

ASX Announcement

## June 2012 Quarterly Report

### Highlights:

- **Sale of Zara Project to SFECO expected to be completed in August 2012**
- **Shareholder approval obtained for the sale of the Zara Project**
- **5,000m diamond drill program commenced at Mogoraib North VMS project to test multiple bedrock conductor targets**
- **New gold occurrence identified on Mogoraib North**

### 1. Sale of the Zara Project to China SFECO Group

Activities during the June Quarter have focused on completing the sale of the Zara Gold Project in Eritrea, East Africa to China SFECO Group (SFECO), a subsidiary of Shanghai Construction Group Co. Ltd., and ENAMCO.

Chalice entered into a conditional agreement to sell its remaining 60 per cent interest in the Zara Project to SFECO in December 2011 and an agreement to sell 30% to ENAMCO in June 2011.

Following completion of due diligence by SFECO and further negotiations in April 2012, Chalice signed a Sale and Purchase Agreement ("SPA") to sell its interest in the Zara Project for US\$80 million, comprising US\$78 million at completion of the agreement and a deferred payment of US\$2 million on the first gold pour at the Koka Gold Mine.

While completion of the transaction was originally targeted for mid-to-late July 2012, Chalice has agreed to a request from SFECO to extend the date for the satisfaction of conditions under the SPA by one month to 26 August 2012.

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

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

On 29 June 2012, Chalice shareholders approved the sale at a General Meeting of Shareholders.

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In addition, subject to the successful completion of the sale to SFECO, Chalice and Dragon Mining Limited have agreed to set aside the previously agreed trailing payment of \$4 million to be made by Chalice to Dragon in the event that a one million ounce Ore Reserve is delineated at the Zara Project (see *Announcement on 22 June 2010*) in consideration for an up-front, one-off payment of \$1.5 million.

The expected completion of the SFECO transaction in late August, combined with proceeds from the sale of the 30 per cent interest to ENAMCO, will leave the Company with a strong cash balance – estimated at around US\$80 million post-tax – and the ability to identify, acquire and develop high quality resource assets.

In light of the significant cash balance at completion of the transaction, the Board will also review its alternatives to manage any excess capital appropriately.

## **2. Mogoraib North Exploration**

Diamond drilling targeting potential Volcanic Hosted Massive Sulphide (VHMS) deposits commenced during the Quarter on the Company's Mogoraib North property, which lies just north of the world-class Bisha VMS mine (*Figure 1*). Some 2,356 metres in 11 holes were completed before drilling was suspended due to the onset of the wet season in north-east Africa (*Figure 3*).

The drilling is designed to test bedrock EM conductors that potentially reflect Volcanic Hosted Massive Sulphide (VHMS) bodies similar to the nearby Bisha deposit. The conductors were identified by a Versatile Time-domain Electro-Magnetic (VTEM) survey completed in mid-2011 and subsequently further refined by ground-based geophysics and geochemical sampling.

The drilling has identified carbonaceous shales as the primary cause of the EM anomalies tested to date. These are being sampled to determine whether they are potential fringe positions to VHMS deposits, as occurs elsewhere in the Bisha-Mogoraib region. No assays are available as yet and several targets remain to be tested.

Drilling is expected to recommence again in October 2012.

In addition, artisanal gold workings were identified in the north-central part of the tenement and in-fill soil samples and rock chip samples were collected from the area to follow-up anomalous gold-in-soil samples obtained in a previous reconnaissance program. Assays from this sampling and the diamond drilling program are pending.

This exploration program is being funded by ENAMCO and follows the signing of a joint venture between ENAMCO and Chalice covering the Mogoraib North and Hurum Projects in early May 2012. Under this agreement, ENAMCO has agreed to pay Chalice approximately US\$750,000 (representing one-third of historical project-to-date expenditures incurred at Mogoraib North and Hurum), of which US\$700,000 has been received.

Exploration expenditure will be funded in accordance with each party's paid participating interest, being two-thirds Chalice and one-third ENAMCO. The agreement to sell the Zara Project to SFECO does not include the Mogoraib North and Hurum properties.

## **3. Exploration at the Zara Project**

Diamond drilling at Koka was suspended following the completion of ZARD 246, the ninth hole of the 2012 program. Assays have now been received from all holes, with further significant intersections, including:

- **1m @ 5.88g/t gold** from 117m (ZARD 242)
- **1m @ 4.90/t gold** from 120m (ZARD 242)

- **2m @ 3.28g/t gold** from 153m (ZARD 242)
- **1m @ 5.71g/t gold** from 435m (ZARD 246)
- **2m @ 2.76g/t** from 281m (ZARD 241)

A full list of significant intersections is appended to this announcement (*see Table 1*) and drill hole locations are shown on Figure 2.

Koka South lies immediately to the south of the Koka Main deposit (Probable Mineral Reserve of 760,000oz @ 5.1g/t gold). Mineralisation at Koka South has so far been delineated over a strike length of 250 metres.

Under the terms of the Shareholders' Agreement with ENAMCO, from 1 January 2012 ENAMCO have been and will continue to sole fund ~US\$4 million of exploration and pre-development expenditures at the Zara Project.

#### **4. Approval of the Zara SEIA and SEMP**

On 2 July 2012 a letter was received from the Ministry of Land, Water & Environment, Department of Environment providing approval of the Socio-Economic Impact Assessment ("SEIA") and Social & Environmental Management Plan ("SEMP") covering the Koka Mine development. The approval is conditional on the completion of several supplementary studies currently underway and expected to be completed shortly.

The Company has also obtained approval of the SEIA and SEMP Studies from the Ministry of Energy and Mines, a key condition required to complete the sale of the Zara Project to China SFECO Group.

#### **5. Gnaweeda Project**

In early June, Chalice agreed to sell its remaining 13.5% interest in the Gnaweeda Gold Project in Western Australia to Archean Star Resources Inc. (Archean). Archean, which is listed on the TSX Venture Exchange (TSX-V), is in the process of earning up to 100% in the project from Teck Australia. The consideration for the sale is 5 million common shares in Archean. The agreement remains subject to the approval of TSX-V.



DR DOUGLAS JONES  
Managing Director

30 July 2012

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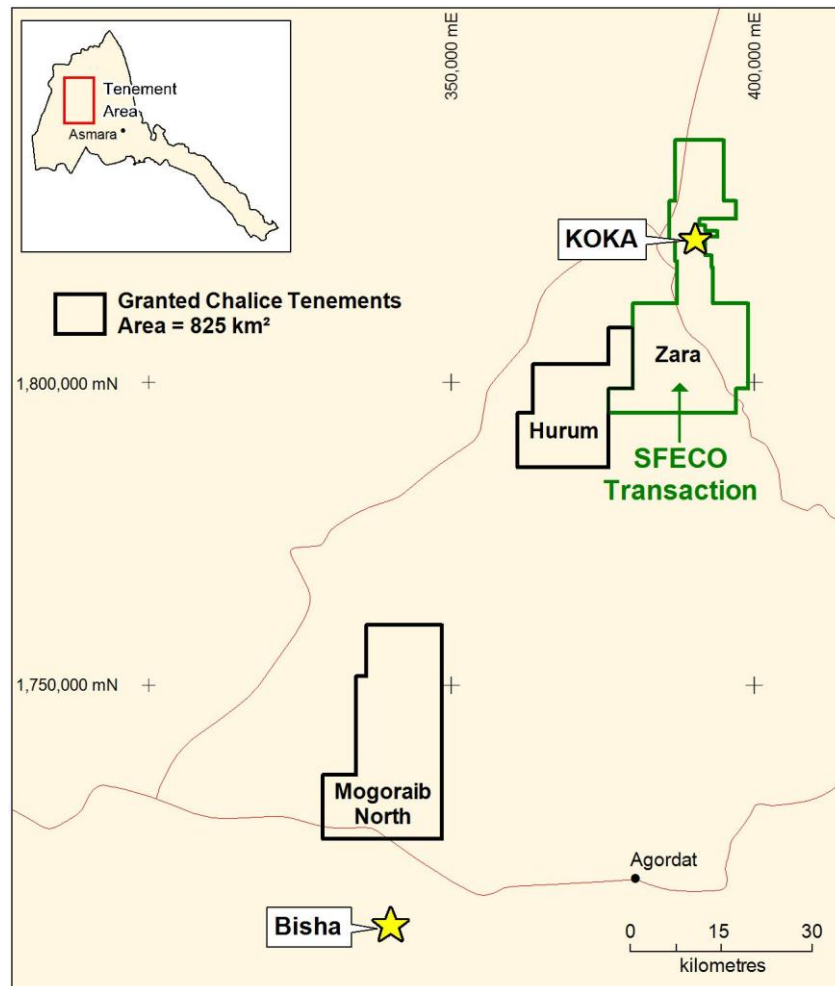


Figure 1: Chalice Gold Mines and SFECO Transaction Tenements

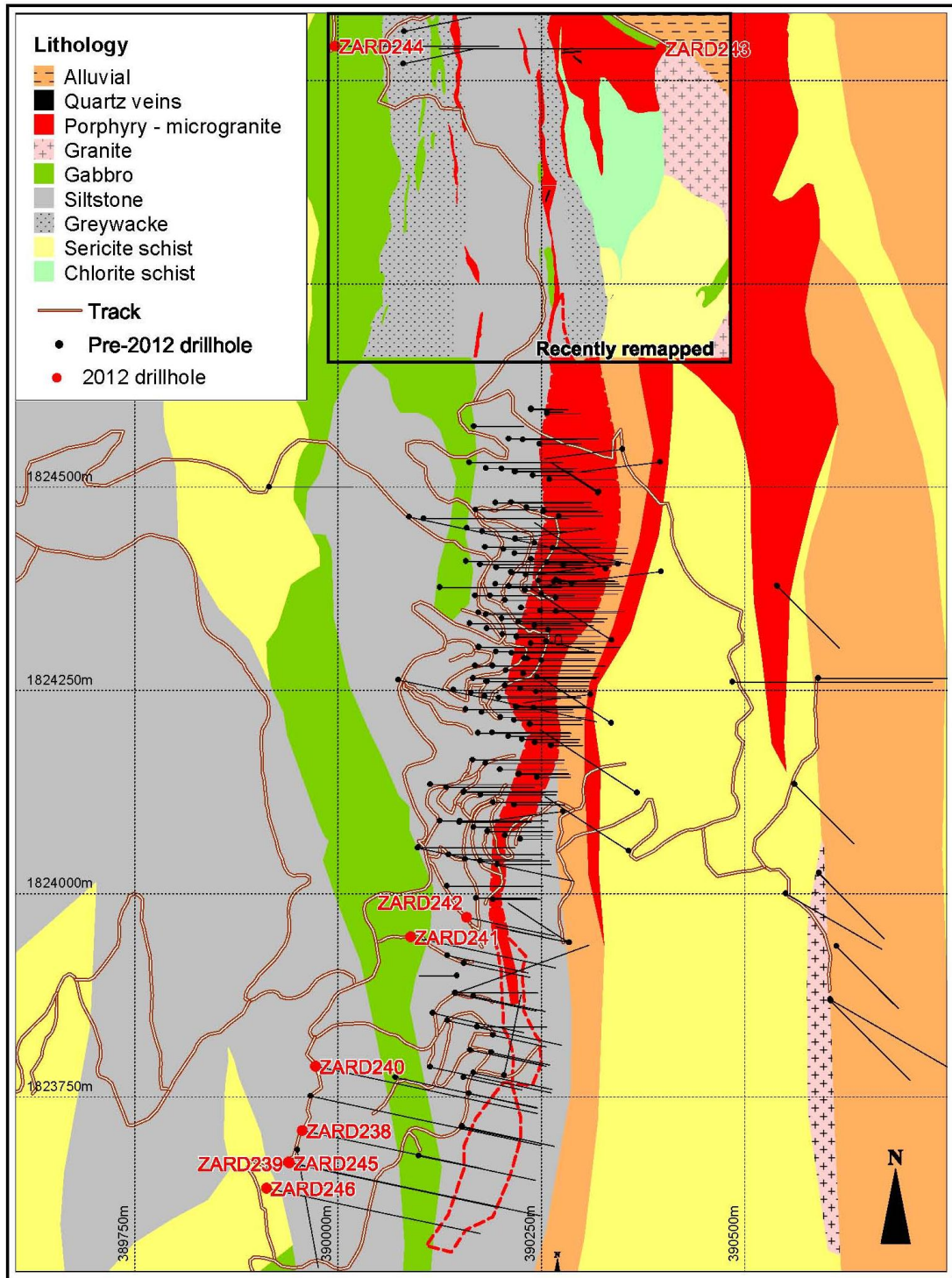


Figure 2: Location of Koka drillholes. Holes completed in 2012 are shown in red.



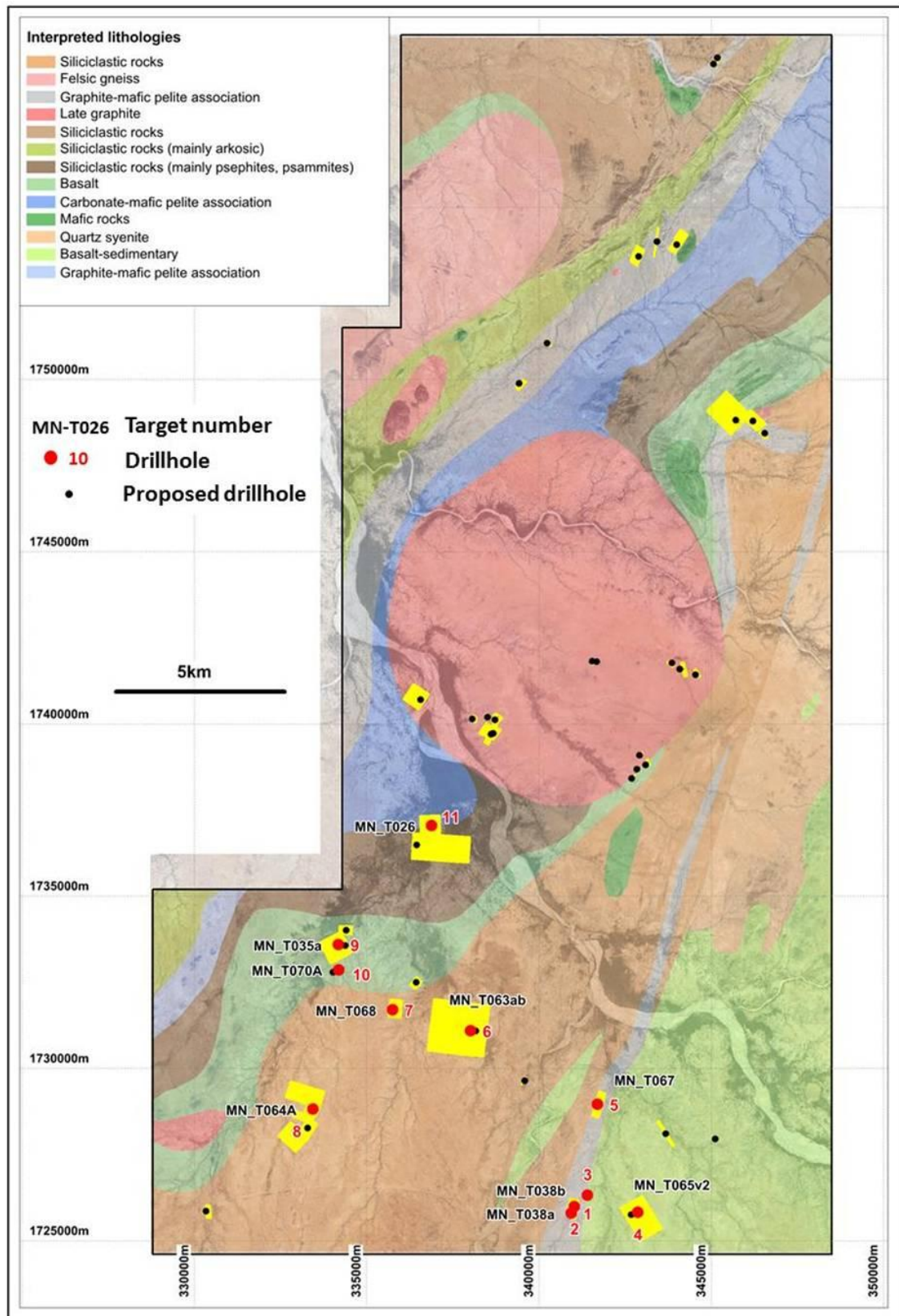


Figure 3: VTEM targets and drill holes completed at Mogoraib North.  
Yellow polygons represent VTEM target zones; black dots planned drill-holes.

**Table 1: Significant Intercepts – Koka South 2011-12**

Hole ID	Easting	Northing	Azimuth	Dip	From (m)	To (m)	Length (m)	Au	g/t
<b>ZARD202**</b>	390144	1823877	070E	-60	145	146	1	44.35	
<b>ZARD209**</b>	380134	1823844	102E	-55	138	139	1	1.24	
					164	165	1	15.94	
<b>ZARD210**</b> incl incl	390144	1823877	102E	-60	134	137	3	4.54	
					134	135	1	7.59	
					136	137	1	1.48	
<b>ZARD211**</b> incl incl	390188	1823805	102E	-62	89	90	1	3.46	
					103	105	2	12.80	
					103	104	1	3.45	
					104	105	1	22.14	
<b>ZARD 212**<sup>+</sup></b>	390154	1823774	102E	-60	139	140	1	1.80	
<b>ZARD 213**</b> incl	390134	1823924	102E	-60	141	149	8	1.94	
					148	149		11.70	
<b>ZARD 215**</b> incl incl	390170	1823840	102E	-55	80	85	5	1.85	
					116	120	4	29.59	
					116	117	1	101.61	
					119	120	1	19.86	
<b>ZARD 216**</b> incl incl	390190	1823826	102E	-45	32	33	1	16.46	
					48	51	3	8.73	
					48	49	1	11.51	
					50	51	1	14.65	
<b>ZARD 217**</b> incl incl	390171	1823786	102E	-60	129	130	1	1.01	
					138	143	5	5.92	
					138	139	1	14.97	
					142	143	1	13.09	
<b>ZARD 218**</b>	390171	1823786	102E	-45	117	119	2	7.36	
<b>ZARD 219**</b>	390162	1823808	102E	-60	144	145	1	168.64	
					154	155	1	3.20	
<b>ZARD 220**</b>	390162	1823808	102E	-70	103	104	1	4.47	
<b>ZARD 221**</b> incl incl	390162	1823808	102E	-55	98	103	5	86.23	
					98	99	1	20.73	
					100	101	1	401.08	
					113	114	1	25.66	
<b>ZARD 222**</b> incl incl	390177	1823869	102E	-45	53	59	6	5.08	
					53	55	2	13.08	
					58	59	1	4.24	
					80	81	1	8.15	
<b>ZARD 223**</b> incl incl incl	390116	1823853	102E	-60	162	170	8	7.36	
					162	164	2	20.01	
					165	166	1	7.48	
					169	170	1	6.80	
					178	180	2	12.69	

<b>ZARD 225**</b>	390284	1823940	282E	-45	No mineralization intersected			
<b>ZARD 233**</b>  incl	390152	1823713	102E	-75	124	127	3	39.25
					126	127	1	115.33
					132	137	5	21.38
					188	189	1	3.11
					244	249	5	6.06
<b>ZARD 234**</b>  incl	390113	1823787	102E	-55	135	138	3	1.26
					141	148	7	9.73
					146	147	1	49.64
<b>ZARD 235**</b>	390099	1823678	102E	-60	No mineralization intersected			
<b>ZARD 236**</b>  incl incl	389966	1823751	102E	-45	272	273	1	1.13
					317	323	6	3.11
					317	318	1	1.45
					322	323	1	16.82
<b>ZARD 237**</b>  incl incl incl	390070	1823774	102E	-55	185	214	29	10.87
					185	186	1	138.65
					195	196	1	56.38
					199	200	1	36.97
					210	213	3	2.09
					226	228	2	1.35
<b>ZARD 238**</b>	389956	1823709	102E	-48	Hole abandoned			
<b>ZARD 239**</b>	389939	1823670	102E	-45	312	314	2	11.49
<b>ZARD 240**</b>	389972	1823788	102E	-45	264	265	1	2.22
					267	268	1	2.48
					303	304	1	2.36
					312	314	2	6.60
<b>ZARD 241</b>	390089	1823947	102E	-60	211	215	4	1.76
					243	244	1	1.04
					281	282	2	2.76
<b>ZARD 242</b>  incl incl	390158	1823971	102E	-63	116	121	5	2.73
					117	118	1	5.88
					120	121	1	4.90
					125	126	1	1.56
					128	129	1	1.70
					153	155	2	3.28
					206	207	1	1.63
<b>ZARD 243*</b>	390397	1825039	90E	-50	No mineralization intersected			
<b>ZARD 244*</b>	389996	1825042	102E	-58	No mineralization intersected			
<b>ZARD 245</b>	389940	1823669	270E	-58	379	380	1	1.84
<b>ZARD 246</b>	389912	1823638	102E	-60	435	436	1	5.71

\* Koka North Zone

\*\* Previously Reported



## **Competent Persons and Qualified Person Statement**

The information in this news release that relates to exploration results is based on information compiled by Dr Doug Jones, a full-time employee and Director of Chalice Gold Mines Limited, who is a Member of the Australasian Institute of Mining and Metallurgy and is a Chartered Professional Geologist. Dr Jones has sufficient experience in the field of activity being reported to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and is a Qualified Person under National Instrument 43-101 – ‘Standards of Disclosure for Mineral Projects’. The Qualified Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Dr Jones consents to the release of information in the form and context in which it appears here.

The Mineral Resource estimate was prepared by Mr. John Tyrrell who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Tyrrell is a full time employee of AMC and has sufficient experience in gold resource estimation to act as Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)’ and was a Qualified Person under National Instrument 43-101 – ‘Standards of Disclosure for Mineral Projects’ at the date the National Instrument 43-101 was filed with the Toronto Stock Exchange. Mr Tyrrell consents to the inclusion of this information in the form and context in which it appears.

The information in this statement of Ore Reserves is based on information compiled by Mr David Lee who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of AMC. Mr Lee has sufficient relevant experience to be a Competent Person as defined in the JORC Code and was a Qualified Person under National Instrument 43-101 – ‘Standards of Disclosure for Mineral Projects’ at the date the National Instrument 43-101 was filed with the Toronto Stock Exchange. Mr Lee consents to the inclusion of this information in the form and context in which it appears.

## **Forward Looking Statements**

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

Forward-looking statements relate to future events or future performance and reflect Company management’s expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the likelihood of exploration success, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage, as well as the possibility that a sale of the Zara Gold Project may be consummated.

In certain cases, forward-looking statements can be identified by the use of words such as plans, expects or does not expect, is expected, budget, scheduled, estimates, forecasts, intends, anticipates or does not anticipate, or believes, or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; completion of the sale of the Zara Gold Project to SFECO; the tax payable on any such transaction; completion of the sale of a 30% interest in the Zara Gold Project to the Eritrean National Mining Corporation; the use of any sale proceeds received from the sale of the Zara Gold Project; as well as those factors detailed from time to time in the Company’s interim and annual financial statements, all of which are filed and available for review on SEDAR at [sedar.com](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.

## **Cautionary Note**

For readers to fully understand the information in this news release, they should read the Technical Report for the Koka Gold Deposit dated July 27, 2010 (available at [www.chalicegold.com](http://www.chalicegold.com)) in its entirety, including all qualifications, assumptions and exclusions that relate to the information set out in this news release which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Technical Report is intended to be read as a whole, and sections should not be read or relied upon out of context. The technical information in the report is subject to the assumptions and qualifications contained in the Technical Report.

## **Sampling Procedures and Quality Assurance**

Diamond drill core is logged and photographed prior to splitting with a core saw. One half of the core is retained on site whilst the other half is bagged and dispatched to the Africa Horn Preparation facility (a division of NATA-accredited Intertek-Genalysis Laboratories) in Asmara for crushing to -2mm and splitting. Certified reference materials (CRMs) are submitted with all sample batches at the rate of 1 per 20-25 routine samples. The CRM’s inserted have values ranging from very low to high grade. The coarse reject is stored and the split sub-sample is pulverized to a nominal 95% passing -75 micron using an LM2 pulverizer.

The pulverized pulp is further split into two 100g to 150g sub-samples; a primary pulp sample is sent for analysis and a duplicate pulp sample is kept as a reference and the remaining fine (-75 micron) reject is stored. A quartz wash is pulverized between samples and is stored for random testing of preparation contamination.

The sample pulps are transported by air to NATA-accredited Intertek-Genalysis Laboratories in Perth Western Australia for assay. For drill core and RC samples used for resource analysis the majority of gold assaying is completed using a lead collection of 50g fire assay method with an atomic absorption spectroscopy (AAS) finish. Additional specified multi-element assays are carried out by ICP-OES on 25g sub-sample prepared using aqua regia digest. Bulk density determinations using water immersion method are carried out on every metre of core within expected mineralisation and every 10m within waste zones. QA/QC monitoring is applied to all drill core assays as per the protocols described above.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

CHALICE GOLD MINES LIMITED

ABN

47 116 648 956

Quarter ended ("current quarter")

30 June 2012

### Consolidated statement of cash flows

		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	39	185
1.2	Payments for (a) exploration & evaluation	(1,887)	(8,519)
	(b) development	(640)	(2,104)
	(c) production	-	-
	(d) administration	(390)	(2,772)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	14	265
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other - GST	22	95
<b>Net Operating Cash Flows</b>		(2,842)	(12,850)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(10)	(366)
1.9	Proceeds from sale of: (a) prospects	690	3,585
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	993	3,126
1.12	Other (provide details if material)	(327)	(494)
<b>Net investing cash flows</b>		1,346	5,851
1.13	Total operating and investing cash flows (carried forward)	(1,496)	(6,999)

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,496)	(6,999)
1.20	Cash at beginning of quarter/year to date	4,750	10,194
1.21	Exchange rate adjustments to item 1.20	(77)	(18)
1.22	<b>Cash at end of quarter</b>	3,177	3,177

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

	<b>Current quarter \$A'000</b>
1.2 Aggregate amount of payments to the parties included in item 1.2	166
1.2 Aggregate amount of loans to the parties included in item 1.10	-

### 1.2 Explanation necessary for an understanding of the transactions

Item 1.9(a) – Represents an interim payment of US\$3 million from ENAMCO for ENAMCO's acquisition of a 30 per cent interest in the Zara Gold Project in Eritrea. The balance of ~US\$31 million (including reimbursement of certain costs) is payable as to US\$2 million by 31 July 2012 and US\$29 million on completion of the sale of the Zara Project to China SFECO Group ("SFECO"). In addition, US\$700,000 has been paid by ENAMCO for the acquisition of 30% of the Mogoraib North and Hurum projects with a further approximately US\$54,000 due subsequent to period end.

Item 1.11 – Relates to the contribution received from the Eritrean National Mining Corporation ("ENAMCO") for funds owed to Zara Mining Share Company for exploration and development of the Zara Project in Eritrea (see 2.1 below).

Item 1.2 – Amounts paid to related parties include remuneration, directors' fees, consulting fees and reimbursements of out of pocket expenses to directors.

## Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Under the terms of the Shareholders Agreement between Chalice and ENAMCO, as at 31 December 2011, ENAMCO were required to contribute ~US\$4.0 million towards exploration and development costs at the Zara Project to bring them in line with their contribution obligations given that Chalice funded the project since 1 April 2011. After period end and until the date of this report, ENAMCO have contributed ~US\$3.2 million and will continue to be the sole contributor until such time as they have met their share of pro-rata costs since 1 April 2011. After ENAMCO have contributed ~US\$4.0 million and up until the date of completion of the SFECO sale transaction, both Chalice and ENAMCO will revert to funding the Zara Project on a two-thirds/one-third basis.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

## Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	480
4.2 Development	-
4.3 Production	-
4.4 Administration	700
<b>Total</b>	<b>1,180</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,319	3,702
5.2 Deposits at call	858	1,048
5.3 Bank overdraft	-	-

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		<b>3,177</b>	<b>4,750</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> (description)	Nil	Nil	Nil	Nil
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 <b>+Ordinary securities</b>	250,030,886	250,030,886	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil Nil	Nil Nil	N/A N/A	N/A N/A
7.5 <b>+Convertible debt securities</b> (description)	Nil	Nil	N/A	N/A
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil	Nil Nil	N/A N/A	N/A N/A

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

7.7	<b>Options</b> ( <i>description and conversion factor</i> )	500,000	Nil	Exercise price \$0.25	Expiry date 1 December 2012
		500,000	Nil	\$0.20	31 July 2013
		1,250,000	Nil	\$0.35	31 March 2014
		1,250,000	Nil	\$0.45	31 March 2014
		750,000	Nil	\$0.50	1 September 2012
		187,500	Nil	\$0.55	30 April 2014
		187,500	Nil	\$0.65	30 April 2014
		375,000	Nil	\$0.75	30 April 2014
		750,000	Nil	\$0.45	14 September 2014
		2,500,000	Nil	\$0.50	30 November 2014
		100,000	Nil	\$0.45	30 November 2014
		<b>Performance Rights</b>	500,000	Nil	30 June 2015
			400,000	Nil	1 October 2014
7.8	Issued during quarter: <b>Options</b>	Nil	Nil	N/A	N/A
	<b>Performance Rights</b>	Nil	Nil	N/A	
7.9	Exercised during quarter	Nil	Nil	N/A	N/A
7.10	Expired during quarter <b>Options</b>	Nil	Nil	N/A	N/A
	<b>Performance Rights</b>	Nil	Nil	N/A	N/A
7.11	<b>Debentures</b> ( <i>totals only</i> )	Nil	Nil		
7.12	<b>Unsecured notes</b> ( <i>totals only</i> )	Nil	Nil		

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:   
Joint Company Secretary

Date: 30 July 2012

Print name: Leanne Forgione

### Notes

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

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- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.