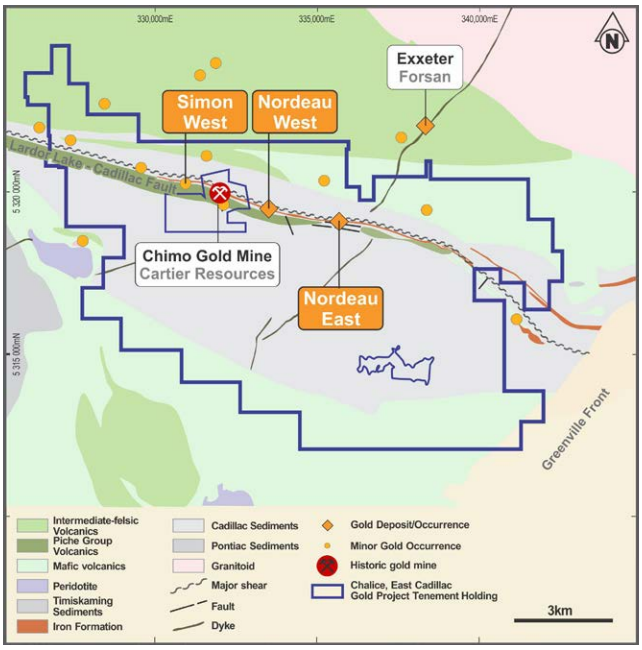


Figure 3. East Cadillac Property and Geology Map

Exploration Activities

During the year, an detailed airborne aeromagnetic survey, a soil Mobile Metal Ion ("MMI") and rock-chip sampling/spectral sampling program (on a 400m x 400m and 200m x 200m grid) and a LIDAR (Light Detection and Ranging) survey was completed over the entire ECG project to assist in understanding the broad controls on gold mineralisation and identifying favourable lithological and/or structural targets.

In addition, as a result of limited historical IP survey data, a substantial Dipole-Dipole Induced Polarisation ("IP") has commenced across the 16km strike length of the Larder Lake-Cadillac fault to further assist in defining drill targets for the upcoming 2017–2018 drilling campaign.

The Company also completed a four hole diamond drill hole program for 1,005m at the Nordeau West target to test for a continuation of the mineralised structures hosting the Nordeau West gold deposit and the historical Chimo gold deposit. High-grade gold was intersected within broad zones of low-grade gold in the key 5N and 5M structures showing that these two trends have a pronounced gold endowment.

Future Exploration Program

The Company has a 7,800m diamond drill program in H2 2017 to test multiple targets, including extensions of the existing high-grade gold mineral resource at Nordeau West and along the prospective Larder-Lake Cadillac Fault corridor controlled by Chalice.

Nordeau West Mineral Resource

The ECG Project includes an initial indicated mineral resources of 225,000t @ 4.17g/t gold for 30,200oz gold and an inferred mineral resource of 1,112,000t @ 4.09g/t gold for 146,300oz gold at the Nordeau gold deposit, which the Company considers to have substantial growth potential.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. These mineral resource estimates include inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorised as mineral reserves. There is also no certainty that these Inferred mineral resources will be converted to the measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.

The independent Mineral Resource estimates for the Nordeau West deposit was prepared by MRB & Associates, ("MRB") of Val d'Or, Quebec and is reported and classified in accordance with the guidelines of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012) and in accordance with Canadian National Instrument 43-101.

The mineral resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum, CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines and adopted by the CIM Council.

Acquisition Terms

The ECG Project consists of two option and earn in arrangements and 100% Chalice owned claims. Chalice can earn a 70% interest in the Chimo Property by making total option payments of C$200,000 to Richmont Mines and funding exploration expenditures of C$3.1 million over a period of four years. Upon meeting these requirements and exercising the option, Chalice shall then grant a 1% net smelter return royalty to Richmont on claims with no pre-existing royalties. Chalice has the right to withdraw without earning an interest in the Project at any time.

Chalice may acquire a 100% interest (except certain claims where Globex has a 60% interest) in the Nordeau Property by making annual option payments totalling C$590,000 over four years to Globex and undertaking exploration expenditures of C$2.5 million, also over a four-year period. Upon exercising the option Chalice, will grant a 3% gross metal royalty to Globex (there are currently no existing royalties in relation to the property and no government royalties). Chalice has the right to withdraw without earning an interest at any time.

Kinebik Gold Project, Quebec, Canada

The 100%-owned Kinebik Gold Project covers an area of 187km^2, including a 30km strike of the Casa Berardi fault, which hosts Hecla Mining Company's (NYSE:HL) Casa Beradi multi-million ounce gold mine and numerous other gold occurrences.

MMI soil sampling has identified three geochemical anomalies with moderate to strong Au-Ag-W responses situated close to the Casa Berardi fault. These anomalies which will be prioritised with a dipole-dipole 3D 'Orevision' IP survey and diamond drilling of priority targets.

Warrego North, Northern Territory, Australia (right to earn a 70% interest)

The Warrego North Project is located approximately 20km north-west of the historical high-grade Warrego copper-gold mine in the western part of the Tennant Creek Mineral Field in the Northern Territory, Australia (Figure 4). Warrego was the largest deposit mined in the area with historical production of 1.3 million oz of gold and 90,000 tonnes of copper from 5 million tonnes of ore at 8g/t gold and 2% copper in a classic iron oxide copper gold ("IOCG") geological setting. Chalice can earn up to a 70% interest in the project from Meteoric Resources NL by sole funding $800,000.

Exploration Activities

The Company's first of two diamond drill holes drilled during the year at Warrego North, WND17-001, targeted a coincidental magnetic-gravity and IP chargeability anomaly (Figure 5) and intersected chalcopyrite in magnetite ironstones grading **8m @ 1.74% copper and 0.42g/t gold between 249-257m** down-hole depth. Pervasive chlorite-sericite alteration indicates the potential for an extensive hydrothermal system, which is a characteristic of IOCG deposits.

Future Exploration Program

The Company is encouraged by the results of its maiden drilling program, and has completed a detailed 3D IP survey subsequent to year end. The results from this survey were used to assist in planning immediate follow-up drilling for extensions to the mineralisation discovered in hole WND17-001 and a second, stronger, chargeability anomaly located about 300m north of WND17-001. Drilling commenced subsequent to year end and assay results are currently awaited.

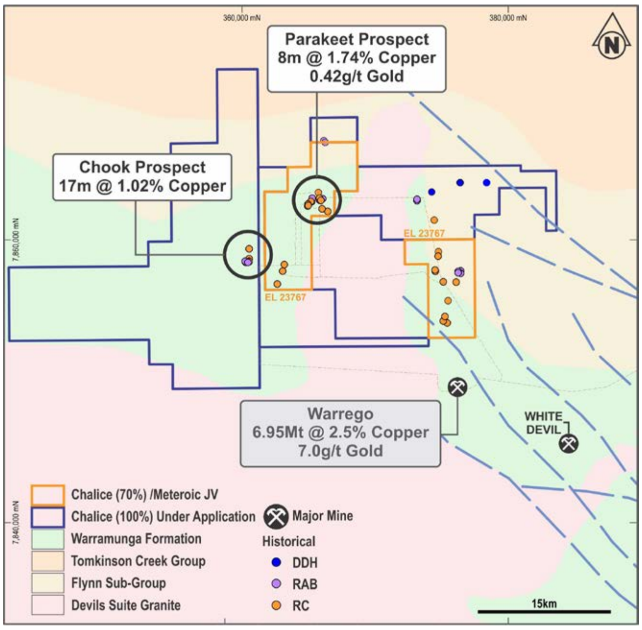


Figure 4. Warrego North Project Location, Northern Territory, Australia

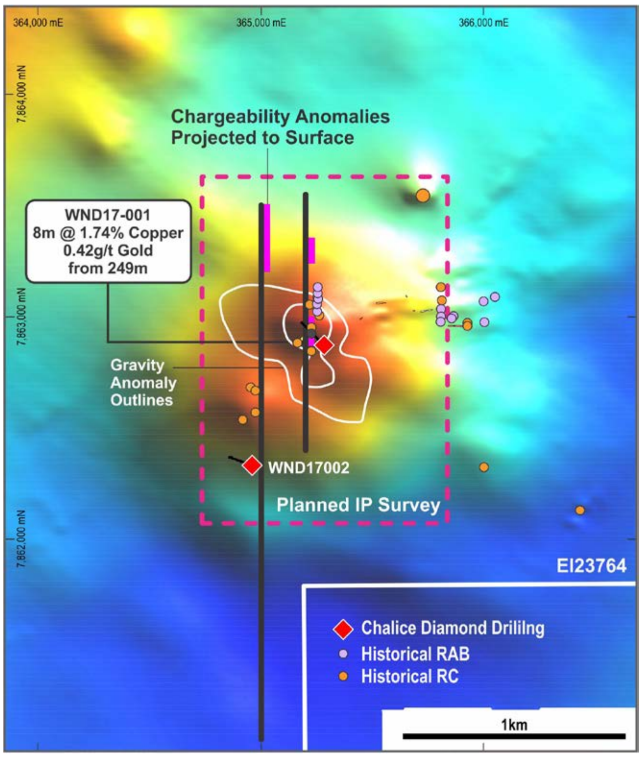


Figure 5. Parakeet aeromagnetic image with superimposed gravity, IP and drill collars

Acquisition Terms

Chalice has the right to earn up to a 70% interest in the Warrego North Project by sole funding $800,000 in exploration expenditure. Chalice may earn an initial 51% by funding the first A$400,000 in exploration expenditure and there is an obligation to drill at least one diamond drill hole, of at least 300m, in 12 months before Chalice can withdraw (obligation now met), with the balance of A$400,000 (at the Company's election) to be spent to earn the remaining 19% interest.

Latitude Hill Project, Western Australia

The 990km² Latitude Hill Project (Figure 6) was acquired to provide Chalice with a counter-cyclical investment opportunity in an under-explored region that is highly prospective for massive and disseminated nickel-copper-platinum group metals sulphide deposits similar to the Nova-Bollinger nickel-copper sulphide deposit in the Albany-Fraser Orogen. The project is subject to a farm-in and joint venture whereby Chalice can earn up to a 51% interest with Traka Resources Limited (ASX: TKL) (and up 70% if Traka elects not to contribute thereafter).

A high quality 'Spectrem' Airborne Electromagnetic (EM) survey completed in 2012 by Anglo American, when they were in joint venture in the area with Traka, identified seven priority conductors that were not subsequently followed up (Figure 7). None of these priority conductors have been subject to ground-based exploration.

During the year, all five tenements were progressed to grant. A program of moving-loop EM ("MLEM") commenced in late June to survey six of the seven Spectrem airborne EM conductors. The MLEM survey identified interpreted bedrock conductors at each of the survey areas and has validated targets for follow-up drill testing. Preparations are well underway for a 4,500m RC drill program, which has recently commenced.

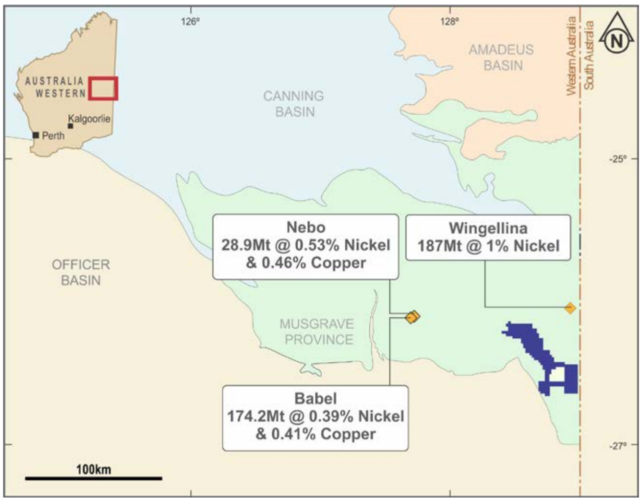


Figure 6. Location map showing Latitude Hill relative to other nickel discoveries in the region

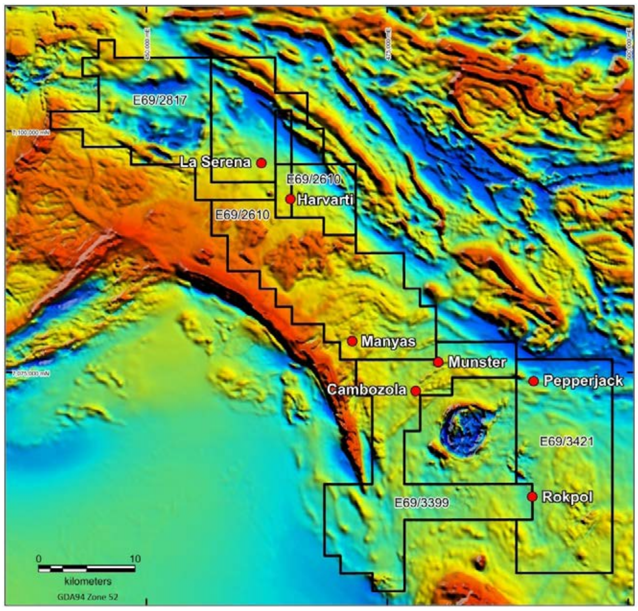


Figure 7. Aeromagnetic image showing the property boundary and location of high priority targets

Acquisition Terms

Chalice must incur A$1 million on exploration expenditure within the first 12 months from the grant of the tenements. Chalice has the right, after meeting the minimum commitment, to earn a 51% interest by expenditure of A$5 million (including the minimum commitment) within 3 years of commencement. If Chalice earns a 51% interest, the Company must advise Traka whether it wishes to increase its interest to 70%. Traka then has 14 days to notify Chalice if it wishes to maintain its interest at 49% by proportionally contributing to all future expenditures. If Traka does not wish to maintain the 49% interest Chalice has the right, but not the obligation, to expend a further A$5 million in an additional three years to increase its interest to 70%. If Chalice earns a 70% interest (or retains the initial 51% interest if Traka executes its right to maintain its 49% interest) both parties will contribute proportionally to all expenditures going forward.

West Pilbara Gold Project, Western Australia (right to earn a 70% interest)

The 1,390km² West Pilbara Project (Figure 8) is located approximately 160km south-southwest of Karratha and has contiguous coverage of 90km of strike of prospective geology along the contact between the Ashburton and Hamersley Basins, referred to as the Paraburdoo Hinge Zone and is defined by regional fault/shear zones.

The region is under-explored for both gold and base metals and the south-west boundary of the property is approximately 8km from Northern Star Resources' (ASX: NST) multi-million-ounce Paulsens gold mine. The project is subject to a farm-in and joint venture whereby Chalice can earn up to a 51% interest in the non-iron rights from Red Hill Iron Limited (ASX: RHI) (and up to 70% if Red Hill elects not to contribute at this stage).

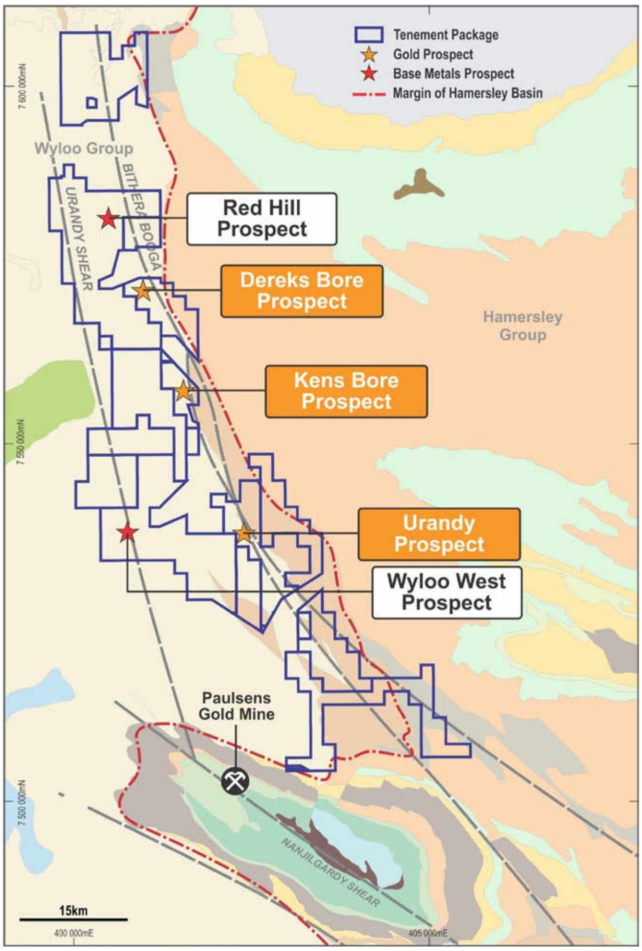


Figure 8: Geology and property map of the West Pilbara project

Figure 9: Hydrothermal Breccia with malachite and chalcocite mineralisation at Wyloo West Prospect

Exploration Activities

During the year, a program of field reconnaissance and rock-chip sampling was undertaken across all high priority gold and base metal targets including Wyloo West, Dereks Bore, Kens Bore, G1 and Red Hill Copper prospects. A total of 130 rock-chip samples were collected from nine prospects with maximum values recorded of up to 12.3g/t Au and 29% Cu.

Future Exploration Program

Based on the results of these field programs three prospects (Wyloo West, Dereks Bore and Red Hill) have recently been surveyed by gradient array IP geophysics to cover identified targets which include either elevated Au and Cu rock chip sampling, anomalous soil geochemistry or historic Au drill intersections. Any new drill targets defined from the IP surveying will be included with the planned drilling programs at Ken's Bore, G1, and Wyloo East with drilling scheduled to commence in H2 2017.

Acquisition Terms

Chalice can earn up to 70% interest in the West Pilbara Project by $3 million of exploration expenditures, with a minimum commitment of A$500,000 within the first 12 months. Chalice may spend A$1 million within two years (including the minimum commitment) to earn 51% at which point Red Hill have a one-off right to contribute to its 49% pro rata interest. If Red Hill elects not to contribute, Chalice has the right but not the obligation to then spend another A$2 million to earn a further 19% within no set time period, or withdraw and retain no interest.

Yilgarn Gold Projects, Western Australia (100% owned)

Chalice has compiled historical exploration results for its 100% owned tenements in the Southern Cross, Eastern Goldfields and Sandstone regions and is currently reviewing field programs to commence testing of priority targets in the first half of 2018.

Nyanzaga Project, Tanzania (Entitlement to payment upon Commercial Mining)

Following Chalice's merger with Sub-Sahara Resources NL in 2009, the Company became entitled to a payment of A$5 million upon commercial production at the Nyanzaga Project ("Nyanzaga") in Tanzania. OreCorp Limited (ASX: ORR), which is currently earning a 51% interest in Nyanzaga, have recently completed a positive Scoping Study.

GeoCrystal Limited – Webb Diamond Project, Australia (22.95% equity interest)

Chalice has a 22.95% interest in unlisted diamond explorer, GeoCrystal Ltd ("GeoCrystal"). GeoCrystal has a 78% interest in the Webb Diamond Project via a joint venture with ASX-listed explorer Meteoric Resources Ltd.

Strategic Interest in Ausgold Resources Limited

During the year Chalice subscribed to a share placement of 40 million shares in ASX listed Ausgold Limited (ASX: AUC) ("Ausgold") at an issue price of 2.5 cents per share for a total of $1.0 million ("the Placement"). The funds will predominantly be used to advance Ausgold's flagship Katanning Gold Project in Western Australia.

In addition to the Placement, Chalice agreed to sell its Dumbleyung Project, which is located adjacent to the Katanning Gold Project, to Ausgold for 15 million shares (subject to a 12-month escrow) and 10 million unlisted share options that are exercisable at 3.5 cents per share within a 2-year period. The issue of the consideration shares and options to Chalice was subject to Ausgold shareholder approval, which occurred in August 2017 and the consideration shares and options were issued to Chalice on 14 September 2017. Chalice will also retain a 2 percent Net Smelter Royalty ("NSR") over the Dumbleyung Project.

Chalice holds a 13% interest in Ausgold (increasing to a ~16% interest in the event that the consideration options are exercised) on a fully diluted basis.

Ausgold's Katanning Gold Project is located 275km southeast of Perth, Western Australia where Ausgold holds a dominant ground position of approximately 4,031km2 in a relatively under-explored greenstone belt that is prospective for Archaean gold deposits.

Corporate

Share buyback

In July 2016, the Company commenced a discretionary on-market share buy-back of up to 28,271,080 ordinary shares as part of a capital management plan over the next 12 months. As at the date of this report the Company has acquired and cancelled 21,500,508 ordinary shares under the on-market buy-back for a total cost of $3,786,723.

TSX listing

Following the sale of the Cameron Gold Project, the Toronto Stock Exchange ("TSX") commenced a review on the ordinary shares of the Company in respect to its continued listing requirements of the TSX. In December 2016, the TSX advised that it had completed its review and determined that the Company meets the applicable requirements for its continued listing.

Investment in Oklo Resources Limited

During the year, Chalice acquired a 9.7% interest in Oklo Resources Limited (ASX: OKU) ("Oklo"), which was sold in May 2017. Total proceeds received from the sale of the Company's interest in Oklo was $5.6 million.

Financial performance

The Group reported a net loss after income tax of $2.3 million for the year compared to a net gain of $7.4 million for the year ended 30 June 2016. This decrease is largely related to the net profit from discontinued operations of $11.7 million, which predominately related to the sale of the Cameron Project in the prior financial year. In addition, the loss for the year from continuing operations was reduced in the current year from $4.3 million at 30 June 2016 to $2.3 million for the current year. The reduction in net loss is due to the net gain on sale of financial assets ($1.8 million), which relates to the sale of First Mining Finance Corp. shares, and the Company's holding in Oklo Resources Limited, and a net gain on sale of exploration assets of $0.7 million.

The $0.9 million net foreign exchange loss (2016: net gain of $0.9 million) for the year has mainly resulted from the impact of movements in the Australian Dollar against the US Dollar and Canadian Dollar on the Company's US and Canadian Dollar cash balances.

Corporate administrative expenses of $1.7 million (2016: $1.2 million) increased due to higher personnel associated costs in the current year.

Statement of cash flows

Cash and cash equivalents at 30 June 2017 were $46.8 million (30 June 2016: $35.7 million). The increase in cash of $11.1 million is predominately due to proceeds from sale of financial assets of $27 million (i.e. proceeds from the sale of 25,300,000 shares in First Mining Finance Corp. and 23,434,977 shares in Oklo Resources Limited) which was offset by the following:

- The acquisition of shares in Oklo Resources Limited ($4.8 million) and Ausgold Limited ($1 million); and
- $3.8 million being spent on the share buy-back facility;

In comparison to the 2016 financial year, net cash flows used in operating activities increased by 22% from $0.9 million in 2016 to $1.1 million.

Net cash flows from investing activities increased significantly during the year from a net outflow of $4.2 million in 2016 to a net inflow of $16.4 million in 2017. This was primarily due to proceeds received from the sale of financial assets as noted above.

Net cash used in financing activities in the current year represents the on-market share buy-back that was conducted during the year.

The effect of exchange rates on cash and cash equivalents at 30 June 2017 was a loss of $0.4 million (2016: gain of $0.9 million). The Company held approximately US$10 million in US$ denominated bank accounts at 30 June 2017 (30 June 2016: US$18 million) and held C$14.5 million in C$ denominated bank accounts at 30 June 2017 (30 June 2016: C$0.1 million).

Financial position

At balance date the Group had net assets of $55 million and an excess of current assets over current liabilities of $51.4 million. Current assets decreased by 14.5% to $53 million (2016: $62 million) mainly due to the sale of 25,300,000 common shares in First Mining. Cash and cash equivalents increased by 31% to $46.8 million (2016: $35.7 million). Refer to the statement of cash flows discussion above for further details regarding the movements in the 2016 cash balance.

Non-current assets increased by 153% to $4.3 million (2016: $1.7 million), as a result of an increase in exploration and evaluation assets of $2.9 million.

Current liabilities increased by 129% to $1.6 million (2016: $0.7 million) mainly due to capital gains tax payable on the sale of First Mining Finance Corp. shares to 30 June 2017. Non-current liabilities decreased due to the reduction in the deferred tax liability in the current year.

Mineral Resource Statement

The Company reviews and reports it mineral resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its mineral resources over the course of the year, the Company is required to report these changes.

On 7 March 2017, the Company issued an updated mineral resource statement for the Nordeau West deposit in Canada. The report was prepared in accordance with Canadian National Instrument 43-101 and JORC Code (2012 Edition).

In completing the annual review for the year ended 30 June 2017, the historical resource factors were reviewed and found to be relevant and current, therefore, there were no changes to the mineral resources as stated on 7 March 2017.

The Mineral Resource estimate is summarised below:

Table 1. Nordeau West Mineral Resource estimates

JORC Category	Cut-Off (g/t Au)	Tonnes (t)	Grade (g/t Au)	Contained Au (oz Au)
Indicated	2.75	225,000	4.17	30,200
Inferred	2.75	1,112,000	4.09	146,300
Total Indicated & Inferred	**2.75**	**1,337,000**	**4.10**	**176,500**

1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. These Mineral Resource estimates include Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorised as mineral reserves. There is also no certainty that these Inferred Mineral Resources will be converted to the Measured and Indicated categories through further drilling, or into mineral reserves, once economic considerations are applied. All figures are rounded to reflect the relative accuracy of the estimate and therefore numbers may not appear to add precisely.
2. The independent Mineral Resource estimates for the Nordeau West deposit was prepared by MRB & Associates, ("MRB") of Val d'Or, Quebec and is reported and classified in accordance with the guidelines of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012) and the Canadian National Instruments 43-101.

Governance Arrangements and Internal Controls

The Company has ensured that the mineral resources quoted are subject to good governance arrangements and internal controls. The mineral resources reported have been based on information compiled by Mr John Langton, P.Geo., Principal, MRB & Associates. Mr John Langton is a consultant to the company and 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, Mineral Resource and Ore Reserves and is a Qualified Person under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. The consultant has also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimation. In addition, Chalice's management carries out regular reviews and audits of internal processes and external consultants that have been engaged by the Company.

Competent Person and Qualifying Person Statements

The information in this report that relates to Exploration Results in relation to the West Pilbara, East Cadillac Gold Project, Kinebik Gold Project is based on information complied by Dr Kevin Frost BSc (Hons), PhD, who is a Member of the Australian Institute of Geoscientists. Dr Frost is a full-time employee of the Company and 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, Mineral Resources and Ore Reserves, and is a Qualified Person under National Instrument 43-101-'Standards of Disclosure for Mineral Projects'. Dr Frost, the Qualified Person has verified the information disclosed in this release and consents to the release of information in the form and context in which it appears here.

The information in this report that relates to the East Cadillac Gold Project, Quebec mineral resource estimate is extracted from the announcement entitled "Maiden JORC Resource for Nordeau West deposit provides foundation for expanded exploration program at East Cadillac Gold Project, Quebec" dated 7 March 2017.

The information in this report that relates to the Warrego North, NT is extracted from the announcement entitled "Chalice discovers copper-gold mineralisation at Warrego North Project, NT" dated 16 June 2017.

The above announcements are available to view on the Company's website at www.chalicegold.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions in the market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's and Qualifying Persons findings are presented have not been materially modified from the original market announcements.

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 estimation of mineral reserve and mineral resources at the East Cadillac Gold Project, the realisation of mineral reserve estimates; the likelihood of exploration success including results of future geophysical surveys, drilling at the East Cadillac Gold Project, the Latitude Hill Project, the Warrego North Project and the West Pilbara Project and other exploration activities; the timing and costs of future exploration activities on the Company's exploration projects; the potential to define future mineral resources and, if successful at any of the Company's exploration projects, the potential viability of any mineral resource so defined; planned expenditures and budgets and the execution thereof; the timing and availability of drill results; potential sites for additional drilling, the future share price performance of First Mining Finance Corp and Ausgold Limited, that general business and economic conditions will not change in a materially adverse manner; 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, planning, expects or does not expect, is expected, will, may, would, potential, budget, scheduled, estimates, forecasts, intends, anticipates or does not anticipate, or believes, occur, or be achieved, 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 exploration programs based upon results of exploration; 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.

Tenement Schedules

Tenement Schedules as at 18 September 2017:

AUSTRALIA

Location	Project	Tenement No./ Claim No.	Registered Holder	Nature of interest
Western Australia	Music Well	E37/1250	CGM (WA) Pty Ltd	100%
	Jericho	E39/1914		
	Yundamindra	E39/1976		
	Bulga Downs	E57/1050		
	Woodanilling	E70/4863*		
	Katanning	E70/4864*		
	Williams	E70/4865*		
	Williams	E70/4866*		
	Roe	E70/4869		
	Nulla South	E77/2353		
	Nulla South	E77/2354		
	Chain Bore	P37/8702		
	Chain Bore	P37/8703		
	Chain Bore	P37/8704		
	Chain Bore	P37/8705		
	Chain Bore	P37/8706		
	Chain Bore	P37/8707		
	Chain Bore	P37/8708		
	Chain Bore	P37/8709		
	Chain Bore	P37/8710		
	Chain Bore	P37/8711		
	Jericho	P39/5600		
	Jericho	P39/5601		
	West Pilbara	E08/1227	Red Hill Iron Limited - 40% API Management Pty Ltd- 60%	0% - farm-in agreement, right to earn up to 51% or 70% as applicable (in all minerals other than iron ore)
		E08/1283		
		E08/1289		

WEST PILBARA

Location	Project	Tenement No./ Claim No.	Registered Holder	Nature of interest
Western Australia	West Pilbara	E08/1293	Red Hill Iron Limited - 40% API Management Pty Ltd- 60%	0% - farm-in agreement, right to earn up to 51% or 70% as applicable (in all minerals other than iron ore)
		E08/1294		
		E08/1295		
		E08/1430		
		E08/1473		
		E08/1516		
		E08/1537		
		E08/1141		
		E08/1693		
	Latitude Hill	ELA69/2817	Traka Resources Limited	0% - farm-in agreement, right to earn up to 51% or 70% as applicable
		ELA69/2610		
		ELA69/2592		
		ELA69/3421		
		ELA69/3399		
Northern Territory	Warrego North	EL23764	Meteoric Resources NL	0% - farm-in agreement, right to earn up to 51% interest or 70% as applicable

* Dumbleyung tenements sold to Ausgold Limited as disclosed in ASX Announcement dated 14 September 2017. Transfer is pending.

CANADA

Location	Project	Claim Numbers	Registered Holder	Nature of Interest
Quebec	Kinebik	2448108 to 2448207	Chalice Gold Mines (Quebec) Inc.	100%
	Kinebik	2448409 to 2448497		
	Kinebik	2449277 to 2449375		
	Kinebik	2454112 to 2454113		
	Kinebik	2454308 to 2454320		
	Kinebik	2454863 to 2454867		
	Kinebik	2466152 to 2466176		
	Kinebik	2468010 to 2468013		
	Kinebik	2470442 to 2470460		
	Kinebik	2499665 to 2499668		
	East Cadillac	2461488 to 2461495	Chalice Gold Mines (Quebec) Inc.	100%
	East Cadillac	2468029 to 2468043		
	East Cadillac	2481223 to 2481300		
	East Cadillac	2491126		
	East Cadillac	2491239 to 2491250		
	East Cadillac	2385084	Richmont Mines Inc.	0%- earn-in option agreement into a 70% interest
	East Cadillac	2438140 to 2438211		
	East Cadillac	2437912 to 2437915	Globex Mining Enterprises Inc.	0%- earn-in option agreement into a 100% interest
	East Cadillac	2437862 to 2437873		
	East Cadillac	2438798 to 2438811	Compagnie minière Baie Bateman inc. (40%) Globex Mining Enterprises Inc. (60%)	0%- earn-in option agreement into a 100% interest
	East Cadillac	2438935 to 2438937		
	East Cadillac	2437791 to 2437811	Globex Mining Enterprises Inc.	0%- earn-in option agreement into a 100% interest

Directors' Report

The Directors present their report together with the financial report of Chalice Gold Mines Limited ("Chalice" or "the Company") and its subsidiaries (together "the Group") for the financial year ended 30 June 2017 and the independent auditor's report thereon. The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

1. DIRECTORS

Anthony (Tony) W Kiernan LLB Non-executive Chairman	Tony, previously a practising lawyer, is a corporate advisor with extensive experience in the administration and operation of listed public companies. He is the Chairman of Pilbara Minerals Limited (since 2017) and Venturex Resources Limited (since 2010) both listed on ASX. During the past three years, Tony was previously a director of ASX listed BC Iron Limited (2006 to 2016) and Danakali Limited (2013 to 2017). Tony was appointed Chairman on 10 October 2014, and has been a director since 2007 (10 years). Tony is a member of the Audit and Risk Committee and Chairman of the Remuneration Committee.
Timothy (Tim) R B Goyder Managing Director	Tim has considerable experience in the resource industry as an executive and investor. He has been involved in the formation and management of a number of publicly-listed and private companies and is currently Chairman of Uranium Equities Limited (since 2002) and Liontown Resources Limited (since 2006) and a director of Strike Energy Limited (since 2017), all listed on ASX. Tim has been a director since 2005 (12 years) and was appointed Managing Director on 10 October 2014. Tim previously held the position of Executive Chairman.
Stephen P Quin PGeo, FGAC, FSEG, MIOM3 Independent Non-executive Director	Stephen is a geologist with over 36 years' experience in the mining and exploration industry. Stephen is based in Vancouver, Canada, and has been the President & CEO of Midas Gold Corp. and its predecessor since January 2011. Stephen was previously President and COO of TSX listed copper producer Capstone Mining Corp. and, up until its merger with Capstone, President and CEO of TSX listed copper producer Sherwood Copper Corp. Prior to joining Sherwood, Stephen spent 18 years as Vice President and subsequently Executive Vice President of TSX listed Miramar Mining Corporation, a Canadian focused gold producer and developer. Stephen has extensive experience in the resources sector, and in the financing, development and operation of production companies. Stephen is a member of the Audit and Risk Committee and Remuneration Committee and has been an independent non-executive director since 2010 (7 years).
Morgan S Ball B.Com, CA, FFin Independent Non-executive Director	Morgan is a Chartered Accountant with more than 25 years of Australian and international experience in the resources, logistics and finance industries. Morgan is currently Chief Financial Officer of ASX Listed Saracen Mineral Holdings Limited. During the past three years, Morgan was Managing Director from 2013 to 2016, and prior to that Finance Director (2011 to 2013) of ASX listed BC Iron Limited. Morgan is Chairman of the Audit and Risk Committee and a member of the Remuneration Committee and was appointed to the Board as an independent non-executive director on 24 June 2016 (1 year).

2. CHIEF FINANCIAL OFFICER AND JOINT COMPANY SECRETARY

Richard K Hacker B.Com, CA, ACIS Chief Financial Officer and Joint Company Secretary	Richard is a Chartered Accountant and Chartered Secretary with over 20 years of professional and corporate experience in the energy and resources sector in Australia and the United Kingdom. Richard has previously worked in senior finance roles with global energy companies including Woodside Petroleum Limited and Centrica Plc. Prior to this, Richard was in private practice with major accounting practices. Richard is a director of ASX listed Uranium Equities Limited. Richard was appointed Joint Company Secretary on 18 September 2017.
Catherine Huynh B.Com, CA, ACIS Joint Company Secretary	Catherine is a Chartered Accountant and Chartered Secretary who has 8 years of professional experience and was appointed Joint Company Secretary on 18 September 2017.
Leanne Stevens B.Com, CA, ACIS Company Secretary (resigned 18 September 2017)	Leanne is a Chartered Accountant and Chartered Secretary who has 14 years of accounting and governance experience within the mining and energy industries. Leanne is also Company Secretary of ASX listed Liontown Resources Limited. Leanne resigned from the position of Company Secretary effective 18 September 2017.

3. DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	Audit	Remuneration	Nomination
Number of meetings held:	7	2	1	-
Number of meetings attended:				
A W Kiernan	7	2	1	-
T R B Goyder	7	-	-	-
S P Quin	7	2	1	-
M S Ball	7	2	1	-

The Company has an audit and risk committee and a separate remuneration committee. The nomination committee comprises the full membership of the board of directors and any matters to be dealt with by the nomination committee are included in board meetings. Members acting on the committees during the year were:

Audit and Risk	Remuneration	Nomination
M S Ball (Chairman)	A W Kiernan (Chairman)	Full Board
A W Kiernan	S P Quin	
S P Quin	M S Ball	

4. PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were mineral exploration and evaluation. There has been no significant changes in the nature of these activities during the year.

5. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the progress documented above, the state of affairs of the Company was not affected by any other significant changes during the year.

6. REMUNERATION REPORT – AUDITED

This report for the year ended 30 June 2017 outlines remuneration arrangements in place for directors and executives of Chalice Gold Mines Limited in accordance with the requirements of the Corporations Act 2001 (the "Act") and its regulations. This information has been audited as required by section 308 (3C) of the Act.

6.1 MESSAGE FROM THE BOARD

The Company's remuneration policy is structured to ensure it is aligned to the business strategy, shareholder interests and to ensure effective executive remuneration and retention. These objectives are designed to be achieved through the Company's short term and long term incentive plans which link the achievement of these objectives to the variable compensation of the Managing Director and staff. Further details are provided in this report.

6.2 INTRODUCTION

The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company and the Group directly or indirectly. The following were the KMP for the Group at any time during the year:

Non-executive Directors

Anthony Kiernan	Chairman
Stephen Quin	Non-executive Director
Morgan Ball	Non-executive Director

Executive Directors

Tim Goyder	Managing Director

Executives

Richard Hacker	Chief Financial Officer and Joint Company Secretary
Kevin Frost	General Manager – Exploration
Patrick Lengyel	Exploration Manager - Canada

There were no changes in KMP after the reporting date and before the financial report was authorised for issue.

6.3. PRINCIPLES OF COMPENSATION

6.3.1. REMUNERATION GOVERNANCE

Remuneration committee

The Board is responsible for ensuring Chalice's remuneration strategy is aligned with Company performance and shareholder interests and is equitable for participants. To assist with this, the Board has established a Remuneration Committee consisting of the following directors:

- Anthony Kiernan (Chairman)
- Stephen Quin
- Morgan Ball

The Remuneration Committee has delegated decision-making authority for some matters related to the remuneration arrangements for KMP, and is required to make recommendations to the Board on other matters.

Specifically, the Board approves the remuneration arrangements of the Managing Director and other executives including awards made under the Short Term Incentive Plan ("STIP") and Employee Long Term Incentive Plan ("ELTIP"), following recommendations from the Remuneration Committee. The Board also sets the aggregate fee pool for Non-executive Directors ("NED") (which is subject to shareholder approval) and NED fee levels.

The Remuneration Committee meets through the year when appropriate. The Managing Director may attend certain Remuneration Committee meetings by invitation, where management input is required. The Managing Director is not present during any discussions related to his own remuneration arrangements.

Further information on the Remuneration Committee's role, responsibilities and membership can be seen at www.chalicegold.com.

Use of remuneration consultants

To ensure the Remuneration Committee is fully informed when making remuneration decisions, the Remuneration Committee may seek external advice, as it requires, on remuneration policies and practices. Remuneration consultants are able to be engaged by, and report directly to, the Committee. In selecting remuneration consultants, the Committee would consider potential conflicts of interest and independence from the Group's KMP and other executives. During the financial year, the Remuneration Committee did not seek specific advice or recommendations from external consultants.

Remuneration report approval at 2016 Annual General Meeting

The Remuneration Report for the financial year ended 30 June 2016 received positive shareholder support at the 2016 Annual General Meeting ("AGM") with a vote of 99.6% in favour.

6.3.2 REMUNERATION PRINCIPLES AND COMPONENTS OF REMUNERATION

The Company has adopted the following principles in its remuneration framework:

1. Seeking aggregate remuneration at a level which provides the Company with the ability to attract and retain directors and executives of high calibre at a cost which is acceptable to shareholders; and
2. KMP interest being aligned with shareholder value and Company performance by:

- providing fair, consistent and competitive compensation and rewards to attract and retain appropriate employees;
- ensuring that total remuneration is competitive with its peers by market standards;
- incorporating in the remuneration framework both short and long term incentives linked to the strategic goals and performance of the individuals and the Company and shareholder returns;
- demonstrating a clear relationship between individual performance and remuneration; and
- motivating employees to pursue and achieve the long term growth and success of the Company.

The following table is an overview of the components of remuneration:

	Element	Non-executive directors	Executives
Fixed remuneration	Base salary	×	✓
	Base fee	✓	×
	Committee fees	✓	×
	Superannuation	✓[1]	✓
	Consultancy fees	✓[2]	×
	Other benefits	✓[3]	✓
Variable remuneration	Short term incentives (STI)	×	✓
	Share options	✓[4]	✓
	Performance rights	×	✓

[1] Only applies to Australian non-executives.
[2] Some directors are paid consultancy fees on an arm's length basis (refer below).
[3] Other benefits relates to directors and officers insurance.
[4] Non-executive directors are eligible to participate in the share option plan at the discretion of the Board subject to shareholder approval where required (refer below for further details).

6.3.3 NON-EXECUTIVE DIRECTOR REMUNERATION

The Company's Constitution and the ASX Listing Rules specify that the maximum aggregate fees to be paid to non-executive directors for their roles as directors are to be approved by shareholders at a general meeting. The latest determination was at the 2011 AGM, whereby Shareholders approved a maximum aggregate amount of $450,000 per year (including superannuation). The Board does not propose to seek any increase for the non-executive director pool at the upcoming 2017 Annual General Meeting.

The fee structure for non-executive directors is reviewed annually and the Remuneration Committee and the Board may consider advice from external consultants, and undertake comparative analyses of the fees paid to non-executive directors of comparable companies in the resources sector with similar market capitalisations. Generally, the Company will position itself within the 50th and 75th percentile band of the comparative market data.

For the 2017 financial year, a non-executive director (excluding the Chairman) receives a fee of $60,000 (inclusive of superannuation, where applicable) and the Chairman receives a fee of $80,000 (inclusive of superannuation). Members of the Audit Committee and Remuneration Committee also receive an additional $5,000 (inclusive of superannuation) for their roles on each of those Committees. The additional payments recognise the additional time commitment by non-executive directors who serve on committees.

The non-executive directors are not entitled to receive retirement benefits. Non-executive directors, at the discretion of the Board, may participate in the Employee Share Option Plan ("ESOP"), subject to approvals required by shareholders. The Board is conscious of the issue of share options to non-executive directors and will continue to balance the cost benefit of issuing share options to attract and retain quality directors against paying higher fixed directors' fees.

Non-executive directors are not eligible to participate in the Company's Long Term Incentive Plan ("LTIP").

Apart from their duties as directors, non-executive directors may undertake additional work for the Company on a consultancy basis on market terms. The use of consultancy by non-executive directors in addition to their duties as directors enables the Company to better utilise the skills offered by the Board particularly in light of the Company's current small management team.

Under the terms of these consultancy agreements, non-executive directors typically receive a daily rate or monthly retainer for the work performed at a rate comparable to market rates that they would otherwise receive for their consultancy services.

The remuneration of non-executive directors for the years ended 30 June 2017 and 30 June 2016 is detailed further in this Remuneration Report. The amounts listed under 'Salary & Fees' include both director fees and consultancy fees received by non-executive directors.

6.3.4 EXECUTIVE REMUNERATION

Executive remuneration consists of fixed remuneration and may also comprise variable remuneration in the form of performance based cash bonuses (Short Term Incentive Plan ("STIP")), share options and performance rights (issued under the terms of the ESOP and Long Term Incentive Plan ("LTIP") respectively). The LTIP was last approved by the Company's shareholders at the 2014 AGM. The structure of the plan is detailed below.

(a) Fixed remuneration

The level of fixed remuneration is set to provide a base level of remuneration which is both appropriate for the position and competitive in the market. The Company aims to pay within the 50th and 75th percentile band of benchmark data, but the Board has the discretion to pay above this to attract and retain key employees in achieving the Company's strategic goals.

Fixed remuneration is reviewed at appropriate times (and no less than on an annual basis) by the Remuneration Committee and approved by the Board having regard to the Company and individual performance, relevant comparable remuneration for similarly capitalised companies in the mining industry and independently compiled market data. Executives receive their fixed remuneration in the form of cash.

The fixed remuneration for executives is detailed further in this Report.

(b) Variable remuneration - STIP

The Board has implemented a formal STIP which includes cash bonuses to executives upon achievement of predefined targets. The maximum bonus percentage ("MBP") ranges between 10% and 50% of an executive's fixed annual salary depending on the position held and responsibilities to be undertaken. The STIP is based on achieving "Expected" and "Stretch" targets for the year. Achieving the expected target attracts 20% of the relevant MBP and achieving the stretch target or better attracts up to 100% of the relevant MBP.

The Board has suspended the STIP and moved 100% of eligible KMP's incentive entitlements exclusively to the LTIP. The justification for this is that at this stage of the Company's development, all the key business objectives of KMP have longer dated time frames than the STIP's 12 month time frame. Therefore, during the financial year, no formal cash bonuses were paid to executives pursuant to the STIP. The Board reserves the right to pay discretionary cash bonuses to employees and executives to reward individual efforts and/or outstanding performance.

(c) Variable remuneration – employee long term incentive plan (LTIP)

Under the LTIP, the Board has the discretion to make annual awards of performance rights (which is a right to convert into ordinary shares after achievement of applicable criteria and targets) to executives and employees. The level of the award of performance rights is dependent on an employee's position within the Company. Subject to the performance criteria set out in the terms of the LTIP, performance rights held by an employee may convert into ordinary fully paid shares in the Company. In the event performance criteria are not achieved by the measurement date, the employee's performance rights lapse with no shares being issued.

A summary of the LTIP is set out below:

Key Design Feature	Design
Eligibility	All full-time employees and permanent part-time employees (including executive directors and the managing director) of the Company are eligible participants. Shareholder approval is required before any director or related party of the Company can participate in the LTIP.
Award quantum	The award quantum will be determined in consideration of total remuneration of the individual, market relativities and business affordability. The LTIP does not set out a maximum number of shares that may be issuable to any one person, other than the 5% limit of the total number of issued shares.
Performance conditions	The performance conditions that must be satisfied in order for the performance rights to vest are determined by the Board. The performance conditions may include one or more of the following: ▪ Employment of a minimum period of time; ▪ Achievement of specific objectives by the participant and/or the Company. This may include the achievement of share price targets, total shareholder return and other major long term milestone targets; or ▪ Such other performance objectives as the Board may determine.
Vesting	Vesting will occur at the end of a defined period, usually three years, and upon the achievement of the performance conditions.
Term and lapse	The term of the performance rights is determined by the Board in its discretion, but will ordinarily have a three year term up to a maximum of five years. Performance Rights are subject to lapsing if performance conditions are not met by the relevant measurement date or expiry dates (if no other measurement date is specified) or if employment is terminated for cause or in circumstances as described below.
Price Payable by Participant	No consideration.
Cessation of Employment	If an employee leaves the Company prior to the expiration of the relevant vesting period for a particular award of performance rights, such performance rights would, as a general rule lapse, except in certain limited defined situations such as disability, redundancy or death.

Annual grant of performance rights – 2017/2018

The table below outlines the performance rights granted to KMP in July 2017:

Annual Award	KMP	Number of Rights	Measurement Date	Vesting Date
2017/2018	Tim Goyder*	1,217,989	30 June 2020	30 June 2020
	Richard Hacker	764,921	30 June 2020	30 June 2020
	Kevin Frost	815,607	30 June 2020	30 June 2020
	Patrick Lengyel	415,365	30 June 2020	30 June 2020

*Those to Mr Goyder are subject to shareholder approval at the Company's 2017 AGM.

The performance rights shown above will not vest (and the underlying shares will not be issued) unless the performance conditions set by the Board have been satisfied at the measurement date. For the 2017/2018 annual grant of performance rights, the Remuneration Committee recommended to the Board that 100% of KMP's incentive entitlements are offered via the LTIP and that 50% of the LTIP is to be based on meeting Total Shareholder Return ("TSR") and the remaining 50% is to be based on achieving key business objectives.

The following table outlines key business objectives and the weightings of the performance condition:

Overall Performance Condition	Specific Performance Conditions	Percentage of granted performance rights that will vest if performance conditions are met
Strategic objectives	Undertake a significant acquisition or corporate transaction: acquire one or more assets or undertake a corporate transaction with potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions. AND/OR	50%
	Value generation through: ▪ Making a significant new discovery which shows the potential to be economic based on consensus commodity prices and board approved cost assumptions; or ▪ Substantially increasing the Company's resource base; or ▪ Conducting economic/feasibility studies which show the potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions; or ▪ The sale of an asset(s) at a significant profit. NB: The determination as to whether the above objectives have been met will be done by the Board of the Company in a timely manner, acting reasonably and in good faith.	
TSR objectives	The performance conditions for performance rights issued will be measured by comparing the Company's TSR with that of an appropriate comparator group of companies as determined by the Remuneration Committee over the period from the grant of the performance rights, to the end of the financial year that is 3 years after that date (vesting date). The performance rights will vest depending on the Company's percentile ranking within the comparator group on the relevant vesting date as follows:	
	Below 50th Percentile	0%
	Between 50th and 75th percentile	Pro rata between 16.5% and 50%
	At or above 75th percentile	50%

The test date for the performance rights are set at 30 June 2020, being approximately 3 years from the date of grant.

Annual grant of performance rights - 2016/2017

The table below outlines the performance rights granted to KMP for the 2016/2017 financial year and have not yet vested:

Annual Award	KMP	Number of Rights	Measurement Date	Vesting Date
2016/2017	Tim Goyder	1,200,738	30 June 2019	30 June 2019
	Richard Hacker	754,087	30 June 2019	30 June 2019
	Kevin Frost	804,058	30 June 2019	30 June 2019
	Patrick Lengyel	389,594	30 June 2019	30 June 2019

The performance rights shown above will not vest (and the underlying shares will not be issued) unless the performance conditions set by the Board have been satisfied. For the 2016/2017 annual grant of performance rights, the Remuneration Committee recommended to the Board that 100% of KMP's incentive entitlements are offered via the LTIP and that 50% of the LTIP is to be based on meeting Total Shareholder Return ("TSR") and the remaining 50% is to be based on achieving key business objectives.

The following table outlines key business objectives and the weightings of the performance condition:

Overall Performance Condition	Specific Performance Conditions	Percentage of granted performance rights that will vest if performance conditions are met
Strategic objectives	Undertake a significant acquisition or corporate transaction: acquire one or more assets or undertake a corporate transaction with potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions. AND/OR	50%
	Value generation through: ▪ Making a significant new discovery which shows the potential to be economic based on consensus commodity prices and board approved cost assumptions; or ▪ Substantially increasing the Company's resource base; or ▪ Conducting economic/feasibility studies which show the potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions; or ▪ The sale of an asset(s) at a significant profit. NB: The determination as to whether the above objectives have been met will be done by the Board of the Company in a timely manner, acting reasonably and in good faith.	
TSR objectives	The performance conditions for performance rights issued will be measured by comparing the Company's TSR with that of an appropriate comparator group of companies as determined by the Remuneration Committee over the period from the grant of the performance rights, to the end of the financial year that is 3 years after that date (vesting date). The performance rights will vest depending on the Company's percentile ranking within the comparator group on the relevant vesting date as follows:	
	Below 50th Percentile	0%
	Between 50th and 75th percentile	Pro rata between 16.5% and 50%
	At or above 75th percentile	50%

The test date for the performance rights are set at 30 June 2019, being 3 years from the date of grant.

Annual grant of performance rights - 2015/2016

The table below outlines the performance rights that were granted for the 2015/16 financial year and have not yet vested.

Annual Award	KMP	Number of Rights	Measurement Date	Number of Rights meeting performance hurdles at Measurement Date	Vesting Date
2015/2016	Tim Goyder	1,664,707	30 June 2017	1,147,444	30 June 2018
	Richard Hacker	1,306,837	30 June 2017	900,772	30 June 2018
	Patrick Lengyel	648,809	30 June 2017	447,209	30 June 2018

In July 2017, the Remuneration Committee determined that, at the measurement date of 30 June 2017, performance hurdles relating to strategic objectives and share price hurdles during the measurement period of 1 July 2015 until 30 June 2017 have been partially met. Therefore, 68.9% of performance shares will vest and convert to fully-paid ordinary shares subject to eligible KMP's and employees completing an additional 12 months service period ending on 30 June 2018.

(d) Variable remuneration – share option plan

Equity grants to executives have previously been delivered in the form of employee share options under the Company's Employee Share Option Plan which was last approved by shareholders in 2016. Options are issued at an exercise price determined by the Board at the time of issue.

Generally, no performance hurdles were set on options issued to executives. The Company considered that as options were issued at a price in excess of the Company's current share price (at the date of issue of those options), there was an inherent performance hurdle as the share price of the Company's shares had to increase before any reward could accrue to the executive.

The vesting period for share options is at the discretion of the Board and the expiry date of share options is usually between 3 and 5 years.

Upon cessation of employment, participants have 3 months from the date of cessation to exercise the share options. This requirement may be waived at the Board's discretion.

It is currently the Board's preference to issue performance rights under the LTIP to KMP rather than share options.

6.3.5 LINK BETWEEN PERFORMANCE AND EXECUTIVE REMUNERATION

The focus of executive remuneration over the financial year was fixed remuneration and performance rights under the LTIP (i.e. growing the value of the Company as reflected through share price) which seeks to ensure that executive remuneration is appropriately aligned with the business strategy and shareholder interests.

The share price performance over the last 5 years, is as follows:

	30 June 2013	30 June 2014	30 June 2015	30 June 2016	30 June 2017
Share price	\$0.16	\$0.15	\$0.11	\$0.18	\$0.15

6.4 KEY MANAGEMENT PERSONNEL REMUNERATION

Key Management Personnel		Short-term benefits			Post-employment	Share-based payments			
		Salary & fees	Non-monetary benefits	Other	Superannuation benefits	Long Term Incentives [3]	Termination benefits	Total	Proportion of remuneration performance related
		$	$	$	$	$	$	$	%
Directors									
T R B Goyder	2017	356,164	3,930	-	33,836	94,129	-	488,059	19
	2016	356,164	5,691	-	33,836	59,229	-	454,920	13
A W Kiernan[1]	2017	128,391	1,781	-	7,808	16,811	-	154,791	11
	2016	122,692	2,906	-	7,808	-	-	133,406	-
S P Quin	2017	70,000	5,618	-	-	16,811	-	92,429	18
	2016	70,000	6,910	-	-	-	-	76,910	-
M S Ball	2017	63,926	1,781	-	6,073	14,664	-	86,444	17
	2016	1,211	48	-	115	-	-	1,374	-
Executive									
R K Hacker	2017	279,357	3,601	-	26,539	69,949	-	379,446	18
	2016	279,358	4,146	50,000	31,289	62,045	-	426,838	15
K M Frost[2]	2017	264,999	1,781	-	25,175	43,657	-	335,612	13
	2016	88,333	963	-	8,392	-	-	97,688	-
G Snow[2]	2017	-	-	-	-	-	-	-	-
	2016	226,633	9,895	-	20,192	-	-	256,720	-
P Lengyel	2017	189,905	8,690	-	-	35,554	-	234,149	15
	2016	196,936	9,437	10,000	-	30,804	-	247,177	13
Total Compensation	**2017**	**1,352,742**	**27,182**	**-**	**99,431**	**291,575**	**-**	**1,770,930**	**-**
	2016	**1,341,327**	**39,996**	**60,000**	**101,632**	**152,078**	**-**	**1,695,033**	**-**

[1] Includes the consulting services of Mr Kiernan ($46,200) during the course of the financial year. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

[2] Mr Snow ceased employment on 18 March 2016 and Mr Frost was appointed General Manager – Exploration on 1 March 2016.

[3] The fair value of the options is calculated at the date of grant using a Black-Scholes Option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. The fair value of the performance rights is calculated at the date of grant using a binomial option-pricing model. In valuing the options and performance rights, market based vesting conditions have been taken into account.

6.5 EQUITY INSTRUMENTS

6.5.1 EMPLOYEE SHARE OPTIONS

During the reporting period 1,500,000 options were granted to non-executive directors as per the below table. No further options over ordinary shares in the Group were granted or vested as compensation to KMP.

	Number of options granted during 2017	Grant date	Exercise Price $	Fair value of options at grant date $	Fair value per option $	Expiry date	Number of options vested during 2017
Directors							
A W Kiernan	500,000	22 November 2016	0.25	16,811	0.03	30 November 2019	500,000
S P Quin	500,000	22 November 2016	0.25	16,811	0.03	30 November 2019	500,000
M S Ball	500,000	22 November 2016	0.25	14,664	0.03	30 June 2019	500,000

During the reporting period, no shares were issued on the exercise of share options granted as compensation and no options granted as compensation in the current and/or prior year were forfeited/lapsed.

6.5.2 EMPLOYEE LONG TERM INCENTIVE PLAN - PERFORMANCE RIGHTS

During the reporting period the following performance rights were granted as compensation to KMP and details of performance rights that vested during the reporting period are as follows:

	Number of rights granted during 2017	Grant date	Fair value of rights at grant date (A) $	Fair value per right $	Expiry date	Number of rights vested during 2017
Directors						
T R B Goyder	1,200,738	22 November 2016	157,057	0.13	30 June 2020	-
R K Hacker	754,087	15 July 2016	126,340	0.17	30 June 2020	-
K M Frost	804,058	15 July 2016	134,712	0.17	30 June 2020	-
P Lengyel	389,594	15 July 2016	65,273	0.17	30 June 2020	-

(A) The value of performance rights granted in the year is the fair value of performance rights calculated at grant date using a binomial option-pricing model. The total value of the performance rights granted is included in the table above. This amount is allocated to remuneration over the vesting period.

The above performance rights were issued at no cost and expire on the earlier of their date or termination of the KMP's employment. During the reporting period, no shares were issued on the exercise of performance rights granted as compensation. Refer below.

Details of the vesting profile of performance rights granted as remuneration to each KMP of the Group are outlined below.

	Number of rights	Grant date	% vested in year	% forfeited in year	Vesting date
Directors					
T R B Goyder	1,664,707	25 November 2015	-	-	30 June 2018
	1,200,738	22 November 2016	-	-	30 June 2019
Executive					
R K Hacker	1,306,837	25 June 2015	-	-	30 June 2018
	754,087	15 July 2016	-	-	30 June 2019
K M Frost	804,058	15 July 2016	-	-	30 June 2019
P Lengyel	648,809	25 June 2015	-	-	30 June 2018
	389,594	15 July 2016	-	-	30 June 2019

During the reporting period, the following performance rights over ordinary shares held by KMP were forfeited/lapsed:

	Number of rights forfeited/lapsed $	Financial year granted $
Executives		
R K Hacker	1,326,693	30 June 2015

6.5.3 EQUITY HOLDINGS OF KEY MANAGEMENT PERSONNEL

Option holdings and performance rights of key management personnel

The movement during the reporting period in the number of options and performance rights over ordinary shares in the Group held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2016	Granted as compensation	Exercised/ Forfeited	Held at 30 June 2017	Vested during the year	Vested and exercisable at 30 June 2017
Director						
T Goyder	1,664,707	1,200,738	-	2,865,445	-	-
A W Kiernan	-	500,000	-	500,000	500,000	500,000
S P Quin	-	500,000	-	500,000	500,000	500,000
M S Ball	-	500,000	-	500,000	500,000	500,000
Executive						
K M Frost	-	804,058	-	804,058	-	-
P Lengyel	648,809	389,594	-	1,038,403	-	-
R K Hacker	2,633,530	754,087	(1,326,693)	2,060,924	-	-

Shareholdings of key management personnel

The movement during the reporting period in the number of ordinary shares in the Group held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2016	Additions	Received on exercise of Options/ Performance rights	Held at 30 June 2017	Sales	Held at 30 June 2017
Director						
T R B Goyder	43,827,765	1,000,000	-	44,827,765	-	44,827,765
A W Kiernan[1]	1,602,040	300,000	-	1,902,040	-	1,902,040
S P Quin	26,321	-	-	26,321	-	26,321
M B Ball	-	-	-	-	-	-
Executive						
K M Frost	-	-	-	-	-	-
P Lengyel	-	-	-	-	-	-
R K Hacker	132,000	-	-	132,000	-	132,000

[1]The shareholding of Mr Kiernan has been adjusted to remove the shareholding of Mr Kiernan's children as they are no longer deemed dependents of Mr Kiernan.

6.5.4 OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

A number of KMP, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with KMP or their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate expense/(income) recognised during the year relating to KMP or their related parties was as follows:

KMP	Transaction	Note	2017 $	2016 $
A W Kiernan	Consulting services	(i)	46,200	40,500
Other related parties				
Liontown Resources Limited	Corporate services	(ii)	(66,000)	(66,000)
Uranium Equities Limited	Corporate services	(ii)	(96,814)	(66,000)
PhosEnergy Limited	Corporate services	(ii)	(21,600)	(24,436)

(i) The Group used the consulting services of Mr Kiernan during the course of the financial year. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

(ii) The Group supplied corporate services such as accounting and company secretarial services under a Corporate Services Agreement to Liontown Resources Limited ("LTR"), Uranium Equities Limited ("UEL") and PhosEnergy Limited ("PEL") and geological services of KMP. Mr Goyder is a director of LTR, UEL and PEL and Mr Kiernan is Chairman of PEL. Amounts were billed on a proportionate share of the cost to the Group of providing the services and are due and payable under normal payment terms.

Amounts outstanding (to)/from the above related parties at reporting date arising from these transactions were as follows:

	2017 $	2016 $
Assets and liabilities arising from the above transactions		
Current payables	-	(15,000)
Trade debtors	21,048	12,800
	21,048	**(2,200)**

6.6 EXECUTIVE CONTRACTS

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below.

Managing Director

The Managing Director ("MD"), Mr Tim Goyder, is employed under an ongoing contract which can be terminated with notice by either the Group or the MD.

- Under the terms of the present contract, as disclosed to the ASX in October 2014:
- The MD receives fixed remuneration of $390,000 per annum (inclusive of superannuation).
- The MD may participate in incentive plans that may be in place from time to time subject to the Board's discretion and any shareholder approvals required.

The MD's termination provisions are as follows:

	Notice Period	Payment in lieu of notice
Resignation	3 months	3 months
Termination for cause	None	None
Termination in cases of death, disablement, redundancy or notice without cause	3 months	3 months
Diminution of responsibility	12 months	N/A

Executives

Other Executives are employed on individual ongoing contracts that set out the terms of their employment. The following table outlines the termination provisions contained within those employment agreements held by other KMP:

	Notice Period	Payment in lieu of notice
Resignation	3 months	3 months
Termination for cause	None	None
Termination in cases of death, disablement, redundancy or notice without cause	3 months	3 months
Diminution of responsibility	6 months*	N/A

* Mr Hacker only

7. DIVIDENDS

No dividends were declared or paid during the year and the directors recommend that no dividend be paid.

8. LIKELY DEVELOPMENTS

There are no likely developments that will impact on the Company other than as disclosed elsewhere in this report.

9. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 27 July 2017 the Board resolved to issue a total of 4,929,291 performance rights to directors (subject to shareholder approval), executives and employees under the terms and conditions of the Company's long term incentive plan. Please refer to section 7.3.4 (c) of the Remuneration Report for further details in relation to the performance rights issued subsequent to balance date.

10. DIRECTORS' INTERESTS

The relevant interest of each director in the shares, rights or options over such instruments issued by Chalice and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Ordinary shares	Options over ordinary shares	Performance rights
T R B Goyder	44,827,765	-	2,865,445
S P Quin	26,321	500,000	-
M B Ball	-	500,000	-
A W Kiernan	1,902,040	500,000	-

11. SHARE OPTIONS AND PERFORMANCE RIGHTS

Unissued shares under option

At the date of this report 2,250,000 unissued ordinary shares (2,250,000 at reporting date) of the Company are under option on the following terms and conditions:

Expiry date	Exercise price ($)	Number of options
31 October 2017	0.25	500,000
30 November 2019	0.25	1,000,000
30 June 2019	0.25	500,000
30 June 2020	0.25	250,000

Unless exercised, these options do not entitle the holder to participate in any share issue of Chalice or any other body corporate.

Performance rights

At the date of this report 12,253,046 performance rights (8,541,744 at reporting date) have been issued on the following terms and conditions:

Exercise price ($)	Number of rights	Expiry date
Nil	4,069,554	30 June 2019
Nil	3,472,190	30 June 2020
Nil	1,000,000	15 June 2018
Nil	3,711,302	30 June 2021

In addition to the above, the Board has resolved, subject to shareholder approval at the Company's 2017 AGM to grant Mr Goyder 1,217,989 performance rights, in accordance with the terms and conditions of the Company's LTIP, and with the same performance conditions as those granted to KMP (refer to the above section 7.3.4).

Shares issued on exercise of options or performance rights

No shares were issued during or since the end of the year as a result of the exercise of options or performance rights.

12. ENVIRONMENTAL LEGISLATION

The Group is subject to environmental legislation and obligations within the jurisdictions in which it operates, which during the period has been primarily Canada.

13. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

14. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Chalice has agreed to indemnify all the directors and officers who have held office during the year, against all liabilities to another person (other than Chalice or a related body corporate) that may arise from their position as directors and officers of Chalice, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that Chalice will meet the full amount of any such liabilities, including costs and expenses.

During the year the Group paid insurance premiums of $10,688, in respect of directors and officers indemnity insurance contracts, for current and former directors and officers. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The amount of insurance paid is included in KMP remuneration in section 7.4 of the Remuneration Report.

15. NON-AUDIT SERVICES

During the year HLB Mann Judd, the Company's auditors did not provide services in addition to their statutory duties.

16. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 30 and forms part of the Directors' Report for the year ended 30 June 2017.

This Report is made in accordance with a resolution of the Directors:

Tim Goyder

Managing Director

Dated at Perth the 18th day of September 2017

Corporate Governance Statement

Chalice Gold Mines Limited ACN 116 648 956 (**Company**) has established a corporate governance framework, the key features of which are set out in its Corporate Governance statement which can be found on the Company's website at www.chalicegold.com, under the section marked "Governance".

In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained it reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

Auditor's Independence Declaration

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Chalice Gold Mines Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
18 September 2017

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Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017 $	2016 $
Continuing operations			
Revenue	3(a)	429,478	338,455
Net gain on sale of available for sale financial assets	3(b)	1,834,027	-
Net gain on sale of exploration and evaluation assets	3(c)	755,712	-
Foreign exchange gain/(loss)		(974,148)	917,214
Share of net profits/(losses) of associates	8	(55,156)	48,998
Impairment of investment in associate	8	(429,010)	(790,050)
Impairment of financial assets	3(g)	(530,136)	-
Exploration and evaluation assets written off	12	(339,226)	(2,201,005)
Corporate administrative expenses	3(d)	(1,676,740)	(1,230,656)
Business development and project acquisition costs	3(f)	(1,279,290)	(1,413,600)
Share based payments		(329,119)	(47,312)
Depreciation and amortisation expense		(50,227)	(64,197)
Loss before tax from continuing operations		**(2,643,835)**	**(4,442,153)**
Income tax benefit	6	361,989	182,379
Loss for the year from continuing operations		**(2,281,846)**	**(4,259,774)**
Discontinued operations			
Net profit for the year from discontinued operations		-	13,109,976
Overprovision for income tax expense		-	-
Income tax expense	6	-	(1,417,703)
Profit for the year from discontinued operations	4	**-**	**11,692,273**
Total (loss)/profit for the year		**(2,281,846)**	**7,432,499**
Total (loss)/profit for the year attributable to owners of the parent		**(2,281,846)**	**7,432,499**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Net change in fair value of available for sale investments		96,803	(1,121,101)
Exchange differences on discontinued operations		-	(242,331)
Exchanges differences on translation of foreign operations		(498,755)	(316,127)
Other comprehensive loss for the year		(401,952)	(1,679,559)
Total comprehensive (loss)/income for the year		**(2,683,798)**	**5,752,940**
Total comprehensive (loss)/income for the year attributable to owners of the parent		**(2,683,798)**	**5,752,940**
Basic and diluted (loss)/earnings per share from continuing operations (cents)	7	(0.9)	(1.5)
Basic and diluted earnings per share from discontinued operations	7	-	4.1
Basic and diluted earnings per share from continuing and discontinued operations (cents)	7	(0.9)	2.6

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	2017 $	2016 $
Current assets			
Cash and cash equivalents	22	46,819,151	35,733,786
Trade and other receivables	9	315,798	209,932
Financial assets	11	5,807,628	25,421,978
Assets held for sale	10	66,111	520,078
Total current assets		53,008,688	61,885,774
Non-current assets			
Financial assets	11	224,968	202,908
Investment accounted for using the equity method	8	484,167	968,333
Exploration and evaluation expenditure	12	3,245,539	296,609
Property, plant and equipment	13	308,600	274,733
Total non-current assets		4,263,274	1,742,583
Total assets		57,271,962	63,628,357
Current liabilities			
Trade and other payables	14	503,071	557,608
Income tax payable	6	938,672	127,614
Employee benefits	15	191,021	59,489
Total current liabilities		1,632,764	744,711
Non-current liabilities			
Other	16	39,170	46,591
Deferred tax liabilities	6	272,010	1,367,635
Total non-current liabilities		311,180	1,414,226
Total liabilities		1,943,944	2,158,937
Net assets		55,328,018	61,469,420
Equity			
Issued capital	17	39,836,164	43,622,887
Retained earnings	18(a)	20,106,666	22,388,512
Reserves	18(b)	(4,614,812)	(4,541,979)
Total equity		55,328,018	61,469,420

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Issued capital $	Retained earnings $	Share based payments reserve $	Investment revaluation reserve $	Foreign currency translation reserve $	Total $
Balance at 30 June 2016	43,622,887	22,388,512	179,559	(1,003,499)	(3,718,039)	61,469,420
Other comprehensive income/(loss) for the year	-	(2,281,846)	-	-	-	(2,281,846)
Net change in fair value of available for sale financial assets	-	-	-	96,803	-	96,803
Exchange differences on translation of foreign operations	-	-	-	-	(498,755)	(498,755)
Total comprehensive income/(loss) for the year	-	(2,281,846)	-	96,803	(498,755)	(2,683,798)
Share buy-back	(3,786,723)	-	-	-	-	(3,786,723)
Share based payments	-	-	329,119	-	-	329,119
Balance at 30 June 2017	39,836,164	20,106,666	508,678	(906,696)	(4,216,794)	55,328,018

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Issued capital $	Retained earnings $	Share based payments reserve $	Investment revaluation reserve $	Foreign currency translation reserve $	Total $
Balance at 30 June 2015	43,622,887	14,890,400	197,860	117,602	(3,159,581)	55,669,168
Profit for the year	-	7,432,499	-	-	-	7,432,499
Net change in fair value of available for sale investments	-	-	-	(1,121,101)	-	(1,121,101)
Exchange differences on discontinued operations	-	-	-	-	(242,331)	(242,331)
Exchange differences on translation of foreign operations	-	-	-	-	(316,127)	(316,127)
Total comprehensive income/(loss) for the year	-	7,432,499	-	(1,121,101)	(558,458)	5,752,940
Share based payments	-	-	47,312	-	-	47,312
Transfers between equity items	-	65,613	(65,613)	-	-	-
Balance at 30 June 2016	43,622,887	22,388,512	179,559	(1,003,499)	(3,718,039)	61,469,420

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Cash receipts from operations		148,100	208,145
Cash paid to suppliers and employees		(1,640,074)	(1,188,498)
Income tax paid		(52,856)	-
Exploration tax credits		171,523	-
Interest received		240,457	119,980
Net cash used in operating activities	22	**(1,132,850)**	**(860,373)**
Cash flows from investing activities			
Payments for mining exploration and evaluation		(3,159,522)	(5,155,365)
Payments associated with the sale of the Cameron Gold Project		(175,509)	(543,503)
Payments for business development activities		(1,367,019)	(1,350,974)
Deferred consideration received		-	2,908,400
Acquisition of property, plant and equipment		(85,151)	(47,796)
Proceeds from sale of exploration and evaluation assets		25,249	-
Proceeds from sale of fixed assets		8,083	1,194
Proceeds from sale of financial assets		27,070,584	-
Payment for acquisition of financial assets		(5,835,169)	-
Net cash from/(used in) investing activities		**16,481,546**	**(4,188,044)**
Cash flows from financing activities			
Share buy-back		(3,786,723)	-
Net cash used in financing activities		**(3,786,723)**	**-**
Net increase/(decrease) in cash and cash equivalents		11,561,973	(5,048,417)
Cash and cash equivalents at the beginning of the year		35,733,786	39,864,989
Effect of exchange rate fluctuations on cash held		(476,608)	917,214
Cash and cash equivalents at 30 June	22	**46,819,151**	**35,733,786**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

1. SIGNIFICANT ACCOUNTING POLICIES

Chalice Gold Mines Limited is a dual listed Australian Securities Exchange ("ASX") and Toronto Stock Exchange ("TSX") listed public company domiciled in Australia at Level 2, 1292 Hay Street, West Perth, Western Australia. The consolidated financial report comprises the financial statements of Chalice Gold Mines Limited ("Company" or "Parent") and its subsidiaries ("the Group") for the year ended 30 June 2017.

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. Chalice is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

The financial report was authorised for issue by the directors on 18 September 2017.

(b) Compliance with IFRS

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Adoption of new and revised standards

(i) Standards and interpretations applicable to 30 June 2017

For the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and that are effective for annual reporting period. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies. The Group has adopted the following new and amended Standards and AASB Interpretations as of 1 July 2016:

- AASB 14 *Regulatory Deferral Accounts.*
- AASB 2014-3 *Amendments to Australian Accounting Standards- Accounting for Acquisitions of Interests in Joint Operations.*
- AASB 2014-4 *Amendments to Australian Accounting Standards- Clarification of Acceptable Methods of Depreciation and Amortisation.*
- AASB 2014-9 *Amendments to Australian Accounting Standards- Equity Method in Separate Financial Statements.*
- AASB 2014-10 *Amendments to Australian Accounting Standards- Sale or Contribution of Assets between and Investor and its Associate or Joint Venture.*
- AASB 2015-1 *Amendments to Australian Accounting Standards- Annual Improvements to Australian Accounting Standards 2012- 2014 Cycle.*
- AASB 2015-2 *Amendments to Australian Accounting Standards- Disclosure Initiative: Amendments to AASB 101.*

(ii) Accounting Standards and Interpretations issued but not yet effective

The following new accounting standards and interpretations which are not yet effective and have not been applied by the Company, have been assessed to have no material impact on the Company:

- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses.*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107.*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15.*
- AASB 2016-5 *Amendments to Australian Accounting Standards- Classification and Measurement of Share-based Payment Transactions.*
- AASB 9 *Financial Instruments (2014).*
- AASB 15 *Revenue from Contracts with Customers.*
- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15.*
- AASB 2015-8 – *Amendments to Australian Accounting Standards – Effective Date of AASB 15.*
- AASB 2014-10 – *Amendments to Australian Accounting Standards- Sale or Contribution of Assets between an Investor and its Associate of Joint Venture.*
- AASB 16 *Leases.*

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Chalice Gold Mines Limited ("Company" or "Parent") and its subsidiaries as at 30 June each year (the "Group"). Interests in associates are equity accounted and are not part of the consolidated Group.

Subsidiaries are all those entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Special purpose entities are those entities over which the Group has no ownership interest but in effect the substance of the relationship is such that the Group controls the entity so as to obtain the majority of benefits from its operation.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries and special purpose entities are fully consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Chalice Gold Mines Limited are accounted for at cost in the financial statements of the parent entity less any impairment charges.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit disposal of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Non-controlling interests are allocated their share of net result after tax in the consolidated statement of comprehensive income and are presented in equity in the consolidated statement of financial position, separately from the equity of the owners of the Parent.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the Parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(e) Significant accounting judgements, estimates and assumptions

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Group.

Uncertainty about these assumptions and estimates could result in comes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Group also discloses its exposure to risks and uncertainties in Note 19. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Recoverability of exploration and evaluation expenditure

The recoverability of the carrying amount of exploration and evaluation expenditure carried forward is dependent on the future successful outcome from exploration activity or alternatively the sale of the respective areas of interest. Where exploration results are unsuccessful, or no further work is to be undertaken, the directors will then assess whether an impairment write-down is required, which will be recognised in the statement of comprehensive income.

(ii) Share-based payment transactions

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using a Black-Scholes Option model taking into account the terms and conditions upon which the instruments were granted. The details and assumptions used in determining the value of these transactions are detailed in note 15.

(iii) Impairment of available-for-sale financial assets

The Group follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* to determine when an available-for-sale asset is impaired. This determination requires significant judgment. In making this judgement the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of a short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(iv) Non market vesting conditions

At each reporting period non-market vesting conditions in relation to performance rights are assessed in order to determine the probability of the likelihood that the non-market vesting conditions are met.

(f) Foreign currency translation

The functional currency of the Company is Australian dollars and the functional currency of subsidiaries based in Canada is Canadian Dollars (CAN$). The Group's consolidated financial statements are presented in Australian Dollars, which is also the parent company's functional currency. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

All exchange differences in the consolidated financial report are taken to profit or loss as incurred. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at exchange rates as at the date of the initial transaction.

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Chalice Gold Mines Limited at the rate of exchange ruling at the balance date and their statement of comprehensive income are translated at the average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of recognised foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(g) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the board of directors.

(h) Fair Value

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximise the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input

that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade allowances, rebates and amounts collected on behalf of third parties (such as taxes or duty). The specific recognition criteria described below must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be reliably measured. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the buyer.

(ii) Services rendered

Revenue from services rendered is recognised in the statement of comprehensive income in proportion to the stage of completion of the transaction at balance date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due and the costs incurred or to be incurred cannot be measured reliably.

(iii) Interest received

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

(j) Taxes

(i) Current income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the country where the company's subsidiaries operate and generate taxable income. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance date.

(ii) Deferred Tax

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probably that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor tax able profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST or other taxes, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recovered from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable.
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position. Other taxes payable in foreign jurisdictions are included as a current payable in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows. Taxes paid in foreign jurisdictions are classified as investing cash flows in the statement of cash flows.

(k) Impairment of assets other than financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, or when annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised in the statement of profit and loss in expense categories consistent with the function of the impaired asset unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of profit and loss. Receivables with a short duration are not discounted.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates and assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(l) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash balances and call deposits with an original maturity of six months or less, which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and short-term deposits for the purpose of the statement of cash flows.

(m) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continued use. Immediately before classification as held-for-sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable AIFRS. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to distribute.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property, plant and equipment and tangible assets once classified as held for sale are not depreciated or amortised.

Discontinued operations are excluded from the results of continued operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

(n) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses, if any. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Depreciation is calculated on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The depreciation rates used in the current and comparative periods are as follows:

- plant and equipment 7%-40%
- fixtures and fittings 11%-22%
- motor vehicles 18.75%-25%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The carrying values of plant and equipment are reviewed for impairment at each balance date in line with the Group's impairment policy (see accounting policy (k)).

(o) Financial Assets

Initial recognition and measurement

Financial assets are classified at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value, plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

The Group determines the classification of its financial assets at initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments as defined by IAS 139. Gains or losses on investments held-for-trading are recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

(iv) Available-for-sale investments

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment in derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The Group evaluates whether the ability and intention to sell its available-for-sale financial asset in the near term is still appropriate. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(p) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; and/or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risk and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership. When it has neither transferred nor retained substantially all of the risk and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involved in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(q) Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of a financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be, recognised are not included in a collective assessment of impairment.

If there are objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

(iii) Available-for-sale investments

If there is objective evidence that an investment or a group of investments is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognise in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(r) Exploration, evaluation and tenement acquisition costs

Exploration, evaluation and tenement acquisition costs in relation to separate areas of interest for which rights of tenure are current, are capitalised in the period in which they are incurred and are carried at cost less accumulated impairment losses. The cost of acquisition of an area of interest and exploration expenditure relating to that area of interest is carried forward as an asset in the statement of financial position so long as the following conditions are satisfied:

(1) the rights to tenure of the area of interest are current; and

(2) at least one of the following conditions is also met:

(i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure is initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation expenditures where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation expenditure is assessed for impairment when facts and circumstances suggest that their carrying amount exceeds their recoverable amount and where this is the case an impairment loss is recognised. Should a project or an area of interest be abandoned, the expenditure will be written off in the period in which the decision is made. Where a decision is made to proceed with development, accumulated expenditure will be tested for impairment, reclassified to development costs and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

(s) Trade and other payables

Trade and other payables are stated at amortised cost. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(t) Provisions

(i) General

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(ii) Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date plus related on-costs. This benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit cost method.

(u) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as superannuation, workers' compensation insurance and payroll tax. These are recognised in the statement of profit and loss as incurred.

(ii) Superannuation

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit and loss as incurred.

(iii) Share-based payment transactions

The Group currently provides benefits under an Employee Share Option Plan. The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted using an appropriate valuation model, further details of which are given in note 15.

The cost is recognised in employee benefits expense, together with a corresponding increase in Share-based Payments Reserve in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Where an equity-settled award is cancelled by the entity or by the counterparty, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately through profit or loss. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(v) Share Capital

(i) Ordinary share capital

Ordinary shares and partly paid shares are classified as equity.

(ii) Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(w) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in associates is accounted for using the equity method of accounting in the consolidated financial statements. Under the equity method, investments in associates is initially recognised at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not tested for impairment separately. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. At each reporting date, the Group determines whether there is objective evidence that the impairment in the associate is impaired. If there is such evidence, the Group calculates the amount of the impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

The Group's share of its associates' post acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from the associates are recognised in the parent entity's statement of comprehensive income as a component of other income.

When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any unsecured long term receivables and loans, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Upon loss of significant influence over the associate, the Group measures and recognised any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(x) Parent entity financial information

The financial information for the parent entity, Chalice Gold Mines Limited, disclosed in note 20 has been prepared on the same basis as the consolidated financial statements.

2. SEGMENT REPORTING

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the allocation of costs; whether they are exploration and evaluation costs, business development costs or corporate related costs. Results of those segments are reported to the Board of Directors at each Board meeting. The exploration and evaluation segment includes all of the Company's exploration projects grouped into one combined segment.

	Exploration and Evaluation		Business development		Corporate		Total	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
Revenue	-	-	-	-	156,380	202,445	156,380	202,445
Net gain on sale of exploration and evaluation assets	755,712	-	-	-	-	-	755,712	-
Exploration and evaluation assets written off	(339,226)	(2,201,005)	-	-	-	-	(339,226)	(2,201,005)
Depreciation	-	-	-	-	(50,227)	(64,197)	(50,227)	(64,197)
Business development and project acquisition costs	-	-	(1,279,290)	(1,413,600)	-	-	(1,279,290)	(1,413,600)
Share based payments	-	-	-	-	(329,119)	(47,312)	(329,119)	(47,312)
Corporate administrative expenses	-	-	-	-	(1,676,740)	(1,230,656)	(1,676,740)	(1,230,656)
Segment loss before tax	416,486	(2,201,005)	(1,279,290)	(1,413,600)	(1,899,706)	(1,139,720)	(2,762,510)	(4,754,325)
Unallocated income/(expenses)								
Net financing income							273,098	136,010
Net gain on sale of available for sale financial assets							1,834,027	-
Foreign exchange gains/(losses)							(974,148)	917,214
Income tax benefit							361,989	182,379
Share of net profits/(losses) of associates							(55,156)	48,998
Impairment of investment in associate							(429,010)	(790,050)
Impairment of financial assets							(530,136)	-
Profit from discontinued operations							-	11,692,273
(Loss)/Profit attributable to owners of the parent							(2,281,846)	7,432,499

	Exploration and Evaluation		Business development		Corporate		Total	
	30 June 2017 $	30 June 2016 $	30 June 2017 $	30 June 2016 $	30 June 2017 $	30 June 2016 $	30 June 2017 $	30 June 2016 $
Segment assets:								
Exploration and evaluation assets	3,245,539	296,609	-	-	-	-	3,245,539	296,609
Investments accounted for using the equity method	484,167	968,333	-	-	-	-	484,167	968,333
Assets held for sale	66,111	520,078	-	-	-	-	66,111	520,078
Other	886,214	290,496	-	-	365,404	311,494	1,251,618	601,990
	4,682,031	2,075,516	-	-	365,404	311,494	5,047,435	2,387,010
Unallocated assets							52,224,527	61,241,347
Total assets							57,271,962	63,628,357
Segment liabilities	(350,256)	(483,400)	(10,488)	(14,089)	(402,963)	(293,813)	(763,707)	(791,302)
	(350,256)	(483,400)	(10,488)	(14,089)	(402,963)	(293,813)	(763,707)	(791,302)
Unallocated liabilities							(1,180,237)	(1,367,635)
Total Liabilities							(1,943,944)	(2,158,937)

Geographical information

Revenues from external customers	30 June 2017 $	30 June 2016 $
Australia	156,380	202,445
Total	156,380	202,445

Non-current assets	30 June 2017 $	30 June 2016 $
Australia	1,507,606	1,315,474
Canada	2,530,700	224,201
Total	4,038,306	1,539,675

Non-current assets for this purpose consist of property, plant and equipment, exploration and evaluation assets, and investment in associates.

3. REVENUE AND EXPENSES

		2017 $	2016 $
(a)	Revenue		
	Corporate and administration service fees	156,380	202,445
	Net finance income	273,098	136,010
		429,478	338,455

		2017 $	2016 $
(b)	Net gain on sale of available for sale financial assets		
	Net gain on sale of available for sale financial assets	1,834,027	-
		1,834,027	-

Net gain on sale at 30 June 2017 represents the net gain on sale of shares held in First Mining Finance Corp ($1,421,336), Oklo Resources Limited ($727,357) and the loss on sale of Doray Minerals Limited shares ($314,666).

In consideration for the sale of the Cameron Gold Project in Ontario, Canada (refer note 4), which completed in June 2016, the Company received 32,260,836 common shares (the "Consideration Shares") in First Mining Finance Corp ("First Mining"). By 30 June 2017, the Company had sold 25,300,000 shares at a weighted average price of C$0.85 per share for gross consideration of $21,454,720.

In March 2017, the Company acquired 23,434,977 fully paid ordinary shares in Oklo Resources Limited ("Oklo") for a weighted average price of $0.20 per share, for a total of $4,835,169. The Company then sold its total shareholding in Oklo for $0.24 per share, for total proceeds of $5,562,526.

During the year, the Company received 400,000 fully paid ordinary shares in Doray Minerals Limited ("Doray") in consideration for the sale of the Company's 12% interest in the Gnaweeda Project. These shares were subsequently sold for net proceeds of $179,244.

		2017 $	2016 $
(c)	Net gain on sale of exploration and evaluation assets		
	Net gain on sale of exploration and evaluation assets	755,712	-
		755,712	-

Net gain on sale of exploration and evaluation assets represents the net gain from sale of the Company's 12% interest in the Gnaweeda Project, Western Australia and the sale of the Company's 51% interest in the Ardeen Project, Ontario, Canada. At 30 June 2016, these assets were disclosed as "assets held for sale" with both transactions completing in July 2016.

(d)	Corporate administrative expenses	2017 $	2016 $
	Consultants	-	890
	Insurance	26,397	31,424
	Legal fees	20,531	40,345
	Travel	-	5,150
	Head office costs	149,243	90,410
	Regulatory and compliance	308,347	256,788
	Personnel expenses (note 3(e))	1,131,844	761,740
	Other	40,378	43,909
		1,676,740	1,230,656

		2017 $	2016 $
(e)	Personnel expenses		
	Wages and salaries	388,014	369,484
	Directors' fees	233,827	165,329
	Other associated personnel expenses	213,124	86,173
	Superannuation contributions	180,562	131,837
	(Decrease)/increase in liability for annual leave	29,050	3,478
	(Decrease)/increase in liability for long service leave	87,267	5,439
		1,131,844	761,740
(f)	Business development costs		
	Personnel expenses	886,746	700,054
	Head office costs	182,701	271,985
	Consultants	61,178	330,674
	Travel and conferences	71,344	74,579
	Other	77,321	36,308
		1,279,290	1,413,600
(g)	Impairment of financial assets		
	Impairment of available for sale financial assets	530,136	-
		530,136	-

The Company has recorded an impairment in the fair value of share held in Kesselrun Resources Limited for the year ended 30 June 2017. The impairment has been included as part of continuing operations in the Statement of Comprehensive Income due to the prolonged decline in market prices for this financial asset.

4. DISCONTINUED OPERATIONS

(a) Sale of the Cameron Gold Project, Ontario, Canada

On 10 June 2016, the Company completed the sale of the Cameron Gold Project in Ontario, Canada, through the sale of its shares in the Company's wholly owned subsidiary, Cameron Gold Operations Limited to First Mining Finance Corp ("First Mining"), a mineral property holding company listed on the TSX (TSX: FF) for consideration of 32,260,836 common shares in First Mining. In addition, the Company also acquired a 1% Net Smelter Return royalty over certain exploration licences within the Cameron Gold Project which are not encumbered by pre-existing royalties.

	2017 $	2016 $
Consideration received		
First Mining shares received	-	27,013,950
Total consideration	-	27,013,950
Less:		
Net assets disposed of	-	16,144,308
Transaction costs	-	668,066
Profit on disposal before income taxes	-	10,201,576
Income tax expense	-	(1,367,635)
Profit on disposal after tax	-	8,833,941

Net assets at date of sale	2017 $	2016 $
The carrying amount of assets and liabilities as at date of sale were:		
Trade and other receivables	-	2,790
Property, plant and equipment (note 13)	-	167,716
Exploration and evaluation expenditure (note 12)	-	15,973,802
Total assets	-	16,144,308

	2017 $	2016 $
Trade and other payables	-	-
Total liabilities	-	-
Net assets	-	16,144,308

(b) Deferred consideration – Sale of the Zara Gold Project, Eritrea

In January 2016, the Company received deferred consideration of US$2 million from China SFECO Group, following first gold pour at the Zara Gold Project in Eritrea. The US$2 million represents the final tranche for the sale of Chalice's interest in the Zara Gold Project which was completed in 2012.

	2017 $	2016 $
Deferred consideration	-	2,908,400
Profit on disposal before income tax	-	2,908,400
Income tax expense	-	(50,068)
Overprovision for income tax	-	-
Profit on disposal after tax	-	2,858,332

	2017 $	2016 $
(c) Total profit after tax from discontinued operations:		
Cameron Gold Project	-	8,833,941
Zara Gold Project	-	2,858,332
	-	11,692,273

5. AUDITOR'S REMUNERATION

Audit services	2017 $	2016 $
HLB Mann Judd:		
Audit and review of financial reports	45,000	35,000
Other services	-	1,000
	45,000	36,000

6. INCOME TAX

The major components of income tax expense are as follows:

	2017 $	2016 $
Current income tax:		
Current income tax expense	(159,439)	(50,068)
Under provision for income tax	(8,264)	-
Foreign exploration incentive tax credits	388,378	182,379
	220,675	132,311
Deferred tax:		
Temporary differences relating to available for sale investments	141,314	(1,367,635)
Total income tax benefit/(expense) reported in the statement of comprehensive income	361,989	(1,235,324)

The prima facie income tax expense on pre-tax accounting result on operations and discontinued operations reconciles to the income tax expense in the financial statements as follows:

	2017 $	2016 $
Accounting loss from continuing operations	(2,643,835)	(4,442,153)
Accounting profit from discontinued operations	-	13,109,976
	(2,643,835)	8,667,823
Income tax calculated at the Australian corporate rate of 27.5% (2016: 30%)	(727,055)	2,600,347
Non-deductible expenses	229,148	815,799
Share based payments	90,507	14,194
Gain on sale of available for sale financial assets	38,941	-
Non-assessable foreign income	(161,564)	(2,208,302)
Deferred tax assets and liabilities not recognised	162,395	483,216
Foreign exploration incentive tax credits	(388,378)	(182,379)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(7,956)	(287,551)
Effect of change in tax rate	393,709	-
Under provision for income tax	8,264	-
Income tax benefit/(expense) reported in the statement of comprehensive income	361,989	(1,235,324)

The tax rate used in the above reconciliation is the corporate rate of 27.5% (2016: 30%) payable by Australian corporate entities on taxable profits under Australian tax law.

Current tax liabilities comprise:	2017 $	2016 $
Income tax payable/(receivable) attributable to:		
Parent Entity	259,951	259,951
Group's subsidiaries	678,721	(132,337)
	938,672	127,614

Deferred tax liabilities comprise:	2017 $	2016 $
Temporary differences relating to available for sale investments	272,010	1,367,635
	272,010	1,367,635

Unrecognised deferred tax balances

The following deferred tax assets and liabilities have not been brought to account:

	2017 $	2016 $
Deferred tax assets comprise:		
Revenue losses available for offset against future taxable income	4,140,787	3,785,240
Other deferred tax assets	1,050,937	1,209,714
	5,191,724	4,994,954
Deferred tax liabilities comprise:		
Other deferred tax liabilities	(249,692)	(93,465)
	(249,692)	(93,465)
Income tax benefit not recognised directly in equity during the year:		
Share issue costs	1,560	-

Deferred tax liabilities have not been recognised in respect of these taxable temporary differences as the entity is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

7. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic earnings per share for the year ended 30 June 2017 was based on the loss attributable to ordinary equity holders of the parent of $2,281,846 (2016: profit of $7,432,499) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2017 of 267,705,838 (2016: 282,710,802).

	2017 $	2016 $
(Loss)/profit attributable to ordinary shareholders		
Loss attributable to ordinary equity holders of the parent from continuing operations	(2,281,846)	(4,259,774)
Profit attributable to ordinary equity holders of the parent from discontinued operations	-	11,692,273
Net (loss)/profit attributable to ordinary equity holders of the parent for basic earnings	(2,281,846)	7,432,499
Net (loss)/profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	(2,281,846)	7,432,499

Diluted earnings per share have not been disclosed as the impact from options and performance rights is anti-dilutive.

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

At 30 June 2017, the Company had a 22.95% interest in unlisted Australian based GeoCrystal Limited ("GeoCrystal"). The principal activity of the company is exploring diamonds in Australia.

Reconciliation of movements in investments in associates

	2017 $	2016 $
Balance at 1 July	968,333	1,826,987
Revaluation of unlisted options	-	(117,602)
Impairment of investment in associate[1]	(429,010)	(790,050)
Share of associate's gain/(loss)	(55,156)	48,998
Balance at 30 June	484,167	968,333

Summary of financial information of associate:

	2017 $	2016 $
Financial Position		
Total assets	2,165,605	4,261,213
Total liabilities	(55,945)	(41,897)
Net assets	2,109,660	4,219,316
Share of associate's net assets	484,167	968,333
Financial Performance		
Total revenue	225	181,725
Total gain/(loss) for the year	(240,376)	213,500
Share of associate's gain/(loss)	(55,156)	48,998

The associate had no contingent liabilities or assets at 30 June 2017 (30 June 2016: nil) and exploration commitments payable within 1 year of $477,000 (2016: $400,000) and within 2 to 5 years of $395,000.

[1] At 30 June 2017, the directors reviewed the carrying value of the Company's interest in unlisted GeoCrystal Limited and having considered a number of factors, including market conditions and exploration results to date. The directors have now impaired the carrying value of the Company's investment to reflect its estimated market value having regard to recent arm's length market transactions.

9. TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
Other trade receivables	210,420	124,308
Prepayments	105,378	85,624
	315,798	209,932

10. ASSETS HELD FOR SALE

	2017 $	2016 $
Exploration and evaluation expenditure – Gnaweeda Project	-	106,259
Exploration and evaluation expenditure – Ardeen Project	-	413,819
Exploration and evaluation expenditure – Dumbleyung Project	66,111	-
	66,111	520,078

	2017 $	2016 $
11. FINANCIAL ASSETS		
Current		
Available for sale investments[1]	5,807,628	25,421,978
	5,807,628	25,421,978
Non-current		
Bond in relation to office premises	69,912	69,912
Bank guarantee and security deposits	155,056	132,996
	224,968	202,908

[1]Available for sale investments represents 6,960,836 shares in First Mining (2016: 32,260,836 shares), 2,040,000 shares held in Kesselrun Resources Limited received in consideration for the sale of the Company's interest in the Ardeen Project and 40,000,000 fully paid ordinary shares in Ausgold Limited. In June 2017, the Company subscribed to 40,000,000 fully paid ordinary shares in Ausgold Limited, at $0.025 per share for a total of $1 million.

During the year ended 30 June 2017, the Company sold 25,300,000 shares held in First Mining for net proceeds of $21,454,720. The total net gain on sale of shares sold was $1,421,336 (refer note 3(b) for further details).

	2017 $	2016 $
12. EXPLORATION AND EVALUATION EXPENDITURE		
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	296,609	13,982,545
Expenditure incurred	3,352,549	5,016,791
Sale of the Cameron Gold Project (see note 4(a))	-	(15,973,802)
Transferred to assets held for sale (see note 10)	(66,111)	(520,078)
Exploration and evaluation assets written off	(339,226)	(2,201,005)
Effects of movements in exchange rate	1,718	(7,842)
Total exploration expenditure	3,245,539	296,609

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

	2017 $	2016 $
13. PROPERTY, PLANT AND EQUIPMENT		
Cost	1,108,731	1,015,593
Accumulated depreciation and impairment	(800,131)	(740,860)
Net carrying amount	308,600	274,733
Movements in property, plant and equipment:		
At 1 July net of accumulated depreciation	274,733	554,154
Additions	132,298	48,797
Reclassified as discontinued operations (see note 4(a))	-	(167,716)
Disposals	(10,286)	(5,442)
Exchange differences	(4,084)	(6,243)
Depreciation charge for the year	(84,061)	(148,817)
At 30 June net of accumulated depreciation and impairment	308,600	274,733

14. TRADE AND OTHER PAYABLES

	2017 $	2016 $
Trade payables	1,580	7,138
Other payables	71,690	58,739
Accrued expenses	429,801	491,731
	503,071	557,608

15. EMPLOYEE BENEFITS

	2017 $	2016 $
Annual leave accrued	97,869	53,604
Provision for long service leave	93,152	5,885
	191,021	59,489

Share based payments

(a) Employee share option plan

The Group has an Employee Share Option Plan ("ESOP") in place. Under the terms of the ESOP, the Board may offer options for no consideration to full-time or part-time employees (including persons engaged under a consultancy agreement), executive and non-executive directors. In the case of the directors, the issue of options under the ESOP requires shareholder approval.

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options is determined by the Board.

An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise satisfied. The Board may determine the vesting period, if any.

The number and weighted average exercise prices of share options is as follows:

30 June 2017	Weighted average exercise price $ 2017	Number of options 2017
Outstanding at the beginning of the year	0.25	500,000
Exercised during the year	-	-
Granted during the year	0.25	1,750,000
Exercisable at the end of the year	0.25	2,250,000
Outstanding at the end of the year	0.25	2,250,000

30 June 2016	Weighted average exercise price $ 2016	Number of options 2016
Outstanding at the beginning of the year	0.28	1,550,000
Forfeited during the year	0.30	(1,050,000)
Exercised during the year	-	-
Granted during the year	-	-
Exercisable at the end of the year	0.25	500,000
Outstanding at the end of the year	0.25	500,000

The options outstanding at 30 June 2017 have a weighted average exercise price of $0.25 (2016: $0.25) and a weighted average contractual life of 3 years (2016: 3 years).

The fair value of the options is estimated at the date of grant using a Black-Scholes option-pricing model. The following table gives the assumptions made in determining the fair value of the options granted during the year.

	2017	2016
Weighted average share price at grant date	0.16	-
Weighted exercise price	0.25	-
Expected volatility (expressed as weighted average volatility)	50.76%	-
Option life (expressed as weighted average life)	3	-
Expected dividends	-	-
Risk-free interest rate	1.85%	-

Share options are granted under service conditions. Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

(b) Employee long term incentive plan

The Company has in place an Employee Long Term Incentive Plan ("LTIP") and under the LTIP the Board may issue performance rights to employees and directors. A performance right is a right to be issued an ordinary share upon the satisfaction of certain performance conditions that are attached to the performance right, the conditions of which are determined by the Board.

Performance rights are granted for no consideration and the term of the performance rights are determined by the Board in its absolute discretion, but will ordinarily have a three year term up to a maximum of five years. Performance rights are subject to lapsing if performance conditions are not met by the relevant measurement date or expiry date (if no other measurement date is specified) or if employment is terminated. There is no ability to re-test performance under the LTIP after the performance period.

The fair value of performance rights has been calculated at the grant date and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of fair value of the rights allocated to this reporting period.

The weighted average fair value of the performance rights outstanding at 30 June 2017 was 11.3 cents per performance right (2016: 9.2 cents).

(c) Other share based payments – performance rights

In June 2017, the Company issued 1,000,000 performance rights to corporate advisors of the Company as partial consideration for services pursuant to contractual terms and conditions between the Company and the corporate advisors. The performance rights will vest conditional upon the satisfaction of various performance based hurdles. The performance rights were issued separately to the Company's LTIP, however details of the issue are outlined below.

A summary of performance rights in the Group and the Company is as follows:

30 June 2017:

Grant date	Opening balance	Granted	Vested	Lapsed/ Forfeited	Closing balance	Share price at date of issue ($)
1 October 2014	1,747,682	-	-	(1,747,682)	-	0.13
25 June 2015	2,404,847	-	-	-	2,404,847	0.11
25 November 2015	1,664,707	-	-	-	1,664,707	0.11
15 July 2016	-	2,756,434	-	(484,982)	2,271,452	0.19
22 November 2016	-	1,200,738	-	-	1,200,738	0.16
19 June 2017	-	1,000,000	-	-	1,000,000	0.16
	5,817,236	4,957,172	-	(2,232,664)	8,541,744	

30 June 2016:

Grant date	Opening balance	Granted	Vested	Lapsed/ Forfeited	Closing balance	Share price at date of issue ($)
1 October 2014	3,388,357	-	-	(1,640,675)	1,747,682	0.13
17 November 2014	142,350	-	-	(142,350)	-	0.11
25 June 2015	3,783,673	-	-	(1,378,826)	2,404,847	0.11
25 November 2015	-	1,664,707	-	-	1,664,707	0.11
	7,314,380	1,664,707	-	(3,161,851)	5,817,236	

The fair value of performance rights granted during 2016 and 2017 were determined using a binomial option pricing model which takes into account the impact of vesting conditions and the fact that the rights may never vest.

The following table gives the assumptions made in determining the fair value of the performance rights granted during the year.

	2017	2016
Weighted share price at grant date	$0.17	$0.11
Exercise price	Nil	Nil
Expected volatility	50%	47%
Weighted average performance period (years)	2.45	3
Weighted average vesting period (years)	2.45	3
Expected dividends	-	-
Risk-free interest rate	1.70%	2.11%

Share based payment transactions

The expense recognised during the year is shown in the following table:

	2017 $	2016 $
Share options granted in 2017 – equity settled	55,579	-
Performance rights granted in 2016	-	47,312
Performance rights granted in 2017	273,540	-
Total expenses recognised as share based payments	329,119	47,312

16. OTHER LIABILITIES

	2017 $	2016 $
Non-current		
Lease make good provision	39,170	46,591
	39,170	46,591

17. ISSUED CAPITAL

There were 261,210,294 shares on issue at 30 June 2017 (2016: 282,710,802).

(a) Movements in ordinary shares on issue

	2017		2016	
	No.	$	No.	$
Balance at beginning of financial year	282,710,802	43,622,887	282,710,802	43,622,887
Share buy-back	(21,500,508)	(3,786,723)	-	-
Balance at end of financial year	261,210,294	39,836,164	282,710,802	43,622,887

In July 2016 the Company commenced a discretionary on-market share buy-back. During the year ended 30 June 2017, the Company acquired 21,500,508 shares for $3,786,723 net of brokerage costs. The on-market share buy-back subsequently completed on 4 July 2017.

Issuance of Ordinary Shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, the ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds on liquidation.

(b) Share options

	2017 No.	2016 No.
On issue at 1 July	500,000	1,550,000
Options exercised during the year	-	-
Options lapsed during the year	-	(1,050,000)
Options issued during the year	1,750,000	-
On issue at 30 June	2,250,000	500,000

At 30 June 2017 the Company had 2,250,000 unlisted options on issue under the following terms and conditions:

Number	Expiry Date	Exercise Price $
500,000	31 October 2017	0.25
1,000,000	30 November 2019	0.25
500,000	30 June 2019	0.25
250,000	30 June 2020	0.25

(c) Performance rights

	2017 No.	2016 No.
On issue at 1 July	5,817,236	7,314,380
Issue of performance rights under the Employee Long Term Incentive Plan	3,957,172	1,664,707
Issue of performance rights to consultants of the Company	1,000,000	-
Performance rights vested	-	-
Performance rights lapsed	(2,232,664)	(3,161,851)
On issue at 30 June	8,541,744	5,817,236

At 30 June 2017 the Company had 8,541,744 performance rights on issue under the following terms and conditions:

Number	Terms	Expiry Date	Exercise Price $
4,069,554	The number of performance rights that will vest will be solely dependent on the Company meeting the strategy objective and Company's share price as at the measurement date of 30 June 2017 as compared to the Share price hurdles outlined in the Remuneration Report.	30 June 2019	Nil
3,472,190	The number of performance rights that will vest will be solely dependent on the Company meeting the outlined strategy objectives and by comparing the Company's Total Shareholder Return with that of a comparator group, as at the measurement date of 30 June 2019, as outlined in the Remuneration Report.	30 June 2020	Nil
1,000,000	The number of performance rights that will vest will be conditional upon the satisfaction of various performance based hurdles on or before 15 June 2018.	15 June 2018	Nil

18. RETAINED EARNINGS AND RESERVES

(a) Movements in retained earnings attributable to owners of the parent:

	2017 $	2016 $
Balance at beginning of financial year	22,388,512	14,890,400
(Loss)/profit for the year attributable to owners of the parent	(2,281,846)	7,432,499
Transfers between equity items	-	65,613
Balance at end of financial year	20,106,666	22,388,512

(b) Nature and purpose of reserves

Other capital reserves

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration. Refer to note 15 for further details of these plans.

All other reserves as stated in the consolidated statement of changes in equity

(ii) Foreign currency translation reserve

The foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of exchange variances resulting from net investments in foreign operations.

(iii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets and investments in associates until the investments are derecognised or impaired.

All movements in the above reserves are as stated in the consolidated statement of changes in equity.

19. FINANCIAL INSTRUMENTS

(a) Capital risk management

The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in notes 17 and 18.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

(b) Market risk exposures

Market risk is the risk that changes in market prices such as foreign exchange rates, equity prices and interest rates will have on the Group's income or value of its holdings of financial instruments.

(i) Foreign exchange rate risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group does not hedge this exposure. The cash at bank held by the Company currently comprises United States Dollar ("USD"), Australian dollar ("AUD") and Canadian dollar ("CAD") funds. The Group manages its foreign exchange risk by constantly reviewing its exposure and ensuring that there are appropriate cash balances in order to meet its likely future commitments in each currency. At 30 June 2017, Chalice had approximately US$10 million (A$13 million) cash on hand in US$ denominated bank accounts and C$14.5 million (A$14.5 million) cash on hand in C$ denominated bank accounts.

The following tables summarises the impact of increases/decreases in the relevant foreign exchange rates on the Group's post-tax result for the year and on the components of equity. The sensitivity analysis uses a variance of 10% movement in the USD against AUD.

		2017 $	2016 $
Impact on gain/(loss)	AUD/USD +10%	(1,183,501)	(2,138,231)
	AUD/USD -10%	1,301,851	2,352,054
Impact on equity	AUD/USD +10%	(1,183,501)	(2,138,231)
	AUD/USD -10%	1,301,851	2,352,054

In addition to the above foreign exchange exposure on the Group's cash balance, the Group is also exposed to movements in CAD against AUD in relation to its holding in First Mining Shares.

The following table summarises the impact of increases/decrease in the relevant foreign exchange rates on the Group's post-tax result for the year and on the components of equity. The sensitive analysis uses a variance of 10% movement in the CAD against AUD.

		2017 $	2016 $
Impact on gain/(loss)	AUD/CAD +10%	(1,443,647)	(2,311,089)
	AUD/CAD -10%	1,588,013	2,542,197
Impact on equity	AUD/CAD +10%	(1,443,647)	(2,311,089)
	AUD/CAD -10%	1,588,013	2,542,197

(ii) Equity prices

The Group has exposure to equity prices through its holding of First Mining Finance Corp common shares, Ausgold Limited and Kesselrun Resources Limited. The following table outlines the impact of increases/decreases in the value of the Company's investment holding on the Group's post-tax result for the year and on the components of equity. The sensitivity analysis uses a variance of 10% movement upwards and down on the year end closing share prices.

		2017 $	2016 $
Impact on gain/(loss)	Share price +10%	580,763	2,542,198
	Share price -10%	(527,966)	(2,310,298)
Impact on equity	Share price +10%	580,763	2,542,198
	Share price -10%	(527,966)	(2,310,298)

(iii) Interest rate risk

At reporting date the Group's exposure to market risk for changes in interest rates relates primarily to the Group's short term cash deposits. The Group is not exposed to cash flow volatility from interest rate changes on borrowings, as it does not have any short or long term borrowings.

Chalice constantly analyses its exposures to interest rates, with consideration given to potential renewal of existing positions and the period to which deposits may be fixed.

The Group considers preservation of capital as the primary objective as opposed to maximising interest rate yields by investing in higher risk investments.

At reporting date, the following financial assets were exposed to fluctuations in interest rates:

	2017 $	2016 $
Cash and cash equivalents	46,819,151	35,733,786

The following sensitivity analysis is based on the interest rate risk exposures in existence at reporting date. The sensitivity is based on a change of 100 basis points in interest rates at reporting date.

In the year ended 30 June 2017, if interest rates had moved by 100 basis points, with all other variables held constant, the post-tax result for the Group would have been affected as follows:

		2017 $	2016 $
Impact on gain/(loss)	100 bp increase	452,402	356,370
	100 bp decrease	(452,402)	(356,370)
Impact on equity	100 bp increase	452,402	356,370
	100 bp decrease	(452,402)	(356,370)

(c) Credit risk exposure

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any allowance for doubtful debts, as disclosed in the notes to the financial statements.

It is not the Company's policy to securitise its trade and other receivables, however, receivable balances are monitored on an ongoing basis. In addition, the Company currently diversifies its cash holdings across three of the main Australian financial institutions.

(d) Liquidity risk exposure

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board of Directors actively monitors the Group's ability to pay its debts as and when they fall due by regularly reviewing the current and forecast cash position based on the expected future activities.

The Group has non-derivative financial liabilities which include trade and other payables of $503,071 (2016: $557,608) all of which are due within 60 days.

In light of the Group's current financial assets and low expenditures relative to those assets, the Group could continue to operate as a going concern for a considerable period of time, subject to any changes to the Group structure or undertaking a material transaction.

(e) Fair value of financial instruments

The Directors consider the carrying value of the financial assets and financial liabilities are recognised in the consolidated financial statements approximate their fair values. In particular, available for sale investments which represents 6,960,836 shares in TSX listed First Mining Finance Corp (2016: 32,260,836 shares), 40,000,000 shares in ASX listed Ausgold Limited and 2,040,000 shares in Kesselrun Resources Limited (refer note 11) is measured at fair value using quoted market prices at the reporting date (Level 1 fair value measurement).

The directors have assessed that the fair value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

20. PARENT ENTITY

Financial position	2017 $	2016 $
Assets		
Current assets	40,578,859	35,908,701
Non-current assets	16,702,498	28,278,498
Total assets	57,281,357	64,187,199
Liabilities		
Current liabilities	654,463	867,041
Non-current liabilities	29,670,960	29,674,415
Total liabilities	30,325,423	30,541,456
Net assets	26,955,934	33,645,743
Equity		
Issued capital	39,836,165	43,622,888
Accumulated losses	(13,388,907)	(10,156,702)
Reserves	508,676	179,557
Total equity	26,955,934	33,645,743

	2017 $	2016 $
Financial performance		
Loss for the year	(3,187,441)	(965,227)
Total comprehensive loss	(3,187,441)	(965,227)

Commitments and contingencies

(i) Contingencies

Other than as disclosed in note 21, the parent entity has no contingent assets or liabilities.

	2017 $	2016 $
(ii) Operating lease commitments		
Within 1 year	240,751	184,819
Within 2-5 years	566,284	801,744
Later than 5 years	-	-
	807,035	986,563

21. COMMITMENTS AND CONTINGENCIES

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements as specified by various governments in order to maintain exploration tenements in good standing. Therefore amounts stated are based on the minimum commitments known within the next 1 to 2 years. The Group may in certain situations apply for exemptions under relevant mining legislation or enter into joint venture arrangements which significantly reduce working capital commitments. These obligations are not provided for in the financial report and are payable:

	2017 $	2016 $
Within 1 year	1,152,272	400,000
Within 2-5 years	-	258,276
Later than 5 years	-	-
	1,152,272	658,276

Office lease commitments

	2017 $	2016 $
Within 1 year	259,260	203,557
Within 2-5 years	566,284	801,744
Later than 5 years	-	-
	825,544	1,005,301

Contingent asset

There are no contingent assets at 30 June 2017.

22. CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Bank balances	10,460,910	25,732,027
Term deposits	36,355,748	10,000,000
Petty cash	2,493	1,759
	46,819,151	35,733,786

Reconciliation of cash flows from operating activities	2017 $	2016 $
Loss after tax from continuing operations	(2,281,846)	(4,259,774)
Profit after tax from discontinuing operations	-	11,692,273
(Loss)/profit after tax	(2,281,846)	7,432,499
Adjustments for:		
Depreciation and amortisation	50,227	64,197
Net gain on sale of fixed assets	(2,780)	-
Business development costs	1,279,290	1,413,600
Income tax benefit	(361,989)	(182,379)
Profit from discontinued operations	-	(11,692,273)
Net gain on sale of available for sale financial assets	(1,834,027)	-
Net gain on sale of exploration and evaluation assets	(755,712)	-
Foreign exchange gains/(loss)	974,148	(917,214)
Exploration and evaluation assets written off	339,226	2,201,005
Impairment of financial assets	530,136	-
Share of associate's (net gain)/loss	55,156	(48,998)
Impairment of investment in associate	429,010	790,050
Equity-settled share-based payment expenses	329,119	47,312
Operating loss before changes in working capital and provisions	(1,250,042)	(892,201)
(Increase)/decrease in trade and other receivables	(48,872)	10,751
(Increase)/decrease in financial assets	(1,173)	(5,140)
(decrease)/Increase in trade creditors and other liabilities	89,470	13,839
(decrease)/increase in provisions	77,767	12,378
Net cash used in operating activities	(1,132,850)	(860,373)

Non-cash financing and investing activities

During the year the Company completed the sale of the Gnaweeda and Ardeen Project. In consideration for the Company's interest in the Gnaweeda Project, Chalice received 400,000 shares in Doray Minerals Limited and received 2,040,000 shares in Kesselrun Resources Limited in consideration for the sale of the Company's interest in the Ardeen Project. Refer to note 3(c) for further details.

23. RELATED PARTIES

Key management personnel

The following were key management personnel ("KMP") of the Group at any time during the reporting period and unless otherwise indicated were KMP for the entire period:

Executive Directors

T R B Goyder (Managing Director)

Non-executive Directors

A W Kiernan (Chairman)
S P Quin
M S Ball

Executives

R K Hacker (Chief Financial Officer)
K M Frost (General Manager – Exploration)
P Lengyel (Exploration Manager – Canada)

The KMP compensation is as follows:

	2017 $	2016 $
Short-term employee benefits	1,379,924	1,441,323
Post-employment benefits	99,431	101,632
Termination benefits	-	-
Long term benefits	-	-
Share-based payment	291,575	152,078
	1,770,930	1,695,033

Individual director's and executive's compensation disclosures

The Group has transferred the detailed remuneration disclosures to the Directors' Report in accordance with *Corporations Amendment Regulations 2006 (No. 4).* These remuneration disclosures are provided in the Remuneration Report section of the Directors' Report under Key Management Personnel remuneration and are designated as audited.

Loans to key management personnel and their related parties

No loans were made to KMP or their related parties.

Other key management personnel transactions with the Group

A number of KMP, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with management persons or their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate expense/(income) recognised during the year relating to KMP or their related parties was as follows:

KMP	Transaction	Note	2017 $	2016 $
A W Kiernan	Consulting services	(i)	46,200	40,500
Liontown Resources Limited	Corporate services	(ii)	(66,000)	(66,000)
Uranium Equities Limited	Corporate services	(ii)	(96,814)	(66,000)
PhosEnergy Limited	Corporate services	(ii)	(21,600)	(24,436)

(i) The Group used the consulting of Mr Kiernan during the course of the financial year. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

(ii) The Group supplied corporate services including accounting and company secretarial services under a Corporate Services Agreement to Liontown Resources Limited ("LTR"), Uranium Equities Limited ("UEL") and PhosEnergy Limited ("PEL") and geological services of KMP. Mr Goyder is a director of LTR, UEQ and PEL. Mr Kiernan is a director of PEL. Amounts were billed on a proportionate share of the cost to the Group of providing the services and are due and payable under normal payment terms.

Amounts outstanding (to)/from the above related parties at reporting date arising from these transactions were as follows:

Assets and liabilities arising from the above transactions	2017 $	2016 $
Current payables	-	(15,000)
Trade debtors	21,048	12,800
	21,048	(2,200)

24. RELATED PARTY DISCLOSURE

Significant investments in subsidiaries

The consolidated financial statements include the financial statements of Chalice Gold Mines Limited and its subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest 2017	% Equity Interest 2016
Parent entity			
Chalice Gold Mines Limited	Australia		
Subsidiaries			
Chalice Operations Pty Ltd ***(i)***	Australia	100	100
Chalice Gold Mines (Eritrea) Pty Ltd	Australia	100	100
Western Rift Pty Ltd ***(ii)***	Australia	100	100
CGM Minerals Pty Ltd	Australia	100	100
CGM (Lithium) Pty Ltd	Australia	100	100
(i) Subsidiaries of Chalice Operations Pty Ltd			
Keren Mining Pty Ltd	Australia	100	100
Universal Gold Pty Ltd	Australia	100	100
Sub-Sahara Resources (Eritrea) Pty Ltd	Australia	100	100
(ii) Subsidiaries of Western Rift Pty Ltd			
Chalice Gold Mines (Ontario) Inc.***(iii)***	Canada	100	100
Coventry Rainy Inc.	Canada	100	100
Coventry Ontario Inc.	Canada	100	100
(iii) Subsidiaries of Chalice Gold Mines (Ontario) Inc.			
Chalice Gold Mines (Quebec) Inc.	Canada	100	100
Chalice Gold Mines (Exploration) Inc.	Canada	100	100

25. EVENTS SUBSEQUENT TO REPORTING DATE

On 27 July 2017 the Board resolved to issue a total of 4,929,291 performance rights to directors (subject to shareholder approval), executives and employees under the terms and conditions of the Company's long term incentive plan. Please refer to section 7.3.4 (c) of the Remuneration Report for further details in relation to the performance rights issued subsequent to balance date.

Directors' Declaration

1. In the opinion of the directors of Chalice Gold Mines Limited (the 'Company'):

   a. the financial statements, notes and the additional disclosures in the directors' report designated as audited, of the Group are in accordance with the *Corporations Act 2001* including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

   b. there are reasonable grounds to be that the Company will be able to pay its debts as and when they become due and payable.

   c. The statements and notes thereto are in accordance with international Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.

This declaration is signed in accordance with a resolution of the Board of Directors.

Dated at Perth the 18th day of September 2017

Signed in accordance with a resolution of the Directors:

Tim Goyder

Managing Director

Independent Auditor's Report

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT
To the members of Chalice Gold Mines Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Chalice Gold Mines Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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HLB Mann Judd

Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation expenditure Refer to note 12 in the financial statements	
At balance date, the Group has carried forward exploration and evaluation expenditure of $3,245,539. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises acquisition costs of rights to explore as well as subsequent exploration expenditure and applies the cost model after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation expenditure, because this is a significant asset of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the exploration and evaluation expenditure may exceed its recoverable amount.	Our procedures included but were not limited to the following: • We obtained an understanding of the key processes associated with management's review of the carrying value of the exploration and evaluation expenditure; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its areas of interest; • We examined the exploration budget for the year ending 30 June 2018 and discussed with management the nature of planned ongoing activities; • We substantiated a sample of additions to exploration expenditure during the year; • We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation at any areas of interest: and • We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

HLB Mann Judd

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

HLB Mann Judd

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Chalice Gold Mines Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
18 September 2017

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings

Substantial shareholders

The number of shares held by substantial shareholders advised to the Company and their associated interests as at 15 September 2017 were:

Shareholder	Number of ordinary shares held	Percentage of capital held %
Timothy Rupert Barr Goyder	44,827,765	17.16
Franklin Resources Inc	31,107,008	11.91

Class of shares and voting rights

At 15 September 2017 there were 1,546 holders of the ordinary shares of the Company, 5 holders of unlisted share options and 12 holders of performance rights. The share options and performance rights have been granted under the Company's Employee Share Option Plan and Employee Long Term Incentive Plan.

The voting rights to the ordinary shares set out in the Company's Constitution are:

> "Subject to any rights or restrictions for the time being attached to any class or Classes of shares -
>
> a) at meetings of members or classes of members each member entitled to vote in person or by proxy or attorney: and
>
> b) on a show of hands every person who is a member has one vote and on a poll every person in person or by proxy or attorney has one vote for each ordinary share held."

Holders of options or performance rights do not have voting rights.

Distribution of equity security holders as at 15 September 2017:

	Number of equity security holders		
Category	**Ordinary Shares**	**Unlisted Share Options**	**Performance Rights**
1 – 1,000	107	-	-
1,001 – 5,000	209	-	-
5,001 – 10,000	390	-	-
10,001 – 100,000	667	-	-
100,001 and over	173	5	12
Total	1,546	5	12

The number of shareholders holding less than a marketable parcel at 15 September 2017 was 183.

Twenty largest Ordinary Fully Paid Shareholders as at 15 September 2017

Name	Number of ordinary shares held	Percentage of capital held %
Timothy R B Goyder	44,827,765	17.16
HSBC Nominees (Australia) Limited	35,139,686	13.45
J P Morgan Nominees Australia Limited	23,711,333	9.08
Citicorp Nominees Pty Limited	13,462,036	5.15
Canadian Registry Control	12,496,660	4.78
Jetosea Pty Ltd	12,167,362	4.66
National Nominees Limited	12,118,388	4.64
Mr Mark Savage <Mark Savage Revocable A/C>	7,193,594	2.75
BNP Paribas Nominees Pty Ltd <IB AU NOMS Retail Client DRP>	5,271,041	2.02
Claw Pty Ltd <Corp Super Fund A/C>	4,000,000	1.53
Calm Holdings Pty Ltd <Clifton Super Fund A/C>	3,539,999	1.36
Buttonwood Nominees Pty Ltd	2,721,592	1.04
Piat Corp Pty Ltd	2,200,000	0.84
Anthony W Kiernan	1,902,040	0.73
Clement Pty Ltd <D&M Goyder Family S/Fund A/C>	1,810,681	0.69
Mr Nigel Burgess + Mrs Yukari Burgess <Nenkin Super Fund A/C>	1,600,000	0.61
Super Seed Pty Ltd <The Seed Family A/C>	1,500,000	0.57
Calama Holdings Pty Ltd	1,400,000	0.54
Teragoal Pty Ltd <Gray Family A/C>	1,400,000	0.54
Mr Philip Scott Button + Ms Philippa Ann Nicol <Christopher Jordan A/C>	1,348,261	0.52
Total	189,810,438	72.66

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