

## ASX Announcement Chairman's Address to Annual General Meeting

21 November 2016

Good morning ladies and gentleman

My name is Morgan Ball and I am a non-executive director of Chalice and will be chairing this AGM in the absence of the Company's Chairman, Tony Kiernan who is overseas and unable to be here today.

I am pleased to report to you on what has been a positive year for Chalice on several fronts:

- Firstly, the successful sale of the Cameron Gold Project in Ontario, Canada to emerging North American gold development company First Mining Finance Corp. has the potential to deliver significant value to the Company through the shares of First Mining Finance, which were the consideration for the sale.

As a result of the transaction with First Mining, the Company received 32.3 million shares which are subject to staged sale restrictions until June 2017. After being approached, we have to date, sold 8 million of those shares for \$6.6 million. As at today, the balance of the shares have a market value of about A\$17.6 million.

This transaction has allowed us to crystallise significant value from the Cameron Project to give shareholders exposure both to First Mining's diversified portfolio of advanced gold exploration projects in central and eastern Canada and the upside of the Cameron Project.

- Secondly, we have strengthened the Company's balance sheet with a current cash balance of A\$37 million, our remaining shares in First Mining with a current market value of A\$17.6 million and no debt, there is a significant opportunity to deploy capital at the lower end of the resource cycle for many commodities.

We have continued to assess a number of cornerstone project opportunities with a disciplined approach.

While this process has not yet resulted in a material transaction that meets our investment criteria in terms of asset quality and price, we remain determined but always cognisant that we will not undertake a transaction at any cost.

- Thirdly, the Board has endorsed a strategy whereby, in addition to targeting more advanced resource opportunities where Chalice's available capital and management team could provide an operational and funding solution to development assets, it will also allocate a small percentage of its overall funds to target quality base and precious metal exploration assets, preferably in lower risk mining jurisdictions.

Chalice has recently executed four attractive exploration joint ventures in Australia and Canada – with

- Meteoric Resources,
- Red Hill Iron,
- Traka Resources: and
- Globex Mining.

In combination, these joint ventures have minimum obligations to spend approximately A\$2.5 million, predominantly "in the ground", within the next 12 months to earn varying degrees of interest in the projects. Tim Goyder, Managing Director and Kevin Frost, General Manager – Exploration will give a run through of these in their presentation later in the meeting.

Whilst there is no intention to "bet the farm" on earlier stage exploration, with Chalice's capital position and in-house technical capability, we believe that where quality exploration opportunities are identified, they will be prioritised on the basis of geological and commercial upside for the Company. As you can appreciate, the value creation from successful exploration can be immense.

A disciplined assessment of exploration results at each key decision point will be made, ensuring that we remain focused on our exploration goals. The projects will be worked over quickly and efficiently and, if not getting the results we expect, we will withdraw and move on.

Initial activities on the projects will be well under within the next few months.

In conclusion, I would like to acknowledge the efforts and drive of our Managing Director, Tim Goyder – who has been relentless in the pursuit of adding value for shareholders – as well as the Board, management team and staff for their efforts. To our shareholders generally, thank you also for your ongoing support.

With a strong balance sheet, a highly skilled and disciplined team and a clear corporate strategy, I am confident that Chalice is well placed for growth and success at a time of renewed opportunity in the resource sector.

Morgan Ball  
Director

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**Forward Looking Statements**

This document may contain forward-looking information within the meaning of Canadian securities legislation and forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, forward-looking statements). These forward-looking statements are made as of the date of this document and Chalice Gold Mines Limited (the Company) does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, the results of business development activities which may result in a corporate transaction or investment, the actual number of shares and price which may be purchased pursuant to the share buy-back, the future share price performance of First Mining Finance Corp, the likelihood of exploration success, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

In certain cases, forward-looking statements can be identified by the use of words such as plans, expects or does not expect, is expected, will, may would, budget, scheduled, estimates, forecasts, intends, anticipates or does not anticipate, or believes, or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors may include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in mineral resources or ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements, all of which are filed and available for review on SEDAR at [sedar.com](http://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.