

**ASX Announcement**

## **December 2013 Quarterly Report**

*Chalice finalises deal to acquire Cameron Gold Project, maintains A\$55M in cash to underpin growth*

### **Highlights:**

- Chalice announced a revised deal structure by Plan of Arrangement to acquire a 100% interest in the Cameron Gold Camp Project in Ontario, Canada from Coventry Resources Inc. for 46 million Chalice Shares. The transaction is expected to be completed on or around 7 February 2014.
- The Cameron Gold Camp Project hosts the Cameron Gold Deposit, with measured and indicated mineral resources of 567,100oz at 2.45 g/t, comprising of measured mineral resources of 213,400oz at 2.68 g/t and indicated mineral resources of 353,700oz at 2.33 g/t, plus an inferred mineral resource of 830,100oz at 2.11 g/t (excluding the Dubenski and Dogpaw deposits) as set out in the Revised Technical Report on the Cameron Gold Camp Project, published by Coventry Resources in February 2013.
- The focus for 2014 at the Cameron Project will include optimising and increasing the resources potentially amenable to open pit extraction through pit optimisation and near-mine exploration, as well as continuing to progress critical path project development activities.
- Drilling commenced at GeoCrystal Limited's Webb Diamond Project in Western Australia and Uranium Equities Limited's Oodnadatta and Marla IOCG Copper-Gold Projects in South Australia.
- Chalice's balance sheet remains strong with cash of A\$55M at 31 December 2013.

### **Overview:**

During the December Quarter Chalice Gold Mines Limited (ASX: CHN – “Chalice” or “the Company”) continued to progress its business development strategy, targeting advanced exploration or development stage opportunities which, through access to the Company's funding and technical capability, have the potential to create significant shareholder value.

Chalice will continue to be selective as it reviews potential acquisitions, focusing on quality assets preferably with access to good infrastructure and, importantly, with the potential for low operating costs. During the quarter, Chalice concluded a revised deal structure for the acquisition of the Cameron Gold Camp Project (the “Cameron Project”) in Ontario, Canada from Coventry Resources Inc (“Coventry”). The Cameron Project ticks many of the Company's selection criteria with good open pit grades, no known metallurgical issues, access to excellent infrastructure (including low cost grid power) as well as being located in a mature, low-risk mining jurisdiction.

The Company's attention will now turn to unlocking the upside potential at the Cameron Project.

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## **1. Coventry Transaction**

Chalice and Coventry advised on 1 November 2013 that Chalice had completed due diligence to its satisfaction, and that the parties had agreed to amend the structure and terms of the proposed merger as announced on 30 September 2013.

Under the revised deal structure, which is proceeding by way of a Plan of Arrangement ("Arrangement") under the British Columbia Business Corporations Act, Chalice will issue 46 million shares to acquire a 100% interest in Coventry's subsidiary companies holding the Cameron Project, the West Cedartree assets, the Rainy River Project and the Ardeen Gold Project, with the Chalice shares being distributed directly to Coventry shareholders on a pro rata basis.

Coventry shareholders approved the Arrangement on 21 January 2014 and final orders approving the transaction from the Supreme Court of British Columbia were received on 24 January 2014.

Following satisfaction of the remaining conditions precedent contained within the Arrangement Agreement, which are generally procedural in nature, Chalice will issue of 46 million shares on or around 4 February 2014 with despatch of the Chalice holding statements to Coventry shareholders on or around 7 February 2013.

## **2. Cameron Gold Camp Project Outlook**

The acquisition of the Cameron Project from Coventry is an exciting opportunity for Chalice, which has the in-house technical capability and experience to advance the project in a measured and considered manner.

Chalice sees excellent potential to enhance the potential economics of the Cameron Project by expanding the Mineral Resources potentially amenable to open pit extraction and delaying development of an underground mine to later in the project life. The immediate focus for the Cameron Project will therefore focus on near-resource exploration and pit optimisation aimed at increasing the plant throughput and extending the life of the open pit.

Planning has commenced for two phases of drilling at the Cameron Project during 2014, along with critical First Nations and community consultations. Development and project approval work scopes will progress in parallel with the field programs to ensure that the Company is well positioned to move quickly to feasibility and to be in a position to make a development decision.

## **3. GeoCrystal Limited (10.1%) – Webb Diamond Project**

The proceeds of Chalice's subscription in GeoCrystal of \$500,000 last Quarter were primarily used to fund loam sampling across the entire field and air-core drill testing of magnetic and/or EM anomalies at the Webb Diamond Project, located in the Gibson Desert, including detailed analysis of the mineral chemistry of diamond indicator minerals.

Air-core drilling recommenced at the Webb Project on 9 October 2013, with 17 holes for a total of 1,114m completed on 11 kimberlite targets. This brings the total drilling to date to 24 holes totalling 1,657m on 16 kimberlite targets. As part of the programme, 46 line-kilometres of ground magnetic surveys were also completed over 15 kimberlite targets and 67 loam samples, totalling 4.9 tonnes of sample, were taken on a broad grid pattern over the kimberlite field.

The results of test work on the drill samples and loam samples, together with interpretations of the ground magnetic surveys are expected in the March 2014 Quarter, when it is anticipated that further details will be released.

Please refer to Chalice's press release dated 25th September 2013 for more information on the Webb Diamond Project.

#### 4. Uranium Equities Limited – Oodnadatta and Marla Joint Venture

The exploration program currently underway comprises combined rotary mud and diamond drilling testing of priority iron oxide-copper-gold-uranium (IOCGU) drill targets at Marla and Oodnadatta, as well as a ground gravity survey over parts of the Oodnadatta Project.

Four holes, MMD001 to 004, were completed during the Quarter for 1,562m (see Table 1).

**Table 1: Marla Drilling, November-December 2013**

Hole No	Prospect	Easting MGA94Z53	Northing MGA94Z53	RL	Azi	Dec	Rotary Mud (m)	Diamond Core (m)	Total Depth (m)
MMD001	Rochdale	469010	7004580	185	-	-90	143.7	53.9	197.6
MMD002	Bacup	452268	7014452	214	-	-90	113.2	282.8	396.0
MMD003	Todmorden	475181	7023489	207	-	-90	232.8	276.7	509.5
MMD004	Todmorden	473816	7023447	202	-	-90	221.5	237.5	459.0
<b>Total</b>							<b>711.2</b>	<b>850.9</b>	<b>1562.1</b>

Hole MMD001 was abandoned above the target depth due to drilling difficulties and may be re-drilled following a reassessment of the geophysical target. Holes MMD002 to 004 reached target depth but failed to intersect any visual evidence of IOCGU-style alteration or mineralisation.

The remaining geophysical targets are being reassessed in light of the stratigraphic and structural information gained from the completed drill holes prior to the recommencement of drilling.

*The information in this report that relates to exploration results is based on information compiled by Dr Doug Jones, a full-time employee and Director of Chalice Gold Mines Limited, who is a Member of the Australasian Institute of Mining and Metallurgy and is a Chartered Professional Geologist. Dr Jones has sufficient experience in the field of activity being reported to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and is a Qualified Person under National Instrument 43-101 – ‘Standards of Disclosure for Mineral Projects’. The Qualified Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Dr Jones consents to the release of information in the form and context in which it appears here.*

#### 5. Mogoraib North VMS Project, Eritrea

No work was conducted at the Mogoraib North Project in Eritrea during the Quarter apart from the compilation of statutory technical and expenditure reports to maintain the property in good standing.

The results of previous drilling confirm the presence of a new VMS system with the potential to host an economic deposit; however, to date the grades and thicknesses of mineralisation discovered have been uneconomic. The Company is currently considering various options to advance the project which is currently scheduled for renewal.

#### 6. Tenement schedules and expenditures

In accordance with ASX Listing Rule 5.3, please refer to Appendix 3 for listing of tenements. In addition, during the quarter the Company has spent \$0.55 million (YTD: \$0.8 million) on exploration and evaluation activities, \$0.42 million (YTD: \$0.9 million) on administration costs and \$1.2 million (YTD:

\$1.6 million) on business development activities and costs associated with the acquisition of the Cameron Project from Coventry Resources Inc.

## **7. Corporate**

Chalice's cash reserves were A\$55.0 million as at 31 December 2013. Full details are available in the attached Appendix 5B.



BILL BENT  
Managing Director

31 January 2014

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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, 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 whether the conditions to the completion of the merger between Chalice and Coventry Resources will be met, the estimation of mineral reserves and mineral resources, the realisation of mineral reserve estimates, the likelihood of exploration success, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

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

None of the securities anticipated to be issued pursuant to the Arrangement have been or will be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws, and any securities issued in the Arrangement are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

## Appendix 1 – Oodnadatta & Marla Project JORC Tables

### Section 1 – Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	Exploration targets at the Marla Project were tested by reconnaissance drilling using Rotary Mud (RM) drilling to complete the precollar (in overlying sedimentary units) before completing an NQ diamond drilling (DD) 'tail' once basement lithologies were reached. A total of 4 drillholes with 711.2m of RM and 850.9m of DD completed in the current program. The RM component of the drillhole was examined with the hand-held XRF Analyser. While the Company is not expecting any significant mineralisation in the overlying sedimentary package – the XRF Analyser is used to confirm this. Diamond drilling core was spot sampled with the handheld XRF Analyser in the field to provide indicative preliminary analyses. Some selected intervals of the drill core will be sampled to validate the XRF results. Samples will be cut on geological intervals (between 0.6m and 1.5m), with half core samples to be sent for analysis.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</i>	Diamond core was used to obtain high quality representative samples that were logged for lithological, structural, geotechnical, density and other attributes. Sampling was carried out under Uranium Equities protocols and QAQC procedures as per industry best practice.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information</i>	Selected intervals of the diamond core will be sampled on geological intervals (between 0.6m and 1.5m), with half core samples to be sent for analysis. Sampling will be primarily be used to confirm the veracity of the XRF analyses and to characterise the geochemical signature of each target area.
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is orientated and if so, by what method, etc).</i>	All drillholes completed consist of an 8" rotary mud precollar drilling through overlying sedimentary basins with depths ranging from 113.2 – 232.8m. An NQ diamond drilling tail of between 53.9 – 282.8m was completed into underlying basement sequences. Core was not orientated but down-hole surveys were completed using a Reflex EZ-TRAC tool. Total drillhole depths range from 197.6 – 509.5m.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed</i>	Diamond core recoveries are logged and recorded. Overall recoveries are >95% and there are no core loss issues or significant sample recovery problems. The rotary mud drilling technique generally has a moderate – good sample recovery.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples</i>	Diamond core is reconstructed into continuous runs. Depths are checked against the depth given on the core blocks and rod counts are routinely carried out by the drillers.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Diamond core drilling has high recoveries and was done to provide a good – excellent representation of the basement geological sequences. Diamond drilling is considered to preclude any issue of sample bias due to material loss or gain.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Basic geotechnical logging was carried out on all diamond drillholes core, logging recovery and information on structure type, alpha angles, texture, shape, roughness and fill material.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Logging of diamond core and rotary mud samples at Marla Project recorded lithology, mineralogy, mineralisation, structural (DDH only), weathering, colour and other features of the samples. Diamond core was photographed when wet.
	<i>The total length and percentage of the relevant intersections logged</i>	All drillholes were logged in full.

Criteria	JORC Code Explanation	Commentary
<b>Sub-sampling techniques and sample preparation</b>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Selected intervals of NQ core from the Marla Project will be halved and sampled to geological contacts. All samples were collected from the same side of the core.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Rotary mud drill samples were collected on the rig and set out in regular manner on the ground and allowed to dry for geological logging. Uranium Equities utilises a hand-held portable Niton XRF Analyser to do a preliminary elemental scan of the samples. The XRF Analyser does not replace traditional laboratory-based analysis; however it provides an effective screening tool for selecting samples for traditional analysis. Results are considered indicative but not definitive. While the Company is not expecting any significant mineralisation in the overlying sedimentary package – the XRF Analyser is used to confirm this.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The sample preparation of diamond core samples will follow industry best practice in sample preparation involving oven drying, coarse crushing of the half core sample down to ~10mm followed by pulverisation of the entire sample (total prep) using grinding mills to a grind size of 85% passing 75 micron.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Field QC procedures involve the use of certified reference material as assay standards, along with blanks and barren washes. The insertion rate of these averaged 1:25.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	No field duplicates have been taken.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are considered to be appropriate to correctly represent the interval drilled with half the core sent for assay and the remaining half retained for future reference.
<b>Quality of assay data and laboratory tests</b>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The proposed analytical techniques to be used will be a four acid digest multi element suite with ICP/OES or ICP/MS finish (50g FA/AAS for precious metals). The acids used are hydrofluoric, nitric, perchloric and hydrochloric acids, suitable for silica based samples. The method approaches total dissolution of most minerals.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	Uranium Equities utilises a Niton XRF Analyser (Model XL3t 700) for preliminary screening of samples. The XRF is professionally serviced and calibrated on an annual basis. The internal calibration is run prior to any sample testing. Samples are unprepared (heterogeneous) with a reading time of 150 seconds using the 'soil' mode. Internal testing confirms that XRF is an effective method for determining base metal values but lacks the sensitivity and detection limits for gold analysis.
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	Sample preparation checks for fineness were carried out by the laboratory as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of the in house procedures. No external (third party) laboratory checks have been completed to date. Certified reference materials, having a good range of values, were inserted blindly and randomly. Results highlight that sample assay values are accurate and that contamination has been contained. Repeat or duplicate analysis for samples reveals that precision of samples is within acceptable limits.
<b>Verification of sampling and assaying</b>	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	There are no significant intersections.
	<i>The use of twinned holes.</i>	No twin holes have been drilled at the Marla Project.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Primary data was collected using a standard set of drill logging forms using lookup codes. All data was compiled into Excel spreadsheets, validated and sent to GeoBase for validation and compilation into a SQL database.
	<i>Discuss any adjustment to assay data.</i>	Assay data not yet received.

Criteria	JORC Code Explanation	Commentary
Location of data points	<i>Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Collar locations (including RL) for all holes were surveyed by using a standard hand-held GPS. Expected accuracy is +/- 5m for easting and northing and +/- 15m for elevation coordinates. Downhole surveys were done at the end of hole using a multi-shot instrument. Readings collected every 6m.
	<i>Specification of the grid system used.</i>	The grid system for the Marla Project is MGA_GDA94, Zone 53. All co-ordinates based on standard hand-held GPS readings (expected accuracy is +/- 5m for easting and northing and +/- 15m for elevation coordinates).
	<i>Quality and adequacy of topographic control.</i>	All co-ordinates based on standard hand-held GPS readings (expected accuracy is +/-5m for easting and northing and +/-15m for elevation coordinates).
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Drillholes are targeting individual drill targets at this early reconnaissance exploration stage.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Current reconnaissance drilling is not appropriate for any sort of comment on potential geological and grade continuity.
	<i>Whether sample compositing has been applied.</i>	No compositing has been done.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Targets were drilled with vertical drillholes and don't adequately reflect extent of mineralisation.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No orientation based sampling bias has been identified from drilling on the Marla Project at this point.
Sample security	<i>The measures taken to ensure sample security.</i>	Chain of Custody is managed by Uranium Equities. Chain of Custody tracking sheets have been set up to track the progress of batches of samples.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	A review of the sampling techniques and data was carried out by Chalice as part of their due diligence of the Project.

## Section 2 - Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	The Marla Project includes a total of 7 granted exploration licences (EL4655 – 4661) and 2 exploration licence applications totalling 4,722 square kilometres. Licences are held by GE Resources Pty Ltd, a wholly owned subsidiary of Uranium Equities Limited. Exploration licences were granted on 25th January 2011 for an initial period of 4 years. Chalice has a Joint Venture with Uranium Equities Limited (ASX:UEQ) at the Marla Project where Chalice can earn 51% by spending \$2.5m. They can earn an additional 19% by spending a further \$2.5m. Uranium Equities currently has management of the Project. Uranium Equities has "Part 9B" agreements with both Native Title Claimant groups covering the Marla Project area in accordance with the Mining Act (1971). The Yankunytjatjara Antakirinja claim area covers most of southern portions of the Marla Project area while the northern portion is covered by the Eringa Native Title Claim. Uranium Equities has an approved PEPR (Program for Environmental Protection and Rehabilitation) lodged with DMITRE.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The tenements are in good standing and no known impediments exist.
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	No previous systematic exploration has been undertaken at the Marla Project targeting basement hosted Iron – Oxide – Cooper – Gold - Uranium (IOCGU) prospects. Previous exploration has predominantly been for



Criteria	JORC Code Explanation	Commentary
		diamonds, with lesser uranium, coal and base metal exploration.
<b>Geology</b>	<i>Deposit type, geological setting and style of mineralisation</i>	The Marla Project is located in the northeast corner of the Gawler Craton and is bounded by two craton bounding structures - a major suture zone separating the Musgrave Province to the northwest from the Gawler Craton, and the Torrens Hinge Zone to the northeast. Basement sequences of the Nawa Domain are overlain in part by Neo-Proterozoic sediments associated with the Adelaide Geosyncline and Officer Basin and younger intracratonic basins. Uranium Equities is exploring for Iron – Oxide – Copper – Gold – Uranium (IOCGU-type) mineralisation within the Marla Project area. The conceptual model for IOCGU mineralisation within the crystalline basement of the Marla Project is based predominantly on the study of the known IOCGU deposits elsewhere on the Gawler Craton.
<b>Drill hole Information</b>	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all material drill holes:</i> <ul style="list-style-type: none"> <li>• easting and northing of the drill hole collar</li> <li>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>• dip and azimuth of the hole</li> <li>• down hole length and interception depth</li> <li>• hole length.</li> </ul>	Refer to Table 1.
<b>Data aggregation methods</b>	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	No assay results have been reported.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	No assay results have been reported.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalent values are used for reporting exploration results.
<b>Relationship between mineralisation widths and intercept lengths</b>	<i>These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i>	True widths are currently not known.
<b>Diagrams</b>	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Refer to figures in body of announcement text.
<b>Balanced reporting</b>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	No assay results have been reported.
<b>Other substantive exploration data</b>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	No bulk density or metallurgical work has been done. Drilling encountered significant but manageable groundwater in most drillholes during the drilling program. Geotechnical logging was carried out on all diamond drillholes for recovery, information on structure type, alpha angles, texture, shape, roughness and fill material.
<b>Further work</b>	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive</i>	Drilling results to date suggest no follow-up drilling is required on the targets tested to date. However following further analysis of the drill core (including alteration studies and petrology) additional geophysical modelling work may be contemplated. Selected intervals of the core will be sampled and assayed.

## Appendix 2 - NI 43-101 and JORC-Code (2012) compliant Mineral Resource estimate for the Cameron Gold Deposit, part of the Cameron Project

Cut-off grade (g/t gold)	Category	Tonnes	Grade (g/t gold)	Ounces of Gold
<b>1.0</b>	Measured	2,472,000	2.68	213,400
	Indicated	4,724,000	2.33	353,700
	<b>Measured &amp; Indicated</b>	<b>7,196,000</b>	<b>2.45</b>	<b>567,100</b>
	Inferred	12,226,000	2.11	830,100

### Competent Persons and Qualified Person Statement

*The information relating to the mineral resource estimates and the results of the preliminary economic assessment reported herein for the Cameron Gold Camp Project is set out in the technical report "Revised Technical Report on the Cameron Gold Camp Project " dated with an effective date of January 2013 and filed on sedar.com on 18th February 2013 that was prepared for Coventry by Mr. Peter Ball of Datageo Geological Consultants, Mr. Stephen G. Milot of AMC Mining Consultants (Canada) Ltd. and Mr. David Gordon of Lycopodium Minerals Pty Ltd. To the best of Chalice's knowledge, information and belief, there is no new material scientific or technical information that would make the disclosure of the mineral resources and results of the preliminary economic assessment relating to the Cameron Gold Project inaccurate or misleading.*

*The information relating to the mineral resource estimates reported herein for the Cameron Gold Project is derived from the sections of the Technical Report prepared by Mr. Ball who is a Chartered Professional and Member of the Australasian Institute of Mining and Metallurgy. Mr. Ball has sufficient experience in the field of activity being reported to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and is a Qualified Person under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. The Qualified Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Mr. Ball consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*

## Appendix 3 – Tenement schedules

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 31 December 2013:

### 1. Listing of tenements held:

Location	Project	Tenement No.	Registered Holder	Nature of interest
Eritrea	Mogoraib North	Exploration Licence	Sub-Sahara Resources (Eritrea) Pty Ltd	60%
Australia	Gnaweeda Project	E51/0926	Chalice Gold Mines Limited and Teck Australia Pty Ltd	12.03%
		E51/0927	Chalice Gold Mines Limited and Teck Australia Pty Ltd	12.03%
	Marla	EL4655	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4656	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4657	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4658	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4659	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4660	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4661	GE Resources Pty Ltd	0% - earning up to 70%.
	Oodnadatta	EL4679	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4682	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4683	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4684	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4686	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4687	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4688	GE Resources Pty Ltd	0% - earning up to 70%.
		EL4959	GE Resources Pty Ltd	0% - earning up to 70%.
		EL5144	GE Resources Pty Ltd	0% - earning up to 70%.

### 2. Listing of tenements acquired (directly or beneficially) during the quarter:

There were no tenements acquired during the quarter.

### 3. Tenements relinquished, reduced or lapsed (directly or beneficially) during the quarter:

No tenements were relinquished, reduced or lapsed during the quarter.

## Appendix 5B

### Mining exploration entity and oil and gas 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, 01/05/2013

Name of entity

Chalice Gold Mines Limited

ABN

47 116 648 956

Quarter ended ("current quarter")

31 December 2013

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (6 months) \$A'ooo
1.1	Receipts from product sales and related debtors	27	72
1.2	Payments for (a) exploration & evaluation	(550)	(817)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(420)	(913)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	16	46
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	(1,174)	(1,624)
<b>Net Operating Cash Flows</b>		<b>(2,101)</b>	<b>(3,236)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	(500)
	(c) other fixed assets	(39)	(41)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	4	4
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	95	95
1.12	Other (provide details if material)	-	(52)
<b>Net investing cash flows</b>		<b>60</b>	<b>(494)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(2,041)</b>	<b>(3,730)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,041)	(3,730)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	50
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 (provide details if material)	(2)	(5)
	<b>Net financing cash flows</b>	(2)	45
	<b>Net increase (decrease) in cash held</b>	(2,043)	(3,685)
1.20	Cash at beginning of quarter/year to date	54,637	56,443
1.21	Exchange rate adjustments to item 1.20	2,495	2,331
1.22	<b>Cash at end of quarter</b>	55,089	55,089

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

		Current quarter \$A'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	221
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

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

Item 1.7 – represents business development activities and costs associated with the assessment and acquisition of the Cameron Project from Coventry Resources Inc.

Item 1.8 (b) – represents the cost of acquiring a 10.10% interest in GeoCrystal Limited. On 24 September 2013, the Company acquired 3,333,333 shares in GeoCrystal Limited at an issue price of \$0.15 (\$500,000) and 3,333,333 free attaching options, with an exercise price of \$0.20.

Item 1.23 – 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

+ See chapter 19 for defined terms.

On 1 November 2013, Chalice announced a revised deal structure by Plan of Arrangement ("Arrangement") for the acquisition of 100% interest in the Cameron Project in Ontario, Canada from Coventry Resources Inc.

The Arrangement was conditional on the approval of Coventry shareholders which was received on 21 January 2014 and final approval from the Supreme Court of British Columbia which was received on 24 January 2014.

Following satisfaction of the remaining conditions precedent contained within the Arrangement Agreement, which are generally procedural in nature, Chalice will issue of 46 million shares on or around 4 February 2014 with despatch of the Chalice holding statements to Coventry shareholders on or around 7 February 2013.

- 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'ooo	Amount used \$A'ooo
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	2,540
4.2 Development	-
4.3 Production	-
4.4 Administration	260
<b>Total</b>	<b>2,800</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'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	32,034	53,126

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+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

5.2	Deposits at call	23,055	1,511
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>55,089</b>	<b>54,637</b>

### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements and petroleum 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	N/A	N/A
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>	251,528,310	251,528,310	N/A	N/A

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

7.4	Changes during quarter				
	(a) Increases through issues	297,424	297,424	N/A	N/A
	(b) Decreases through returns of capital, buy-backs	Nil	Nil	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	Nil	Nil	N/A	N/A
	(b) Decreases through securities matured, converted	Nil	Nil	N/A	N/A
7.7	<b>Options</b> (description and conversion factor)	1,250,000 1,250,000 187,500 187,500 375,000 750,000 100,000 1,050,000	Nil Nil Nil Nil Nil Nil Nil Nil	Exercise price 0.25 0.35 0.45 0.55 0.65 0.35 0.35 0.30	Expiry date 31 March 2014 31 March 2014 30 April 2014 30 April 2014 30 April 2014 14 September 2014 30 November 2014 30 June 2016
	<b>Performance Rights</b>	2,754,149	Nil	Nil	30 June 2016
7.8	Issued during quarter				
	<b>Options</b>	Nil	Nil	Nil	Nil
	<b>Performance Rights</b>	Nil	Nil	Nil	Nil
7.9	Exercised during quarter				
	<b>Options</b>	Nil	Nil	Nil	Nil
	<b>Performance Rights</b>	200,000	Nil	Nil	1 October 2014
7.10	Expired during quarter	Nil	Nil	Nil	Nil
7.11	<b>Debentures</b> (totals only)	Nil	Nil		
7.12	<b>Unsecured notes</b> (totals only)	Nil	Nil		

+ See chapter 19 for defined terms.



## 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 /does not\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: 31 January 2014

Print name: Leanne Forgione

## Notes

- 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 and petroleum 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 or petroleum 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.