

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR URGENT ATTENTION
IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, YOU SHOULD CONSULT
YOUR LEGAL OR FINANCIAL ADVISER IMMEDIATELY.**

SUB-SAHARA RESOURCES NL

ACN 061 104 158

**PROPOSED MERGER WITH CHALICE GOLD MINES LIMITED
(ACN 116 648 956)**

BY WAY OF A

SCHEME OF ARRANGEMENT

**YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR
OF THE SCHEME OF ARRANGEMENT AT A MEETING OF SBS SHAREHOLDERS
TO BE HELD ON [] 2009**

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LETTER FROM THE CHAIRMAN OF SUB-SAHARA RESOURCES NL

[REDACTED] 2009

Dear Sub-Sahara shareholders,

On 3 April 2009 the board of Sub-Sahara Resources NL announced a proposal to merge with Chalice Gold Mines Limited, a company listed on the ASX with a strong balance sheet and resource projects in Western Australia.

The merger is to be implemented through a Scheme of Arrangement under which SBS shareholders will receive Chalice Shares in exchange for their SBS Shares. Full details of the proposal are contained in this booklet, which I encourage you to read carefully. In summary, under the merger:

- holders of SBS Shares will receive one Chalice Share for every 10.73 SBS shares held by them;
- SBS shareholders will collectively have an interest of approximately 39% in the Merged Group;
- SBS will become a wholly-owned subsidiary of Chalice and will be de-listed from the ASX; and
- the Merged Group will continue to be listed on the ASX and will expedite the development of the Zara Gold Project in Eritrea, in which SBS has a 69% interest.

Your directors believe that the proposal to merge with Chalice, which is subject to the approval of SBS shareholders, will benefit shareholders by enabling Chalice's substantial cash reserves to be utilised in developing the Zara Project. Under current market conditions an equity raising to fund that development would, your directors believe, only be undertaken on terms that would be highly dilutionary to SBS shareholders.

In addition, a merger with Chalice will diversify investment risk for SBS shareholders by giving them exposure to Chalice's own resource projects in Western Australia. Further information about those projects is contained in this booklet.

Simultaneously with implementation of the merger, Chalice will acquire a company which holds a further 11% interest in the Zara Project, with the result that the Merged Group will emerge with an 80% interest in that project.

Your directors unanimously support the merger and recommend that you vote in favour of it (as they intend to do in respect of their own holdings of SBS shares) at a meeting of SBS shareholders to be held on [REDACTED] 2009. If you are unable to attend that meeting, you are encouraged to vote by completing the proxy form enclosed with this booklet and returning it to SBS in the enclosed reply-paid envelope as soon as possible – and in any event not later than 10am (Perth time) on [REDACTED] 2009.

If you are in doubt as to the action you should take in relation to the merger proposal, you should consult your legal, financial or other professional adviser without delay. If you need any assistance in completing the proxy form, please call 1800 649 980 (within Australia) or +61 2 8256 3386 (outside Australia).

Yours sincerely,

Barry Bolitho
Chairman

WHAT DO YOU NEED TO DO?

Your vote is important

For the merger with Chalice to proceed, it is necessary that sufficient SBS shareholders vote in favour of the Scheme of Arrangement.

If you are registered as a SBS shareholder as at 7.00pm (WST) on [] 2009, you will be entitled to vote on the resolution to approve the Scheme at the Scheme Meeting.

What you need to do

You need to:

- (a) **decide whether or not you support the Scheme; and**
- (b) **either attend and vote in person at the Scheme Meeting on [] 2009 or return your Proxy Form to SBS's registered office at Ground Floor, 288 Stirling Street, Perth, WA 6000 (facsimile (08) 9227 3271) or by faxing the Proxy Form to SBS's share registrar, Computershare Investor Services Pty Ltd, on (08) 9323 2033 (within Australia) or +61 8 9323 2033 (outside Australia).**

Voting

You may vote at the Scheme Meeting either in person or by proxy, attorney or (in the case of a company) corporate representative.

To vote by proxy, you should complete and return to SBS as soon as possible the Proxy Form which accompanies this Scheme Booklet. If you wish to vote FOR the Scheme of Arrangement, you must place an X in the FOR box for the resolution on the Proxy Form. To ensure that your Proxy Form is valid, you should return it to SBS by no later than 10:00am on []. You can do this by using the reply-paid envelope enclosed with this Scheme Booklet or by faxing the Proxy Form to SBS's share registrar, Computershare Investor Services Pty Ltd, on (08) 9323 2033 (within Australia) or +61 8 9323 2033 (outside Australia).

Queries

If you have any questions in relation to the Scheme of Arrangement, please call 1800 649 980 (within Australia) or +61 2 8256 3386 (outside Australia) Monday to Friday between 9.00am and 5.00pm (WST), or consult your legal, financial or other professional adviser.

IMPORTANT DATES

Proxies to be received not later than [] am (WST)	[] 2009
Meeting of Scheme Participants to approve the Scheme of Arrangement	[] 2009
If Scheme Participants approve the Scheme, the EXPECTED timetable is:	
Court hearing to approve the Scheme:	[] 2009
Last day for exercising SBS Options to participate in the Scheme (Cut-off Date):	[] 2009
The Scheme becomes binding (Effective Date):	[] 2009
Last day of ASX trading in SBS Shares:	[] 2009
Record date for determining entitlements to New Chalice Shares (Record Date):	[] 2009
Scheme Shares transferred to Chalice (Implementation Date):	[] 2009
Despatch of holding statements for New Chalice Shares and trading in New Chalice Shares on the ASX commences:	[] 2009

IMPORTANT NOTES

Purpose of this Document

This document provides information to SBS shareholders necessary for them to make a decision as to how to vote on the resolution to approve the Scheme to be considered at the Scheme Meeting. It has been prepared pursuant to section 412(1) of the Corporations Act to explain the effect of the Scheme and to disclose such other information in relation to the Scheme as is required by the Corporations Act, the Regulations, and ASIC Regulatory Guides. The Scheme forms Appendix 2 to this Scheme Booklet.

This Scheme Booklet contains all of the information that would be required under section 710 of the Corporations Act as if the booklet were a prospectus offering for subscription the Chalice Shares to be issued to Scheme Participants under the Scheme.

Your directors recommend that you read this Scheme Booklet in its entirety (including its Appendices) before making your decision as to how to vote at the Scheme Meeting.

Supplementary Information

A supplementary scheme booklet will be prepared and issued if either SBS or Chalice becomes aware, between the date of this Scheme Booklet and the date on which the Chalice Shares to be issued to Scheme Participants under the Scheme are quoted on the ASX, that:

- (a) a material statement in the Scheme Booklet is false or misleading;

- (b) there is a material omission from the Scheme Booklet;
- (c) there has been a significant change affecting a matter included in the Scheme Booklet;
or
- (d) a significant new matter has arisen which would have been required to be included in the Scheme Booklet.

Responsibility for Information

The information concerning SBS contained in this Scheme Booklet, excluding the Independent Expert's Report (**SBS Information**), has been compiled by SBS and its directors and is the responsibility of SBS. The information concerning Chalice contained in this Scheme Booklet, excluding the Independent Expert's Report (**Chalice Information**), has been provided by Chalice and its directors and is the responsibility of Chalice. The information concerning the Merged Group contained in this Scheme Booklet has been prepared jointly by SBS and Chalice, based on the SBS Information and the Chalice Information. SBS assumes no responsibility for the accuracy or completeness of the Chalice Information, and Chalice assumes no responsibility for the accuracy or completeness of the SBS Information.

BDO Kendalls Corporate Finance (WA) Pty Ltd has prepared the Independent Expert's Report contained in Appendix 9 and takes responsibility for that report.

ASIC

A copy of this Scheme Booklet has been provided to ASIC for review in order that ASIC may provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. Notwithstanding the making of such a statement, neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

ASX

A copy of this Scheme Booklet has been lodged with the ASX. Neither the ASX nor any of its officers take any responsibility for the contents of this Scheme Booklet.

Court Order

The order made by the Court pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting to approve the Scheme does not constitute an endorsement by the Court of, or any expression of opinion on, the Scheme or this Scheme Booklet. The notice convening the Scheme Meeting, together with a proxy form for that meeting, accompanies this Scheme Booklet.

Foreign Scheme Participants

If you are a Foreign Scheme Participant, you should refer to Section 11 of this Scheme Booklet.

Forward-looking Statements

This Scheme Booklet includes, or may include, forward-looking statements including, without limitation, forward-looking statements regarding SBS's and Chalice's financial position, business strategy, and plans and objectives for future operations (including development plans and

objectives), which have been based on SBS's and Chalice's current expectations about future events. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding SBS's and Chalice's present and future business strategies and the environment in which SBS and Chalice will operate in the future.

Matters not yet known to SBS and Chalice or not currently considered material to SBS and Chalice may impact on these forward-looking statements. The statements reflect views held only as at the date of this document. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this document might not occur. Scheme Participants are therefore cautioned not to place undue reliance on these statements.

Subject to any continuing obligations under applicable law or the Listing Rules, SBS and Chalice expressly disclaim any liability or obligation to disseminate after the date of this Scheme Booklet any updates or revisions to such forward-looking statements to reflect changes in expectations or events, conditions or circumstances on which any such statements are based.

Risk Factors

By participating in the Scheme of Arrangement, SBS shareholders will be investing in Chalice. That investment involves risks normally associated with mining and exploration, as well as risks specific to Chalice. These risks are explained in more detail in Appendix 8.

Investment Decisions

This Scheme Booklet contains general advice only and does not take into account the objectives, financial situation or needs of any particular SBS shareholder or any other person. The Scheme Booklet should therefore not be relied on as the sole basis for any decision in relation to the Scheme. Independent financial and taxation advice should be sought before making any investment decision in relation to the Scheme.

Privacy

SBS may collect personal information in the process of implementing the Scheme. This information may include the names, contact details and security holdings of Scheme Participants and the names of persons appointed by Scheme Participants to act as proxy, corporate representative or attorney at the Scheme Meeting. The primary purpose of collecting this information is to assist SBS in the conduct of the Scheme Meeting and to enable the Scheme to be implemented by SBS in the manner described in this Scheme Booklet. Without this information, SBS may be hindered in its ability to carry out these purposes to full effect. The collection of certain personal information is authorised by the Corporations Act.

Personal information may be disclosed to SBS's share registry, to print and mail service providers, to authorised securities brokers, and to related bodies corporate of SBS and Chalice.

Scheme Participants have the right to access personal information that has been collected. They should contact SBS's share registry in the first instance if they wish to exercise this right.

Scheme Participants who appoint a named person to act as their proxy, corporate representative or attorney at the Scheme Meeting should ensure that they inform that person of the matters outlined above.

Definitions

Capitalised terms used in this Scheme Booklet are defined in Section 1.

SUMMARY OF THE PROPOSAL

This summary should be read in conjunction with the remainder of the Scheme Booklet.

The merger

The proposal to merge SBS and Chalice involves the transfer of all SBS Shares to Chalice in exchange for the issue to SBS shareholders of one Chalice Share for every 10.73 SBS Shares. SBS will then become a wholly-owned subsidiary of Chalice and be de-listed from the ASX. SBS shareholders, collectively, will initially hold approximately 39% of the enlarged Chalice, which will continue to be listed on the ASX.

How the merger will affect you

Under the Scheme of Arrangement, SBS Shares will be transferred to Chalice in exchange for an issue of Chalice Shares to SBS shareholders, on the basis of one Chalice Share for every 10.73 SBS Shares held on the Record Date.

Foreign Scheme Participants may not be able to directly receive Chalice Shares and should refer to Section 11 of this Scheme Booklet for further information.

Future of SBS and Chalice

The merger of SBS and Chalice will provide a platform for developing the companies' respective projects in Africa and Australia and should provide the Merged Group with improved access to the funding necessary to pursue that development.

Advantages of the merger

The merger will benefit SBS shareholders by enabling Chalice's substantial cash reserves to be utilised in developing SBS's principal asset, a 69% interest in the Zara Gold Project in Eritrea.

These benefits are explained in more detail in Section 3.2 and elsewhere in this Scheme Booklet. Potential disadvantages which may result from the merger are set out in Section 3.3 of this Scheme Booklet. SBS's directors believe that the advantages of the Scheme significantly outweigh the disadvantages.

What does the Independent Expert say?

SBS commissioned BDO Kendalls Corporate Finance (WA) Pty Ltd to prepare a report on the Scheme of Arrangement to ascertain whether the Scheme is in the best interests of Scheme Participants. The Independent Expert has concluded that the Scheme is in the best interests of Scheme Participants, noting that the advantages of the Scheme outweigh the likely disadvantages.

Your directors recommend you vote in favour

SBS's directors unanimously recommend shareholders to vote in favour of the Scheme. Each SBS director intends to vote his own shares in favour of the Scheme.

Interests of SBS directors

The interests of the SBS directors in SBS securities are set out in Appendix 5 to this Scheme Booklet.

Shareholder approval

For the Scheme of Arrangement to proceed, a resolution to approve the Scheme must be passed by more than 50% of the SBS shareholders present and voting at the Scheme Meeting (in person or by proxy, attorney or corporate representative) and by at least 75% of the votes cast on the resolution.

Court approval

If shareholder approval of the Scheme of Arrangement is obtained, the application for Court approval of the Scheme is expected to be heard on [] 2009.

Conditionality

In addition to the approval of SBS shareholders and the Court, implementation of the Scheme is conditional on a number of matters which are described in Section 8.1 of this Scheme Booklet.

Tax implications

Details of the tax consequences of the Scheme for SBS shareholders are set out in Appendix 3. In summary, no Australian tax should be payable by Australian-resident Scheme Participants who hold their SBS Shares on capital account and elect for capital gains tax rollover relief to apply. Australian-resident Scheme Participants who hold their SBS Shares on revenue account or as trading stock will be assessed on any gain on the exchange of those shares for Chalice Shares as ordinary income, and rollover relief will not apply.

The Australian tax implications for non-Australian resident Scheme Participants will depend on a number of factors, and in some circumstances Australian tax may be payable on any gain arising on the exchange of SBS Shares for Chalice Shares. There may also be tax implications in the Scheme Participant's country of residence.

As the comments in Appendix 3 are general in nature and do not consider the specific circumstances of each Scheme Participant, Scheme Participants should seek independent advice regarding the tax implications applicable to their circumstances.

How to vote

Details of how to vote on the Scheme are contained in the notice convening the Scheme Meeting set out in Appendix 10 and in the accompanying Proxy Form.

Merger Implementation Agreement

SBS and Chalice entered into a Merger Implementation Agreement on 29 April 2009. Pursuant to this agreement SBS and Chalice agreed to use their best endeavours to implement the Scheme of Arrangement, subject to the satisfaction of certain conditions.

A summary of the Merger Implementation Agreement is set out in Appendix 1.

Implementation and timing

The key dates are set out on page 4 of this Scheme Booklet. The steps necessary to implement the merger include the following:

- SBS shareholders will be asked to vote on the Scheme at a meeting to be held on [REDACTED] 2009.
- If the resolution put to SBS shareholders at the Scheme Meeting is passed by the requisite majorities, the Court will be asked to approve the Scheme.
- If Court approval is received and the other conditions of the Scheme are satisfied, SBS will apply for suspension of trading in SBS Shares on the ASX on the Effective Date.
- Chalice will issue Chalice Shares to Scheme Participants in exchange for their SBS Shares approximately two weeks after the Court approves the Scheme.
- If the merger is implemented, SBS will become a wholly-owned subsidiary of Chalice and the Merged Group will continue to be listed on the ASX.

FREQUENTLY ASKED QUESTIONS

Set out below are answers to some basic questions that SBS shareholders may have in relation to the Scheme of Arrangement. These answers should be read in conjunction with the remainder of the Scheme Booklet.

Question 1: *What is proposed?*

Chalice, a company listed on the ASX, proposes to acquire SBS by means of a scheme of arrangement between SBS and its shareholders.

Question 2: *Why have I received this booklet?*

This booklet has been sent to you because you are an SBS shareholder and the proposal for Chalice to acquire SBS requires SBS shareholder approval. The booklet contains information to help you decide how to vote on the resolution to approve that acquisition.

Question 3: *What is a scheme of arrangement?*

A scheme of arrangement is a legal arrangement between a company and its shareholders. If shareholders vote in favour of the scheme of arrangement, the scheme becomes binding on the company and the shareholders. Approval of a scheme of arrangement requires a 50% majority of the shareholders present and voting at the Scheme Meeting on the resolution to approve the scheme and a 75% majority of the total votes cast, as well as approval by the Court.

Question 4: *What will I receive if the Scheme is approved?*

If you are a holder of Scheme Shares (other than a Foreign Scheme Participant; see Question 11), you will receive one Chalice Share for every 10.73 of your SBS Shares.

The Record Date for determining the SBS shareholders entitled to receive Chalice Shares will be the fifth Business Day after the Effective Date.

Question 5: *Why will I only receive one Chalice Share for every 10.73 of my SBS Shares?*

The ratio reflects the relative values of Chalice and SBS immediately prior to the merger proposal being publicly announced.

Question 6: *Who is Chalice?*

Chalice is an Australian company listed on the ASX. Its principal activities comprise exploration for, and the development of, resource projects in Western Australia. Further information about Chalice is set out in Appendix 7.

Question 7: *What is the opinion of the Independent Expert?*

The Independent Expert has concluded that the Scheme of Arrangement is in the best interests of SBS shareholders, noting that the advantages of the Scheme for Scheme Participants outweigh the likely disadvantages. The complete Independent Expert's Report is set out in Appendix 9. You are encouraged to read this report in full.

Question 8: *How will fractional entitlements be treated?*

If pursuant to the Scheme you become entitled to a fraction of a Chalice Share, the number of Chalice Shares you will receive will be rounded down to the next whole number.

Question 9: *Will I have to pay brokerage fees or stamp duty?*

If you are a holder of Scheme Shares (other than a Foreign Scheme Participant; see Question 11) no brokerage or stamp duty will be payable by you in connection with the Scheme.

Question 10: *When will I receive my Chalice Shares?*

If you are a holder of Scheme Shares (other than a Foreign Scheme Participant; see Question 11), you will receive your Chalice Shares no later than 9 Business Days after the Record Date (this is anticipated to be no later than [redacted] 2009).

Question 11: *What if I am a Foreign Scheme Participant?*

If you are an SBS shareholder whose address in the Register is a place outside the Commonwealth of Australia, New Zealand, the Philippines and Hong Kong, then unless Chalice is satisfied that the laws of that country do not prevent the issue of Chalice Shares to you (or do not prevent their issue except after compliance with conditions that Chalice, acting reasonably, regards as unduly onerous), you will be a Foreign Scheme Participant for the purposes of the Scheme.

The Chalice Shares to which a Foreign Scheme Participant would otherwise be entitled under the Scheme will be issued to a nominee appointed for this purpose by Chalice. The nominee will then sell those shares and pay the proceeds received, after deducting any applicable brokerage and other expenses, to the Foreign Scheme Participant. Foreign Scheme Participants should refer to Section 11 of this Scheme Booklet for further information.

Question 12: *Will the Scheme be a taxable transaction for Australian tax purposes?*

Details of the tax consequences of the Scheme for SBS shareholders are set out in Appendix 3 to this Scheme Booklet.

As the comments in Appendix 3 are necessarily general in nature and do not consider the specific circumstances of each shareholder, you should seek independent advice regarding the tax implications applicable to your circumstances.

Question 13: *How can I trade my Chalice Shares?*

The Chalice Shares to be issued under the Scheme will be quoted on the ASX and will be tradeable in the same way that your SBS Shares are currently tradeable.

Question 14: *When and where will the Scheme Meeting be held?*

The Scheme Meeting will be held on [redacted] 2009 at [venue] commencing at [time].

Question 15: *Am I entitled to vote?*

If you are registered as an SBS shareholder as at 7:00pm (WST) on [] 2009, you will be entitled to vote at the Scheme Meeting. You may vote at the meeting in person, or by completing and lodging the Proxy Form accompanying this Scheme Booklet.

Question 16: *What voting majority is required to approve the Scheme?*

For the Scheme of Arrangement to be approved, votes in favour of the resolution to approve the Scheme must be cast by:

- a majority in number of SBS shareholders present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate shareholders, by corporate representative); and
- SBS shareholders together holding at least 75% of the total number of votes cast on the resolution.

Question 17: *Do I have to vote?*

You do not have to vote. However, SBS's directors believe that the proposed merger with Chalice is important to all SBS shareholders and recommend that you vote in favour of the Scheme.

Question 18: *Do I have to accept Chalice Shares if the Scheme is approved?*

If SBS shareholders and the Court approve the Scheme, all SBS shareholders will be obliged to accept Chalice Shares in exchange for their SBS Shares. SBS will then become a wholly-owned subsidiary of Chalice and cease to be listed on the ASX.

SBS shareholders not wishing to accept Chalice Shares may elect to sell their SBS Shares on the ASX prior to the Scheme coming into effect.

Question 19: *What happens if I do not vote, or if I vote against the Scheme?*

If you are a holder of Scheme Shares and the Scheme is approved, your SBS Shares will be transferred to Chalice and (unless you are a Foreign Scheme Participant) you will receive Chalice Shares in exchange for your SBS Shares. This will be so even if you did not vote or voted against the Scheme. If the Scheme is not approved, you will remain an SBS shareholder.

Question 20: *When will the result of the Scheme Meeting be known?*

The result of the Scheme Meeting will be announced to the ASX shortly after the conclusion of the meeting. The result will also be published on SBS's website (www.subsahara.com.au) as soon as possible after the meeting.

The Scheme is also subject to the approval of the Court. The Court hearing to approve the Scheme is expected to be held on [] 2009.

Question 21: *What happens if the requisite majorities do not vote in favour of the Scheme?*

If the requisite majorities (see Question 16) do not vote in favour of the Scheme, the Scheme will not proceed, you will remain an SBS shareholder, SBS will remain listed on the ASX, and the benefits of the merger with Chalice outlined above will not be realised.

Question 22: *What will happen to SBS if the Scheme proceeds?*

The acquisition by Chalice of 100% of SBS will not impact SBS's projects. However, the Company's future strategic direction will thereafter be determined by Chalice.

Question 23: *Who can answer any other questions I may have about the Scheme?*

If you have any other questions about the Scheme, or if you would like additional copies of this Scheme Booklet or the Proxy Form, please call 1800 649 980 (within Australia) or +61 2 8256 3386 (outside Australia), or consult your legal, financial or other professional adviser.

1. INTERPRETATION

1.1 In this Scheme Booklet (including the Appendices, other than Appendices 7, 8 and 9), except where the context otherwise requires:

"ASIC" means the Australian Securities and Investments Commission;

"ASX" means ASX Limited (ACN 008 624 691);

"Board" means the board of directors of SBS;

"Business Day" has the meaning given to that expression in the Listing Rules;

"Chalice" means Chalice Gold Mines Limited (ACN 116 648 956);

"Chalice Options" means options to subscribe for Chalice Shares;

"Chalice Shares" means fully paid ordinary shares in Chalice with the rights and liabilities set out in Appendix 8;

"Constitution" means the constitution of SBS, as amended or replaced from time to time;

"Corporations Act" means the Corporations Act 2001 (Cth.);

"Court" means the Supreme Court of Western Australia;

"Cut-off Date" means 5pm WST on the date which is 2 Business Days after the date of the Second Court Hearing;

"Effective Date" means the date on which the Court order approving the Scheme becomes effective in accordance with section 411(10) of the Corporations Act;

"Excluded Shareholder" means Chalice or any subsidiary of Chalice;

"Foreign Scheme Participant" means a holder of Scheme Shares whose address as shown in the Register is a place outside the Commonwealth of Australia, New Zealand, the Philippines, and Hong Kong unless Chalice (acting reasonably) is satisfied before the Implementation Date that the laws of the place of that address permit the issue of Chalice Shares to that holder, either unconditionally or after compliance with conditions which Chalice (acting reasonably) regards as acceptable and not unduly onerous;

"Implementation Date" means the third Business Day after the Record Date;

"Independent Expert" means BDO Kendalls Corporate Finance (WA) Pty Ltd (ABN 27 124 031 045);

"Independent Expert's Report" means the report by the Independent Expert set out in Appendix 9;

"Listing Rules" means Official Listing Rules of the ASX, as amended from time to time;

"Lodgement Date" means the date on which a draft of this Scheme Booklet was lodged with ASIC;

"Merged Group" means Chalice and its controlled entities (including SBS) after implementation of the Scheme;

"Merger Implementation Agreement" means the agreement dated 29 April 2009 between SBS and Chalice, a summary of which is set out in Appendix 1;

"New Chalice Shares" means the Chalice Shares to be issued to Scheme Participants pursuant to the Scheme;

"Nominee" means a nominee for the Foreign Scheme Participants appointed by Chalice;

"Record Date" means 7:00pm WST on the date which is 5 Business Days after the Effective Date;

"Register" means the SBS register of members;

"Regulations" means the Corporations Regulations 2001;

"Relevant Time" means 7:00 pm WST on the date which is 2 Business Days before the despatch of the notice convening the Scheme Meeting;

"SBS" or **"Company"** means Sub-Sahara Resources NL (ACN 061 104 158);

"SBS Group" or **"Group"** means SBS and its controlled entities (which, for the avoidance of doubt, excludes Chalice);

"SBS Listed Options" means options to subscribe for SBS Shares exercisable at 15 cents per share and expiring on 30 June 2009 and listed for quotation on the ASX;

"SBS Options" means SBS Listed Options and SBS Unlisted Options;

"SBS Partly Paid Shares" means partly paid ordinary shares in SBS, details of which are set out in Appendix 4;

"SBS Shares" means fully paid ordinary shares in SBS;

"SBS Unlisted Options" means options to subscribe for SBS Shares, details of which are set out in Appendix 4;

"SBS Unlisted Securities" means SBS Partly Paid Shares and SBS Unlisted Options;

"Scheme Booklet" means this document, including its appendices;

"Scheme" or **"Scheme of Arrangement"** means the scheme of arrangement under section 411 of the Corporations Act described in the document set out in Appendix 2 (or, if the context so requires, that document itself);

"Scheme Consideration" means the allotment and issue to each holder of Scheme Shares of one Chalice Share for every 10.73 Scheme Shares held as at the Record Date (fractional entitlements being rounded down);

"Scheme Meeting" means the meeting of Scheme Participants ordered by the Court under section 411(1) of the Corporations Act to be convened for the purposes of the Scheme;

"Scheme Participants" means the holders of Scheme Shares;

"Scheme Shares" means the SBS Shares on issue as at 5.00pm WST on the Effective Date (other than those held by an Excluded Shareholder);

"Second Court Hearing" means the first hearing of the application made to the Court for an order pursuant to section 411(4) of the Corporations Act approving the Scheme;

"WST" means Perth, Western Australia time; and

"Zara Project" means the Zara Gold Project in Eritrea, in which SBS has a 69% interest as at the date of this Scheme Booklet.

- 1.2** In this Scheme Booklet (including the Appendices, other than Appendices 7, 8 and 9), except where the context otherwise requires:
- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any statutory instrument issued under, that legislation or legislative provision;
 - (b) a word denoting the singular number includes the plural number and vice versa;
 - (c) a word denoting an individual or person includes a corporation, firm, authority, government or governmental authority and vice versa;
 - (d) a word denoting a gender includes all genders;
 - (e) a reference (other than in the appendices) to a Section is to a section of this Scheme Booklet;
 - (f) a reference to an Appendix is to an appendix to this Scheme Booklet, and appendices to this Scheme Booklet form part of this Scheme Booklet;
 - (g) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;
 - (h) a reference to any party to the Scheme, or any other document or arrangement, includes that party's executors, administrators, substitutes, successors and permitted assigns;
 - (i) a reference to a "subsidiary" of a body corporate is to a body corporate which is a subsidiary of the first-mentioned body corporate under section 46 of the Corporations Act;
 - (j) a reference to "dollars" or "A\$" or to "cents" or "¢" is (unless otherwise specified) to an amount in Australian currency;
 - (k) a reference to the "holder" of an SBS Share or an SBS Option at a particular time includes a reference to a person who, as a result of a dealing received by SBS or its share registry on or before that time, is entitled to be entered in the Register as the holder of that SBS Share or SBS Option;
 - (l) words and phrases defined elsewhere in this document shall have the meaning there ascribed to them;
 - (m) words and phrases defined in the Corporations Act shall have the meaning there ascribed to them;
 - (n) headings are for convenience of reference only and do not affect interpretation; and
 - (o) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning.

2. INTRODUCTION

The directors of SBS have resolved to recommend to shareholders a proposal under which the Company will merge with Chalice Gold Mines Limited, an ASX-listed company with mineral exploration projects in Western Australia.

Subject to obtaining all of the necessary approvals from shareholders, ASIC and the Court, it is intended to implement this proposal by way of a scheme of arrangement under section 411 of the Corporations Act under which all existing SBS Shares will be transferred to Chalice in exchange for an issue of Chalice Shares.

Under the Scheme, SBS shareholders will receive one New Chalice Share for every 10.73 SBS Shares held by them.

Upon the Scheme being implemented, SBS will become a wholly-owned subsidiary of Chalice and be de-listed from the ASX, and Chalice will continue to be listed on the ASX.

Holders of SBS Options who exercise those options prior to the Cut-off Date will be eligible to participate in the Scheme and receive New Chalice Shares in exchange for the SBS Shares issued to them on the exercise of their options.

3. ANALYSIS OF PROPOSAL

3.1 Background Information

SBS

SBS was incorporated on 17 September 1993 under the name Maiden Gold NL and was listed on the ASX on 30 March 1994. It changed its name to Sub-Sahara Resources NL on 30 May 2001.

As well as the ASX, SBS securities are traded on over-the-counter markets conducted by the Berlin, Frankfurt, Munich and Stuttgart stock exchanges.

On 17 February 2009, SBS announced to the ASX that it had agreed to sell its exploration interests in Tanzania to Western Metals Limited (now called Indago Resources Ltd), and that sale was completed on 3 March 2009. Following the sale of its Tanzanian interests, the principal activities of the SBS Group comprise gold and mineral exploration in Eritrea, principally through its 69% interest in the Zara Project.

On 27 May 2009 Chalice made available to SBS a loan facility of \$450,000. This facility is to be used by SBS to fund further development of the Zara Project pending implementation of the Scheme. Funds advanced under the facility, together with accrued interest, are repayable if the Scheme is not implemented by 30 September 2009 (or such later date as Chalice may agree). In this event, the loan must be repaid either in cash or, at SBS's election, by the issue of SBS Shares at an issue price of 1.3 cents per share. The facility will be secured by a fixed and floating charge over all of SBS's assets and undertaking.

Chalice

Chalice was incorporated on 13 October 2005 and was listed on the ASX on 24 March 2006. Its principal activities comprise mineral exploration in Western Australia.

Further information about Chalice and the Merged Group is set out in Appendices 7 and 8.

3.2 Advantages of the Proposal

In the view of the SBS directors, the principal benefit of merging with Chalice will be the ability to utilise Chalice's substantial cash reserves (amounting to approximately \$10 million as at the date of this Scheme Booklet) to develop the 0.94 million oz Zara Gold Project in Eritrea, in which SBS currently has a 69% interest. Should the merger be completed, the Merged Group will also hold a further 11% of the Zara Project, taking its total interest in the project to 80% (refer to Section 3.6).

In addition, the merger will enable SBS shareholders to diversify their investment risk by giving them exposure to Chalice's own resource projects in Western Australia. Further information about those projects is set out in Appendix 7.

3.3 Disadvantages of the Proposal

Under the merger, the exposure of SBS shareholders to SBS's assets (principally, its 69% interest in the Zara Project) will be diluted to approximately 39%. Against this, however, they will gain a corresponding exposure to Chalice's mineral exploration projects in Western Australia and have the ability to utilise Chalice's cash reserves to develop the Zara Project.

The costs to SBS of implementing the Scheme of Arrangement (including legal, accounting, independent expert and corporate advisory fees, as well as ASIC and Court filing fees) are estimated to be in the region of \$565,000. Approximately \$200,000 of these costs will be payable regardless of whether the Scheme is successfully implemented. In addition, under the Merger Implementation Agreement a break fee of \$100,000 is payable to Chalice in certain circumstances if the Scheme does not proceed. Further information about this fee is contained in Appendix 1.

3.4 Terms of the Merger

Under the merger proposal SBS shareholders will exchange their SBS Shares for Chalice Shares and will initially have, collectively, a 39% interest in Chalice. Upon implementation of the merger, Chalice is expected to have the following capital structure (refer to Appendix 8 for further details):

	Chalice Shares
Present issued capital:	72,800,000
To be issued to SBS shareholders pursuant to the Scheme	46,703,766*

To be issued to holders of SBS Unlisted Securities	1,613,727
Total:	121,116,619*

*These figures have been calculated on the basis that there will be no fractional entitlements to Chalice Shares upon implementation of the Scheme and that no SBS or Chalice Options are exercised between the Lodgement Date and the Cut-Off Date. Accordingly, the actual number of Chalice Shares issued pursuant to the Scheme may differ.

3.5 Acquisition of SBS Unlisted Securities

Outside the terms of the Scheme of Arrangement, but conditional on the Scheme coming into effect, Chalice has agreed to acquire SBS Unlisted Securities from various parties, including directors of SBS and parties associated with them. The terms of those acquisitions are summarised in Appendix 4.

3.6 Acquisition of additional interest in the Zara Project

Simultaneously with, and conditional on, implementation of the Scheme, Chalice will acquire Yolanda International Limited ("YIL"), a company which holds an additional 11% interest in the Zara Project, for a cash consideration of \$1.2 million plus the reimbursement of past exploration expenditure of \$454,503. The latter payment will settle a debt owed by SBS which would have been due for payment upon a decision to mine the Zara Project.

YIL is a company associated with Mr H D Kennedy, who through his interest in Rockfield Investments Limited and associated companies is a 14.6% shareholder in SBS.

4. BACKGROUND INFORMATION ON SBS

As a disclosing entity under the Corporations Act, SBS is subject to regular reporting and disclosure obligations. Copies of documents lodged by SBS with ASIC may be obtained from or inspected at any ASIC office.

Prior to the Scheme Meeting, Scheme Participants have the right to obtain, free of charge, copies of the most recent annual report of SBS as well as the half-yearly report and continuous disclosure notices that have been lodged since that annual report was lodged with ASIC.

To obtain a copy of these documents, please call 1800 649 980 (within Australia) or +61 2 8256 3386 (outside Australia). Alternatively, copies of the reports can be downloaded from SBS's website at www.subsahara.com.au.

5. BASIS OF THE SCHEME

Under the Scheme, all Scheme Shares will be transferred to Chalice. In return:

- (a) a holder of Scheme Shares will receive one Chalice Share for every 10.73 Scheme Shares held by him at the Record Date; and

- (b) all rights and obligations pertaining to the Scheme Shares will be transferred to Chalice.

The formula to be applied in determining the number of Chalice Shares to be issued to Scheme Participants was developed by reference to the respective values of Chalice's and SBS's underlying assets, as determined by arm's length negotiations between Chalice and SBS.

6. PROCEDURAL STEPS

- 6.1** For the Scheme to take effect, section 411(1) of the Corporations Act requires a meeting of the holders of Scheme Shares to be held, at which the Scheme must be agreed to by a majority in number of the holders of Scheme Shares representing in aggregate not less than 75% in nominal value of all the Scheme Shares held by those holders present at that meeting and voting either in person or by proxy.

This meeting is being convened by SBS in accordance with an order made by the Court.

The Scheme Meeting will be held at [venue] on [] 2009 at 10:00am. If the holders of Scheme Shares do not approve the Scheme by the requisite majorities, the Scheme will not proceed.

- 6.2** SBS will ensure that SBS Shares to which an optionholder is entitled in respect of SBS Options exercised on or prior to the Cut-off Date will be issued on or prior to the Effective Date and, as a result, will constitute Scheme Shares.

7. RELEVANT TIME

- 7.1** For the purpose of establishing the holders of the Scheme Shares entitled to receive notice of the Scheme Meeting, the Register was closed at the Relevant Time and was re-opened on the Business Day following the day of dispatch of the notice convening the Scheme Meeting. That notice is set out in Appendix 10.

- 7.2** Any dealings in Scheme Shares not recorded in the Register at the Relevant Time were entered in the Register after the Register was re-opened.

8. IMPLEMENTATION OF THE SCHEME

- 8.1** Implementation of the Scheme is subject, amongst other things, to:

- (a) approval of the Scheme by the requisite majorities at the meeting described in Section 6.1;
- (b) making of an order by the Court approving the Scheme under section 411(4)(b) of the Corporations Act; and
- (c) the Merger Implementation Agreement not having been terminated by SBS or Chalice.

- 8.2** Application to the Court for the order referred to in Section 8.1(b) will be made as soon as possible after the Scheme Meeting has been held.

8.3 The Scheme will become binding on SBS and each Scheme Participant upon the Court making an order under section 411(4)(b) of the Corporations Act and that order becoming effective under section 411(10).

8.4 On the Implementation Date (but with effect from the Effective Date), the Scheme Shares will be transferred to Chalice.

9. CLOSING OF REGISTER

9.1 To enable the Scheme to be implemented, the Register will be closed at the Record Date. No dealing in Scheme Shares (whenever effected) will be recognised if received by SBS or its share registry after the Record Date.

9.2 On the Effective Date, official quotation of Scheme Shares on the ASX will cease.

10. ASX QUOTATION

Application will be made within 7 days after the date of this Scheme Booklet for quotation by the ASX of the New Chalice Shares. It is a condition of completion of the merger that the New Chalice Shares be listed for quotation on the ASX. Upon the Scheme coming into effect, application will be made for SBS to be removed from the official list of the ASX. SBS's securities will at the same time cease to be traded on the Berlin, Frankfurt, Munich and Stuttgart stock exchanges.

11. FOREIGN SCHEME PARTICIPANTS

Neither this Statement nor the Scheme of Arrangement constitutes an offer of securities in any place in which, or to any person to whom, the making of such an offer would not be lawful under the laws of any jurisdiction outside the Commonwealth of Australia, New Zealand, the Philippines and Hong Kong.

Chalice will be under no obligation to issue Chalice Shares to a Foreign Scheme Participant. Chalice will instead issue the Chalice Shares in respect of the Scheme Shares held by the Foreign Scheme Participant to the Nominee.

The Nominee will sell the Chalice Shares as soon as reasonably practicable and account to the Foreign Scheme Participants for the net proceeds of sale (on an averaged basis so that all Foreign Scheme Participants receive the same price per Chalice Share, subject to rounding to the nearest cent), after deduction of any applicable brokerage, taxes and charges, at the Foreign Scheme Participants' risk, in full satisfaction of the Foreign Scheme Participants' rights under the Scheme.

12. TAX IMPLICATIONS

The receipt of Chalice Shares under the Scheme in exchange for Scheme Shares is likely to have tax consequences for Scheme Participants. Scheme Participants may in certain circumstances be able to take advantage of the scrip-for-scrip rollover relief provided for in the tax legislation to defer any tax liability arising from the Scheme. It should be emphasised that as tax consequences can vary according to a Scheme Participant's particular circumstances, each Scheme Participant should consult his own tax adviser as to the consequences of participating in the Scheme.

Scheme Participants who are resident or domiciled outside Australia, or who are citizens of countries other than Australia, are reminded of the possible implications of the Scheme under the tax laws of their place of residence, domicile or citizenship and are advised to also seek independent advice in this respect.

13. ADMINISTRATOR

It is not proposed that any person be appointed to manage or administer the Scheme.

14. DIRECTORS' RECOMMENDATIONS

After considering all relevant factors, the SBS directors recommend that Scheme Participants vote in favour of the Scheme to enable the benefits described in Section 3.2 to be realised.

15. CHALICE'S VOTING POWER IN SBS

As at the Lodgement Date, Chalice did not have a relevant interest in any SBS Shares, SBS Options or other marketable securities of SBS, apart from 38,590,000 SBS Partly Paid Shares and 3,800,000 SBS Unlisted Options. These securities will be acquired by Chalice pursuant to the agreements summarised in Appendix 4.

16. MARKETABLE SECURITIES OF SBS HELD BY OR ON BEHALF OF DIRECTORS OF SBS

The number, description and amount of marketable securities of SBS held by or on behalf of each director of SBS as at the Lodgement Date are set out in Appendix 5.

17. MARKETABLE SECURITIES OF CHALICE HELD BY OR ON BEHALF OF DIRECTORS OF SBS

No marketable securities of Chalice are held by or on behalf of any director of SBS.

18. DEALINGS IN MARKETABLE SECURITIES OF SBS

Except as set out in Appendix 6, none of SBS, Chalice or any person associated with SBS or Chalice has acquired or disposed of any marketable securities of SBS in the four months immediately preceding the Lodgement Date.

19. DEALINGS IN MARKETABLE SECURITIES OF CHALICE

Except as set out in Appendix 6, none of SBS, Chalice or any person associated with SBS or Chalice has acquired or disposed of any marketable securities of Chalice in the four months immediately preceding the Lodgement Date.

20. VOTING INTENTIONS OF DIRECTORS AND OTHERS

Each director of SBS by whom or on whose behalf Scheme Shares are held intends to vote in favour of the Scheme. Details of the Scheme Shares held by or on behalf of each director of SBS are set out in Appendix 5.

21. PAYMENTS OR OTHER BENEFITS TO OFFICERS OF SBS

It is not proposed that any payment or other benefit will be made or given to any director, secretary or executive officer of SBS, or of any body corporate related to SBS, as compensation for loss of, or as consideration for or in connection with his retirement from, office in SBS, or in any body corporate related to SBS, other than the following:

- (a) Barry Bolitho will receive \$32,700 in connection with his retirement as chairman of SBS;
- (b) Peter Munachen will receive \$30,000 in connection with his retirement as an executive director of SBS; and
- (c) Resource Services International (Australia) Pty Ltd (**RSIA**) will receive \$138,000 as a result of the termination of the service contract between RSIA, of which Ernest Myers (secretary of SBS) and Peter Munachen are directors, and SBS.

22. INTERESTS OF DIRECTORS AND OTHERS

22.1 No director of SBS has any interest in the Scheme other than as a holder of Scheme Shares, and the effect of the Scheme on those interests is the same as its effect on the like interests of other persons. However, it should be noted that in connection with implementation of the Scheme:

- (a) it is proposed that Michael Griffiths, the present managing director of SBS, be appointed as an executive director of Chalice (see Section 28);
- (b) Barry Bolitho, Peter Munachen and Ernest Myers will receive the amounts described in Section 21; and
- (c) certain of the SBS directors, or parties associated with them, have entered into agreements with Chalice to sell their SBS Unlisted Securities. The terms of these agreements are summarised in Appendix 4.

22.2 Other than the agreements to sell their SBS Unlisted Securities to Chalice (referred to in Section 22.1(c)) and the proposed appointment of Mr Griffiths as a director of Chalice (referred to in Section 28), no director of SBS has any interest in any contract entered into, or proposed to be entered into, by Chalice.

22.3 Other than as set out elsewhere in this Scheme Booklet, no:

- (a) director or proposed director of Chalice;
- (b) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet;
- (c) promoter of Chalice; or
- (d) financial services licensee named in this Scheme Booklet as a financial services licensee involved in the Scheme,

holds, or has held within two years before the date of this Scheme Booklet, any interest in the formation or promotion of Chalice, in any property acquired or proposed to be acquired by Chalice in connection with its formation or promotion or the offer of Chalice Shares under the Scheme, or in that offer.

- 22.4** Other than as set out in Section 22.5, no amount has been paid or agreed to be paid (in cash, securities or otherwise), and no benefit has been given or agreed to be given:
- (a) to a director or proposed director of Chalice to induce him to become, or to qualify him as, a director of Chalice; or
 - (b) for services provided in connection with the formation or promotion of Chalice or the offer of Chalice Shares under the Scheme by any director or proposed director of Chalice, any person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet, any promoter of Chalice, or any financial services licensee named in this Scheme Booklet as a financial services licensee involved in the issue of Chalice Shares under the Scheme.

- 22.5** Minter Ellison will receive a fee of approximately \$150,000 (plus GST and disbursements) for legal advice in relation to this Scheme Booklet and the Scheme.

BDO Kendalls Corporate Finance (WA) Pty Ltd will receive a fee of approximately \$25,000 for preparation of the Independent Expert's Report. In the period of two years ending on the date of this Scheme Booklet, Chalice has made a payment of \$30,300 to BDO Kendalls Corporate Finance (WA) Pty Ltd for the preparation of an Independent Expert's Report for an unrelated transaction. Minter Ellison has not received any fees from Chalice during that period.

23. OTHER AGREEMENTS OR ARRANGEMENTS WITH DIRECTORS

Other than the proposed appointment of Mr Griffiths as an executive director of Chalice (referred to in Section 28) and the agreements referred to in Sections 21 and 22.1(c), there are no agreements or arrangements made between a director of SBS and another person in connection with, or conditional on, the outcome of the Scheme.

24. MATERIAL CHANGES IN THE FINANCIAL POSITION OF SBS

Within the knowledge of the directors of SBS, the financial position of SBS has not changed materially since 30 June 2008 (this being the date of the last balance sheet laid before SBS in general meeting) other than as set out elsewhere in this Scheme Booklet or in the Independent Expert's Report.

25. OTHER MATERIAL INFORMATION

There is no information material to the making of a decision in relation to the Scheme, or a decision by a Scheme Participant whether or not to agree to the Scheme, being information that is within the knowledge of any director of SBS or of a related body corporate, that has not previously been disclosed to Scheme Participants other than as set out elsewhere in this Scheme Booklet (including its Appendices).

26. INDEPENDENT EXPERT'S REPORT

- 26.1** In accordance with clause 3 of Part 3 of Schedule 8 to the Regulations, the directors of SBS commissioned the Independent Expert to report to Scheme Participants on the Scheme. In the Independent Expert's Report (a copy of which is set out in Appendix 9), BDO Kendalls Corporate Finance (WA) Pty Ltd concludes that the Scheme is in the best interests of Scheme Participants.

Scheme Participants should read the Independent Expert's Report in its entirety, including the assumptions on which the report's conclusions are based.

- 26.2** BDO Kendalls Corporate Finance (WA) Pty Ltd has given, and before the lodgement of this Statement with ASIC has not withdrawn, its consent to the issue of this Scheme Booklet with the Independent Expert's Report included in the form and context in which it is included.

27. INFORMATION IN RELATION TO CHALICE SHARES

A summary of the rights and liabilities attaching to Chalice Shares is set out in Appendix 8.

Chalice Shares are listed for quotation on the ASX. The highest and lowest recorded sale prices of Chalice Shares on the ASX during the three months immediately preceding the Lodgement Date were \$0.10 (on 27 March 2009) and \$0.26 (on 28 May 2009) respectively.

The Scheme was the subject of a public announcement on 3 April 2009. The latest recorded sale price of Chalice Shares on the ASX before that announcement was \$0.12.

The latest recorded sale price of Chalice Shares on the ASX before the Lodgement Date was \$0.26.

Application will be made to the ASX within 7 days after the date of this Scheme Booklet for official quotation of the New Chalice Shares. Quotation of the New Chalice Shares is not guaranteed or automatic but will depend upon compliance with the ASX's requirements. However, SBS has no information to suggest that these requirements cannot or will not be complied with.

28. INTENTIONS OF THE SBS DIRECTORS

Following implementation of the Scheme, it is proposed that the business currently carried on by SBS (as described in Section 3.1) will continue, but as part of the Merged Group. In doing so, it is the intention of SBS's directors that:

- (a) the business of SBS will continue in the same manner as it is presently carried on but reflecting Chalice's financial capability to expedite the Zara Project;
- (b) there will be no major changes to that business (including the redeployment of fixed assets); and

- (c) except for possible redundancies resulting from a scaling-down of SBS's corporate office in Australia, the employment of SBS's present employees will continue.

Chalice has advised SBS's directors that Chalice has the same intentions as SBS's directors with respect to the matters referred to above.

Upon implementation of the Scheme, Michael Griffiths, the present managing director of SBS, will be appointed as an executive director of Chalice.

29. ADDITIONAL CONSENTS

Minter Ellison has given, and before the signing of this Scheme Booklet has not withdrawn, its consent to be named as legal adviser to SBS in this Scheme Booklet in the form and context in which it is so named. Minter Ellison does not otherwise authorise or cause the issue of this Scheme Booklet and takes no responsibility for its contents.

Middletons has given, and before the signing of this Scheme Booklet has not withdrawn, its consent to be named as legal adviser to Chalice in this Scheme Booklet in the form and context in which it is so named. Middletons does not otherwise authorise or cause the issue of this Scheme Booklet and takes no responsibility for its contents.

30. ACTION TO BE TAKEN BY SCHEME PARTICIPANTS

Appendix 10 contains the notice convening the Scheme Meeting and a Proxy Form for the Scheme Meeting. The Proxy Form should be completed, signed and returned in accordance with instructions set out on the reverse of the Proxy Form. Lodging a Proxy Form will not preclude attendance or voting at the Scheme Meeting.

BY ORDER OF THE BOARD

ERNEST MYERS
Company Secretary

 2009

APPENDIX 1

SUMMARY OF MERGER IMPLEMENTATION AGREEMENT

Under the Merger Implementation Agreement (**MIA**), SBS agrees to propose the Scheme of Arrangement to its members and Chalice agrees to provide reasonable assistance to SBS for that purpose. Specifically, Chalice agrees to issue the New Chalice Shares comprising the Scheme Consideration to Scheme Participants in return for the transfer of their SBS Shares to Chalice, in accordance with the terms of the Scheme. SBS for its part agrees to take all necessary steps to implement the Scheme, including convening the Scheme Meeting and obtaining all Court, regulatory and other approvals necessary for that purpose.

The MIA also provides for SBS and Chalice to take responsibility for the information about them respectively set out in this Scheme Booklet.

The parties' obligations under the MIA are subject to a number of conditions precedent, including:

- (a) the obtaining of all necessary Court, regulatory, shareholder and other approvals;
- (b) no Court or "Governmental Agency" (as defined) issuing any material legal restraint or prohibition preventing the Scheme;
- (c) the acquisition by Chalice of, or a call being made by SBS for the unpaid capital on, all outstanding SBS Partly Paid Shares;
- (d) the acquisition by Chalice, or cancellation by SBS, of all SBS Unlisted Options;
- (e) the exercise or lapse of all SBS Listed Options;
- (f) the execution of the "Zara Project Confirmation Deed" (as defined) before 8.00am on the date of the Second Court Hearing in terms acceptable to Chalice in its absolute discretion;
- (g) SBS receiving the "GED assurance" (as defined) in terms acceptable to Chalice in its absolute discretion before 8.00am on the date of the Second Court Hearing;
- (h) SBS not terminating the employment of certain employees or consultants (other than as agreed);
- (i) the representations and warranties of SBS in the MIA being materially true and correct as of the date of the MIA and as at 8:00am on the date of the Second Court Hearing;
- (j) no "SBS Prescribed Occurrence" (as defined) occurring before 8.00am on the date of the Second Court Hearing;
- (k) the execution of the "AWR Acquisition Agreement" (as defined) before 8.00am on the date of the Second Court Hearing;
- (l) the exploration licences for the Zara Project being renewed on terms satisfactory to Chalice;

- (m) the Chalice Shares to be issued to Scheme Participants being approved for official quotation on ASX;
- (n) the representations and warranties of Chalice in the MIA being materially true and correct as of the date of the MIA and as at 8:00am on the date of the Second Court Hearing; and
- (o) no "Chalice Prescribed Occurrence" (as defined) occurring before 8.00am on the date of the Second Court Hearing.

The conditions in paragraphs (a) and (b) are for the benefit of, and may only be waived by, both Chalice and SBS. The conditions in paragraphs (c)-(l) (inclusive) are for the sole benefit of, and may only be waived by, Chalice. The conditions in paragraphs (m)-(o) (inclusive) are for the sole benefit of, and may only be waived by, SBS.

Subject to certain exceptions, the MIA requires the parties to carry on their respective businesses in the ordinary course pending implementation of the Scheme.

Upon implementation of the Scheme, Chalice agrees to appoint a nominee of SBS to Chalice's board of directors (further information about this is contained in Section 28).

Under the MIA, each party makes various representations and gives various warranties in favour of the other with respect to the first-mentioned party's affairs and the accuracy of the information about itself contained in this Scheme Booklet, and agrees to indemnify the other party against any loss sustained as a result of any breach of those representations and warranties.

The MIA may be terminated by either party in the event of a material breach of the agreement by the other party or an unremedied breach of representation or warranty. In addition, either party can terminate the MIA if, before the Scheme is implemented, the other party's cash and working capital position diminishes by more than \$300,000 from its position as at 31 March 2009.

Under the MIA, SBS agrees to grant Chalice exclusivity for a period of six months from the date of the MIA in negotiating a merger of the two companies and agrees not to engage in any discussions or negotiations with a third party in respect of a "Competing Proposal" (as defined). This obligation is subject to SBS's directors not receiving legal advice that failure to respond to a Competing Proposal would be likely to constitute a breach of their fiduciary or statutory obligations.

If the Scheme is not implemented by reason of a Competing Proposal being accepted by either party, then that party must pay the other party a break fee of \$100,000 by way of compensation for costs incurred in attempting to implement the Scheme.

The parties further agree not to make any public announcements with respect to the Scheme other than in a form approved by both parties, and each party agrees to use reasonable endeavours to provide that approval as soon as practicable.

APPENDIX 2

SCHEME OF ARRANGEMENT

**PURSUANT TO SECTION 411
OF THE CORPORATIONS ACT**

BETWEEN

**SUB-SAHARA RESOURCES NL
ACN 061 104 158**

AND ITS SHAREHOLDERS

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9.	GENERAL	5

1. INTERPRETATION

In this Scheme, except where the context otherwise requires:

- (a) "**Australian Trading Bank**" means a trading bank as defined in section 5(1) of the *Banking Act 1959* (Cth) having an office and carrying on the business of banking in Western Australia;
- (b) "**Registered Address**" means in relation to a Scheme Participant, the address shown in the Register;
- (c) "**SBS Registry**" means Computershare Investor Services Pty Ltd;
- (d) "**Scheme Booklet**" means the explanatory statement relating to this Scheme to be sent to holders of Scheme Shares in accordance with section 412(1)(a) of the Corporations Act;
- (e) terms which are defined in the Scheme Booklet have the same meanings where used in this Scheme; and
- (f) a reference to a paragraph is to a paragraph of this Scheme.

2. THE SCHEME

2.1 Subject to:

- (a) all the conditions in clause 3.1 of the Merger Implementation Agreement other than the conditions in clause 3.1(d) (being final Court approval of the Scheme) and clause 3.1(n) (being quotation of the New Chalice Shares) having been satisfied or waived in accordance with the terms of the Merger Implementation Agreement;
- (b) approval of the Scheme by the holders of the Scheme Shares at a meeting of those holders convened by the Court pursuant to section 411(1) of the Corporations Act;
- (c) approval of the Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act;
- (d) lodgement with ASIC of an office copy of the order of the Court approving the Scheme; and
- (e) the Merger Implementation Agreement not having been terminated by SBS or Chalice,

the Scheme Shares, and all rights and entitlements attaching to the Scheme Shares, will be transferred to Chalice with effect from the Effective Date and without the need for any further act by the holders of the Scheme Shares.

- ### 2.2
- SBS and Chalice will provide to the Court at the Second Court Hearing a certificate stating whether or not the conditions referred to in subparagraphs 2.1(a), 2.1(b) and 2.1(e) have been satisfied or waived.

- 2.3** This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before 31 August 2009 (or such later date as SBS and Chalice may agree).
- 2.4** In consideration of the transfer of the Scheme Shares to Chalice, and subject to the other terms and conditions of this Scheme, a holder of Scheme Shares (other than a Foreign Scheme Participant) will receive the Scheme Consideration in respect of the Scheme Shares held by him as at the Record Date.
- 2.5** Notwithstanding any rule of law or equity to the contrary, holders of Scheme Shares will be entitled to exercise all voting and other rights attached to the Scheme Shares pending their transfer pursuant to paragraph 2.1, subject to the restrictions on dealing in Scheme Shares set out in paragraph 3.
- 2.6** A holder of Scheme Shares will be deemed to have agreed to become a member of Chalice and to have accepted the Chalice Shares issued to him under this Scheme subject to, and to be bound by, Chalice's constitution.
- 2.7** On the Implementation Date (but with effect from the Effective Date) SBS must:
- (a) procure the delivery of a transfer in respect of all the Scheme Shares to ASX Settlement and Transfer Corporation Pty Limited by a broker nominated in writing by Chalice to effect a valid transfer of all the Scheme Shares to Chalice pursuant to section 1074D of the Corporations Act or, if such a procedure is not available for any reason, deliver to Chalice a duly completed and executed instrument of transfer transferring all of the Scheme Shares to Chalice; and
 - (b) subject to Chalice having executed that instrument of transfer, enter the name of Chalice in the Register as the holder of the Scheme Shares.

3. DEALINGS IN SCHEME SHARES

- 3.1** No dealing in Scheme Shares, whenever effected, will be given effect to if it is received after the Record Date.
- 3.2** Any purported dealing in Scheme Shares after the Record Date will be void and of no effect.
- 3.3** No shares or options to subscribe for shares will be allotted or issued by SBS after the Effective Date.

4. NOTICE TO HOLDERS OF SCHEME SHARES

- 4.1** If the Court makes an order approving the Scheme, SBS will send to each holder of Scheme Shares notice of that fact not later than 9 Business Days after the Record Date.
- 4.2** The notice given under paragraph 4.1 will:
- (a) (except in the case of a Foreign Scheme Participant) be accompanied by a statement setting out the number of Chalice Shares to which they are entitled pursuant to paragraph 2.4; and

- (b) be sent in the manner provided in, and to the address determined in accordance with, paragraph 9.4.

4.3 In the case of joint holders of Scheme Shares, the notice to be given under paragraph 4.2 for the Chalice Shares will be sent to the joint holder whose name appears first in the Register.

4.4 If the Court refuses to make an order approving the Scheme, then SBS will send to each holder of Scheme Shares notice of that fact not later than 5 Business Days after the date of such refusal. The notice will be sent in the manner provided in, and to the address determined in accordance with, paragraph 9.4.

5. ISSUE OF CHALICE SHARES

5.1 Not later than two Business Days after the Implementation Date, SBS will give to Chalice a notice specifying the persons to whom Chalice Shares are to be issued pursuant to paragraph 2.4 and the numbers of Chalice Shares to which they are respectively entitled.

5.2 Chalice must, not later than two Business Days after receipt from SBS of the notice referred to in paragraph 5.1 but with effect from the Effective Date, issue the Chalice Shares in accordance with that notice. The issue and despatch of a holding statement for those Chalice Shares in accordance with paragraph 9.4 will discharge in full Chalice's obligations under this paragraph 5.2.

6. FOREIGN SCHEME PARTICIPANTS

6.1 The Chalice Shares that would, but for this paragraph 6, have been issued to a holder of Scheme Shares who is a Foreign Scheme Participant must be issued by Chalice to the Nominee.

6.2 Chalice must procure that the Nominee:

- (a) as soon as reasonably practicable sells those Chalice Shares for the benefit of the Foreign Scheme Participants;
- (b) accounts to the Foreign Scheme Participants for the net proceeds of sale (on an averaged basis so that all Foreign Scheme Participants receive the same price per Chalice Share, subject to rounding to the nearest whole cent), and any income referable to those Chalice Shares, after deduction of any applicable brokerage, taxes and charges, in full satisfaction of the Foreign Scheme Participants' rights and entitlements under the Scheme; and
- (c) remits the net proceeds of sale to the Foreign Scheme Participants in the manner provided in, and to the address determined in accordance with, paragraph 9.4.

6.3 Foreign Scheme Participants agree that the amount referred to in paragraph 6.2 may be paid by the Nominee doing any of the following at the Nominee's election:

- (a) sending by pre-paid post (or pre-paid airmail if the address is outside Australia) the proceeds to the Foreign Scheme Participants' Registered

Addresses by cheque drawn on an Australian Trading Bank in Australian currency;

- (b) depositing or procuring the Registry to deposit it into an account with any Australian ADI (as defined in the Corporations Act) notified to SBS (or the SBS Registry) by an appropriate authority from the Foreign Scheme Participant; or
- (c) in the event that a Foreign Scheme Participant does not have a Registered Address or the Nominee believes a Foreign Scheme Participant is not known at the Foreign Scheme Participant's Registered Address, and no account has been notified in accordance with paragraph 6.3(b) or a deposit into such an account is rejected or refunded, the Nominee may credit the amount payable to the relevant Foreign Scheme Participant to a separate bank account of SBS to be held until the Foreign Scheme Participant claims the amount or the amount is dealt with in accordance with unclaimed moneys legislation. SBS must hold the amount on trust, but any interest or other benefit accruing on or from the amount will be to the benefit of SBS. An amount credited to the account is to be treated as having been paid to the Foreign Scheme Participant when credited to the account. SBS must maintain records of the amounts paid, the persons who are entitled to the amounts and any transfers of the amounts,

in each case, in full satisfaction of the Foreign Scheme Participants' right to the Scheme Consideration.

6.4 Each Foreign Scheme Participant appoints SBS as his agent to receive on his behalf any financial services guide or other notices which may be, or be required to be, given by the Nominee to that Foreign Scheme Participant.

7. ISSUE AND TRADING OF CHALICE SHARES

7.1 Issue

- (a) Scheme Participants who receive the Scheme Consideration agree to be bound by Chalice's constitution.
- (b) Except for a Scheme Participant's tax file number, any binding instruction or notification between a Scheme Participant and SBS relating to the Scheme Shares (including, without limitation, any instructions relating to the payment of dividends, provision of annual reports, notices of meeting or other communications from SBS) will from the Implementation Date be deemed (except to the extent determined otherwise by Chalice in its sole discretion), by reason of the Scheme, to be a similarly binding instruction or notification to and accepted by Chalice in respect of the New Chalice Shares issued to the Scheme Participant until that instruction or notification is revoked or amended in writing addressed to Chalice at its share registry.

7.2 Trading

SBS will procure that Chalice will, before the date of the Second Court Hearing, seek confirmation from the ASX that, as from the Business Day following the Effective Date (or such later date as the ASX requires), the New Chalice Shares will be listed for quotation on the official list of the ASX, initially on a deferred settlement basis and

thereafter on an ordinary settlement basis. SBS will procure that Chalice takes all steps necessary or expedient to obtain that quotation.

7A. SUSPENSION OF SBS SHARES AND DE-LISTING

7A.1 SBS will apply to the ASX for suspension of trading of SBS Shares on the ASX with effect from the close of trading on the Effective Date.

7A.2 On a date after the Implementation Date to be determined by Chalice, and subject to completion of all obligations to occur on that date, SBS will apply:

(i) for termination of the official quotation of SBS Shares on the ASX;
and

(ii) to have itself removed from the official list of the ASX.

8. WHEN SCHEME BECOMES BINDING

8.1 This Scheme will become binding on SBS, Chalice and each holder of Scheme Shares only if the Court makes an order under section 411(4)(b) of the Corporations Act approving the Scheme and that order becomes effective in accordance with section 411(10). SBS must lodge an office copy of that order with ASIC not later than 20 Business Days after the order has been made.

8.2 Where this Scheme becomes binding as provided by paragraph 8.1, a holder of Scheme Shares (and any person claiming through that holder) may only assign, transfer or otherwise deal with those Scheme Shares on the basis that the rights so assigned, transferred or dealt with are the same as the rights that the holder held immediately prior to the Effective Date, if he had remained the holder of those Scheme Shares until the Record Date.

9. GENERAL

9.1 SBS may by its counsel or solicitors consent to any modification of or addition to the Scheme, or to any condition, which the Court may think fit to approve or impose and to which Chalice has consented.

9.2 The accidental omission to give notice of the Scheme Meeting to any holder of Scheme Shares or the non-receipt of such a notice by any holder of Scheme Shares will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings at the Scheme Meeting.

9.3 On the Effective Date and until SBS registers Chalice as the holder of all Scheme Shares in the Register, each Scheme Participant:

(a) is deemed to have irrevocably appointed Chalice as attorney and agent (and directed Chalice in such capacity) to appoint an officer or agent nominated by Chalice as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in his name and sign any shareholders' resolutions, whether in person, by proxy or by corporate representative (other than as pursuant to this paragraph 9.3(a));

- (b) undertakes not to otherwise attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in his name, or sign any shareholders' resolutions, whether in person, by proxy or by corporate representative;
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Chalice reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in paragraph 9.3(a), Chalice and any officer or agent nominated by Chalice under paragraph 9.3(a) may act in the best interests of Chalice as the beneficial owner and intended registered holder of the Scheme Shares.

9.4 For the purpose of paragraph 4, the expression "sent" means:

- (a) sending by ordinary pre-paid post to a holder at the Record Date of a Scheme Share at the address of that holder appearing in the Register at the Record Date; or
- (b) delivery to that address by any other means at no cost to the recipient.

9.5 Each holder of Scheme Shares will be deemed to have irrevocably appointed SBS and its officers as his attorney for the purpose of executing any document necessary to give effect to this Scheme.

9.6 SBS must execute all deeds and other documents and do all acts and things as may be necessary or expedient on its part to implement this Scheme in accordance with its terms.

9.7 Neither SBS nor any of its officers will be liable for anything done or for anything omitted to be done in performance of this Scheme in good faith.

9.8 This Scheme overrides the Constitution and binds SBS, Chalice and the holders of Scheme Shares.

9.9 The proper law of this Scheme is the law of Western Australia.

APPENDIX 3

TAX IMPLICATIONS

The following is intended only as a general guide to the income tax position under current Australian income tax law and administrative practice as at the date of this document. Income tax is a complex area of law and the income tax implications for a Scheme Participant may differ from those detailed below, depending on the Scheme Participant's particular circumstances. As these statements are of a general nature only it is recommended that Scheme Participants obtain their own independent professional advice in respect of the Australian income tax implications.

The following is an overview of the likely Australian income tax implications as a consequence of the Scheme for an Australian tax resident Scheme Participant who hold their Scheme Shares on capital account.

The following may not apply to certain Scheme Participants, such as dealers in securities, Scheme Participants who hold shares on revenue account or as trading stock, insurance companies and collective investment schemes. Such persons may be subject to special rules or assessed as ordinary income on any gain on the disposal of their Scheme Shares for New Chalice Shares.

The following may also not apply to non-Australian tax resident Scheme Participants. The Australian income tax implications for non-Australian resident Scheme Participants are complex and will depend upon their own specific circumstances. Non-Australian tax resident Scheme Participants may also have tax implications in their country of residence.

Any Scheme Participant who is in any doubt as to their tax position, or who is subject to tax in any jurisdiction other than Australia, should consult their own professional adviser.

Capital gains tax

The transfer of Scheme Shares to Chalice pursuant to the Scheme will trigger a capital gains tax ("CGT") event for a Scheme Participant. The income tax implications for a Scheme Participant will depend on whether the Scheme Participant chooses to obtain scrip for scrip roll-over relief under Subdivision 124-M of the Income Tax Assessment Act 1997 ("ITAA 1997") in relation to the disposal of their Scheme Shares. Broadly, a Scheme Participant may choose to obtain scrip for scrip roll-over relief where they:

- hold their Scheme Shares on capital account;
- acquired their Scheme Shares on or after 20 September 1985; and
- make a capital gain from the disposal of their Scheme Shares.

Where scrip for scrip rollover relief is chosen

Where the above conditions are met, Scheme Participants who wish to obtain scrip for scrip roll-over relief must choose to obtain the roll-over relief.

Where scrip for scrip roll-over relief is chosen, any capital gain arising from the disposal of Scheme Shares will be disregarded and deferred until a CGT event occurs in respect of the New Chalice Shares acquired by the Scheme Participant under the Scheme. The CGT cost base and reduced cost base of each New Chalice Share received will be determined by apportioning, on a reasonable basis, the cost base and reduced cost base of the Scheme Shares disposed of pursuant to the Scheme.

For Scheme Participants who can apply the discount capital gains tax rules in Division 115 of the ITAA 1997 and who choose scrip for scrip roll-over, their New Chalice Shares will be taken to have been acquired at the time their Scheme Shares were originally acquired for the purposes of applying the CGT discount rules.

Where a capital loss arises, the Scheme Participant will not be eligible to obtain scrip for scrip roll-over.

Where scrip for scrip rollover is not chosen

Where scrip for scrip roll-over relief is not chosen, Scheme Participants will make a capital gain equal to the market value of the New Chalice Shares they are entitled to less the CGT cost base of their Scheme Shares. In determining a Scheme Participant's capital gain, the market value of the New Chalice Shares should be determined using the market value of those shares on the date the Scheme Participant ceases to have ownership of their Scheme Shares.

Scheme Participants may be entitled to concessional CGT treatment under Division 115 of the ITAA 1997. This will depend upon their individual circumstances.

For Scheme Participants whose reduced cost base is greater than the market value of the New Chalice Shares they are entitled to, the Scheme Participant may realise a capital loss.

Where scrip for scrip roll-over relief is not chosen, the cost base of the New Chalice Shares will be equal to the market value of the Scheme Shares disposed, as determined on the date the New Chalice Shares are allotted or issued.

Where scrip for scrip roll-over relief is not chosen, the acquisition date of the New Chalice Shares for CGT purposes will be the date on which the Chalice shares are allotted or issued to the Scheme Participants.

APPENDIX 4

SBS UNLISTED SECURITIES

SBS Unlisted Options

Number	Exercise price	Expiry date
400,000	10 cents	26.01.11
3,400,000	11 cents	14.02.12

SBS Partly Paid Shares

Number	Issue price	Amount paid up
4,500,000	10 cents	0.01 of a cent
2,850,000	11 cents	0.01 of a cent
450,000	13 cents	0.01 of a cent
7,290,000	9 cents	0.01 of a cent
5,750,000	6.5 cents	0.01 of a cent
5,750,000	15 cents	0.01 of a cent
4,000,000	10 cents	0.01 of a cent
4,000,000	15 cents	0.01 of a cent
4,000,000	20 cents	0.01 of a cent

Acquisition terms – SBS Unlisted Options

Based on a Black Scholes valuation method, the SBS Unlisted Options (of which there are two different classes with different terms) have been determined as having a value of between 0.5 cents and 0.8 cents per option, using the following assumptions:

Assumptions	
Exercise prices	10 cents and 11 cents
Value of underlying SBS Shares	1.5 cents
Valuation Date	27 March 2009
Expiry Date	Various
Volatility	141%
Risk free interest rate	4%
Annualised dividend yield	Nil

Chalice Shares will be issued to holders of SBS Unlisted Options in accordance with the following ratios (assuming a value of 14.08 cents per Chalice Share):

1. For options exercisable at 10 cents and expiring on 26 January 2011 – one Chalice Share for every 28.94 options.
2. For options exercisable at 11 cents and expiring on 14 February 2012 – one Chalice Share for every 18.65 options.

Acquisition Terms – SBS Partly Paid Shares

Based on a Black Scholes valuation method, the SBS Partly Paid Shares (of which there are 9 different classes with different terms) have been determined as having a value of between 0.1 cents and 0.9 cents per share, using the following assumptions:

Assumptions	
Amount to be paid up	Various, ranging between 6.49 cents and 19.99 cents
Market value of underlying SBS Shares	1.5 cents
Valuation Date	27 March 2009
Call Date	Various
Volatility	141%
Risk free interest rate	4%
Annualised dividend yield	Nil

Chalice Shares will be issued to holders of SBS Partly Paid Shares in accordance with the following ratios (assuming a value of 14.08 cents per Chalice Share):

1. For shares with an amount of 9.99 cents remaining unpaid and payable by 29/11/10 – one Chalice Share for every 32.4 SBS Partly Paid Shares
2. For shares with an amount of 10.99 cents remaining unpaid and payable by 29/11/10 – one Chalice Share for every 34.3 SBS Partly Paid Shares
3. For shares with an amount of 12.99 cents remaining unpaid and payable by 29/11/10 – one Chalice Share for every 38.2 SBS Partly Paid Shares
4. For shares with an amount of 8.99 cents remaining unpaid and payable by 21/11/09 or 29/11/09 – one Chalice Share for every 142.3 SBS Partly Paid Shares.
5. For shares with an amount of 6.49 cents remaining unpaid and payable by 29/11/10 – one Chalice Share for every 25.5 SBS Partly Paid Shares.
6. For shares with an amount of 14.99 cents remaining unpaid and payable by 02/03/11 – one Chalice Share for every 33.9 SBS Partly Paid Shares.
7. For shares with an amount of 9.99 cents remaining unpaid and payable by 30/11/12 – one Chalice Share for every 15.0 SBS Partly Paid Shares.

8. For shares with an amount of 14.99 cents remaining unpaid and payable by 30/11/12 – one Chalice Share for every 16.4 SBS Partly Paid Shares.
9. For shares with an amount of 19.99 cents remaining unpaid and payable by 30/11/12 – one Chalice Share for every 17.6 SBS Partly Paid Shares.

APPENDIX 5

MARKETABLE SECURITIES OF SBS HELD BY OR ON BEHALF OF DIRECTORS OF SBS

SBS Shares

Name of Director	Direct Interest	Indirect Interest
B C Bolitho	-	-
M R Griffiths	-	614,500
P L Munachen	-	734,375

SBS Listed Options

Name of Director	Direct Interest	Indirect Interest
B C Bolitho	-	-
M R Griffiths	-	15,625
P L Munachen	-	36,718

SBS Unlisted Options

Name of Director	Direct Interest	Indirect Interest
B C Bolitho	-	-
M R Griffiths	-	-
P L Munachen	-	-

SBS Partly Paid Shares

Name of Director	Direct Interest	Indirect Interest
B C Bolitho	3,000,000	-
M R Griffiths	-	12,000,000
P L Munachen	-	7,000,000

APPENDIX 6

DEALINGS IN MARKETABLE SECURITIES OF SBS AND CHALICE

DEALINGS IN MARKETABLE SECURITIES OF SBS

None of SBS, Chalice or any person associated with SBS or Chalice has acquired or disposed of any marketable securities of SBS in the four months immediately preceding the Lodgement Date.

DEALINGS IN MARKETABLE SECURITIES OF CHALICE

None of SBS, Chalice or any person associated with SBS or Chalice has acquired or disposed of any marketable securities of Chalice in the four months immediately preceding the Lodgement Date other than:

1. 1,384,000 Chalice Shares purchased by Plato Prospecting Pty Ltd (an entity associated with Timothy Goyder, a director of Chalice); and
2. 300,000 Chalice Shares purchased on market by Central Manhattan Pty Ltd (an entity associated with Anthony Kiernan, a director of Chalice).

APPENDIX 7

INFORMATION ABOUT CHALICE

The information contained in this Appendix is to assist Scheme Participants in deciding how to vote in relation to the Scheme of Arrangement. Whilst SBS and its directors have no reason to believe that any of the information is false or misleading in any material respect, to the fullest extent permitted by law they expressly disclaim any responsibility for the completeness or accuracy of the information about Chalice contained in this Appendix.

1. BACKGROUND

Chalice was incorporated in Australia in 2005 and listed on the Australian Securities Exchange in March 2006. It is headquartered in Perth, Western Australia and its primary business is the exploration and development of the various mineral exploration projects in Western Australia referred to below.

The Chalice cash resources will be applied to the continued development of the Zara Project in Eritrea if the merger between it and SBS is implemented.

2. CHALICE'S PROJECTS

2.1 Murchison

The Gnaweeda Project is located in the Murchison Region of Western Australia, approximately 30 kilometres northeast of Meekatharra covering 190 square kilometres of tenements.

The Gnaweeda Project is subject to a joint venture with Teck Australia Pty Ltd (**Teck**) which has the right to acquire a 70% interest by the expenditure of \$1.5M. Teck has currently earned 51% and may earn a further 19% by the expenditure of an additional \$750,000. Teck has advised Chalice that it is reviewing alternative funding for its interest in the project.

Historical exploration has defined an extensive gold and arsenic anomalous zone, over 15 kilometres long and up to 750 metres wide, within a package of mafic and felsic rocks (the Fairway Magnetic Package, or FMP).

Recent RC drilling within the FMP by Teck has returned narrow high grade gold intercepts, within broader zones of anomalous gold mineralisation, in 7 of the 10 holes drilled. Better gold intercepts include 1 m @ 11.06g/t from 16 m, 1 m @ 37.60 g/t from 50 m, 2 m @ 14.26 g/t from 82 m, 2 m @ 33.94 g/t from 168 m and 3 m @ 11.87 g/t from 277 m. Further RC and diamond drilling is planned to test the extent of known mineralisation and provide important structural information to aid understanding of mineralisation controls for future targeting of thicker high-grade zones.

2.2 Laverton

Chalice's Wilga Project covers 12 square kilometres located 15 kilometres south east of the Sunrise/Cleo gold mine owned by AngloGold Ashanti Limited (**AngloGold Ashanti**) and is approximately 55 kilometres south of Laverton in the highly endowed Laverton Tectonic Zone, which also hosts the Granny Smith and Red October gold deposits.

The Wilga Project is subject to a joint venture with AngloGold Ashanti whereby AngloGold Ashanti has the right to earn a 75% interest by the expenditure of \$2 million within the next 4 years.

Gold mineralisation in the area is hosted by BIF, quartz veining and shear zones within basaltic sequences. Past exploration defined an extensive gold anomalous zone, over 1,500 metres long and up to 500 metres wide, centred on the BIF and a second anomalous zone overlying mafic and ultramafic lithologies to the west. Broad spaced RAB and limited RC drilling has yielded moderate width intercepts with significant gold values (>1 g/t) in several holes.

Further focussed exploration programs are planned to validate and verify existing gold anomalies and to develop an understanding of the geological characteristics and controls on the gold mineralisation. This work will include systematic mapping and rock chip sampling of exposures, aircore drilling of gold-in-soil anomalies and follow up RC and diamond drilling of selected target areas.

2.3 West Pilbara

Chalice's Yandearra Project covers some 1,300 square kilometres in the West Pilbara of Western Australia, located approximately 100km south of Port Hedland and immediately south of Range River Gold Limited's Indee and west of De Grey Mining Limited's Turner River Gold Projects.

Atlas Iron Limited (**Atlas Iron**) has an option to acquire the iron ore rights over the Yandearra Project for \$1M having previously paid \$250,000 for the grant of the option. This option expires in November 2009.

Gold mineralisation in the project area is present within the Mallina Basin sediments in the north and Pilbara Well greenstones in the southeast. Base metal anomalies are also present in the Pilbara Well rocks. Recent work has also indicated potential for bedded iron deposits associated with banded iron formation (BIF) units within the project area.

Gold and base metal exploration within the Pilbara Well greenstones by Chalice's former joint venture partner, De Grey Mining Limited, has included soil geochemistry, geological reconnaissance and rock sampling programs. Several new gold and base metal occurrences were identified by this work with high gold, copper, lead and silver grades obtained from rock samples. Most occurrences, however, were found to be related to wide-spaced veins and narrow felsic dykes and were downgraded as having limited tonnage potential. The most recent work has focussed on a large, previously unexplored area near the Cleaverville Chert Hills where soil sampling identified a new, high tenor gold-in-soil (up to 2.64g/t) anomaly, which remains open and untested to the north and east. The anomaly occurs in a structurally favourable position at the western end of a large granite body that intrudes the greenstone rocks of the Cleaverville Chert and underlying felsic volcanic lithologies. Data evaluation for planning of future work to define the limits and a possible bedrock source to the anomaly is being undertaken.

Atlas Iron has undertaken interpretation of regional aeromagnetic data coupled with helicopter reconnaissance surveys to assess the project for both direct shipping ore and magnetite potential. A relatively small area of surface iron enrichment (with values of 55 to 60% Fe, but relatively high phosphorus values of 0.15 to 0.29%) has been delineated in the southwest portion of the project. Three distinct BIF-hosted, magnetite targets have been delineated in other areas and these will be assessed for their potential to host economic magnetite mineralisation.

3. CHALICE HISTORICAL FINANCIAL INFORMATION

Historical financial information (unaudited) in respect of Chalice as at 31 March 2009 is included in Appendix 8.

4. OWNERSHIP OF CHALICE

As at [date], Chalice had 72,800,000 fully paid ordinary shares on issue.

As at [date], Chalice also had the following 6,825,000 unlisted options on issue:

Number of Options	Expiry Date	Exercise Price
5,575,000	21 March 2011	\$0.25
500,000	21 December 2012	\$0.25
250,000	11 December 2012	\$0.20
500,000	31 July 2013	\$0.20

As at [date], Chalice had received the following current substantial shareholder notices pursuant to the Corporations Act:

Substantial Shareholder	Number of Shares	% of Shares
Timothy R B Goyder	17,240,458	23.68
Balfes (Qld) Pty Ltd as trustee for the Balfes Super Fund	5,000,000	6.87

5. LITIGATION

Chalice is not currently involved in any litigation.

6. CHALICE'S DIRECTORS AND SENIOR MANAGEMENT

6.1 Timothy R B Goyder – Executive Chairman

Mr Goyder has over 35 years' experience in the resource industry as a prospector, investor, company director and as the owner and operator of a large contract drilling company.

Mr Goyder has been involved in a range of exploration and development projects and in the formation and management of a number of publicly listed companies. He is currently a director of Uranium Equities Limited and chairman of Liontown Resources Limited.

6.2 Douglas Jones, PhD, AusIMM, CPGeo – Managing Director

Dr Jones has 30 years' experience in international mineral exploration, having worked extensively in Australia, Africa, the Americas and Europe. His career has covered exploration for volcanic and sediment-hosted zinc-copper-lead, gold in a wide range of geological settings and IOCG style copper-gold. He is also the managing director of Liontown Resources Limited and a director of AIM-listed Minera IRL Limited.

6.3 Anthony W Kiernan, LLB - Non-executive Director

Mr Kiernan is a solicitor with considerable experience in the administration and operation of listed public companies. In addition to his legal practice Mr Kiernan provides commercial and corporate advice to various entities, including those in the resources sector. He is

chairman of BC Iron Limited and a director of Uranium Equities Limited and Liontown Resources Limited, which are listed on the ASX. Mr Kiernan is also Chairman of Anglicare (WA).

6.4 Richard Hacker, B.Com, ACA, ACIS - Commercial Manager and Company Secretary

Mr Hacker has significant professional and corporate experience in the energy and resources sector in Australia and the United Kingdom. He has previously worked in senior finance roles with global energy companies including Woodside Petroleum Limited and Centrica Plc. Prior to that he worked with leading international accounting practices. Mr Hacker is a Chartered Accountant and Chartered Secretary and is also Company Secretary of Liontown Resources Limited and Uranium Equities Limited.

APPENDIX 8

INFORMATION ABOUT THE MERGED GROUP

This Appendix sets out Chalice's intentions in relation to the continuation of SBS's business. These statements of intention are based on the information concerning SBS, its business and the general business environment which is known to Chalice at the time of preparation of the Scheme Booklet. Final decisions may only be reached by Chalice in light of increased knowledge through exposure to SBS's business.

1. OVERVIEW

The Merged Group will be known as Chalice Gold Mines Limited and will have the Zara Project as its key focus along with the mineral exploration projects of Chalice outlined in Appendix 7. As noted elsewhere in the Scheme Booklet, Chalice will also be purchasing a company which holds a further 11% in the Zara Project. This acquisition is subject to completion of the Scheme and would give the Merged Group an 80% interest in the Zara Project.

2. CONDUCT OF BUSINESS AND OTHER CORPORATE MATTERS

If the Scheme is implemented, Chalice intends to continue the development of the Zara Project expeditiously with a view to completing a pre-feasibility study in the second half of 2009. The corporate activities of SBS will be assumed by Chalice in its corporate offices in West Perth, Australia. Chalice, through its joint venture partners, will also continue work on its existing projects, particulars of which are provided in Appendix 7.

3. SBS'S MANAGEMENT AND EMPLOYEES

The current managing director of SBS, Michael Griffiths, will be appointed as an executive director of Chalice to ensure continuity in relation to his extensive knowledge of the Zara Project.

Subject to a more detailed review of the employees of SBS in Eritrea, Chalice's current intention is to have minimal operational job losses in the near future, particularly as the Zara Project advances towards feasibility.

4. COMBINED GROUP CONSOLIDATED PRO-FORMA BALANCE SHEET

Set out below is the unaudited pro-forma consolidated balance sheet of the Merged Group which is based on the balance sheet of Chalice as at 31 March 2009 and the balance sheet of SBS as at 31 March 2009.

The unaudited pro-forma consolidated balance sheet of the Merged Group is provided for illustrative purposes only and has been adjusted for material events which have occurred since that date and the merger adjustments detailed in Section 4.1 below.

As the consolidated pro-forma balance sheet is as at 31 March 2009, it may not represent the financial position of the Merged Group following implementation of the Scheme. The fair value of the net assets of SBS will ultimately be determined as at the Effective Date.

Balance Sheets as at 31 March 2009	Chalice Gold Mines Pro forma	Sub-Sahara Pro forma	Merger adjustments	Pro forma Merged Entity
Current Assets				
Cash and Equivalents	10,022,642	1,124,320	(2,664,200)	8,482,762
Trade & Other Receivables	125,486	606,772	0	732,257
Financial Assets	0	42,500	0	42,500
TOTAL CURRENT ASSETS	10,148,127	1,773,592	(2,664,200)	9,257,520
Non-current Assets				
Financial Assets	144,407	0	0	144,407
Property, Plant & Equipment	247,605	421,357	0	668,962
Exploration & Evaluation Assets	2,023,146	7,162,983	935,424	10,121,552
TOTAL NON-CURRENT ASSETS	2,415,158	7,584,340	935,424	10,934,921
TOTAL ASSETS	12,563,285	9,357,932	(1,728,776)	20,192,441
Current liabilities				
Trade & other payables	55,562	459,208	0	514,770
Employee benefits	15,748	21,372	0	37,120
Other	50,711	0	0	50,711
TOTAL CURRENT LIABILITIES	122,021	480,580	0	602,601
Non-current Liabilities				
Other liabilities	0	0	300,000	300,000
Provisions	0	46,188	0	46,188
TOTAL NON-CURRENT LIABILITIES	0	46,188	300,000	346,188
TOTAL LIABILITIES	122,021	526,768	300,000	948,788
NET ASSETS	12,441,264	8,831,164	(2,028,776)	19,243,652
Equity				
Issued and paid up capital	13,974,454	33,763,421	(26,961,033)	20,776,842
Reserves	620,882	898,318	(898,318)	620,882
Accumulated Losses	(2,154,072)	(25,830,575)	25,830,575	(2,154,072)
TOTAL EQUITY	12,441,264	8,831,164	(2,028,776)	19,243,652

4.1 Merger adjustments

Cash and cash equivalents have been reduced by \$2,664,200 to reflect payments made contingent upon the merger completing and include:

- (a) The payment of \$1,210,000 for the acquisition of a company which holds the additional 11% interest in the Zara Project;
- (b) Reimbursement of approximately \$454,000 of historical exploration costs to the vendor of the interest in (a) above;

- (c) Estimated costs of the merger for both Chalice and SBS of \$765,000;
- (d) Termination and redundancy costs in relation to SBS directors of \$62,700 as detailed under Section 21 of the Scheme Booklet and corporate employees of \$34,500; and
- (e) Termination costs of \$138,000 in relation to the service contract referred to in Section 21 of the Scheme Booklet.

Exploration and evaluation assets have been increased by \$935,424, represented by:

- (f) an increase of \$1,210,000 following the acquisition of a company which holds an additional 11% interest in the Zara Project;
- (g) a fair value adjustment reducing exploration and evaluation assets by \$574,576, calculated as the difference between the purchase price paid by Chalice (including direct costs of acquisition) and the fair value of the identifiable assets and liabilities of SBS (excluding exploration and evaluation assets); and
- (h) an increase of \$300,000 representing increased costs of acquisition of the Zara Project licenses due to potential tax implications in relation to post-merger restructuring activities. A corresponding offset in other non-current liabilities has also been recorded.

4.2 Variation in accounting policies

No allowance for variations in accounting policies of Chalice and SBS have been made to the pro-forma balance sheet of the Merged Group set out above. Differences in accounting policies will be taken into account following an assessment of fair values of the identifiable net assets of SBS following implementation of the Scheme. The Merged Group will report its financial information in accordance with Australian Equivalents to International Reporting Standards, adopting the accounting policies of Chalice.

5. RISKS

5.1 Overview

This section sets out a number of risks associated specifically with an investment in the Merged Group following implementation of the Scheme. These risks will be important for Scheme Participants to consider when deciding whether to vote in favour of the Scheme.

5.2 General economic risks and business climate

Share market conditions may affect the listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) movements in or outlook on interest rates and inflation rates;
- (c) currency fluctuations;
- (d) commodity prices;
- (e) changes in investor sentiment towards particular market sectors; and
- (f) the demand and supply for capital.

5.3 Key Risks Arising from the Scheme

(a) Retention of New Chalice Shares

Chalice will issue Chalice Shares as consideration under the Scheme. Some SBS shareholders who receive New Chalice Shares may not wish to retain their shareholdings and it is possible that they may sell their Chalice Shares shortly after receiving them. If a significant number of shareholders do this, this may have an adverse effect on the price of Chalice Shares on the ASX in the short term.

(b) Production and Other Operational Risks

Gold mining involves significant degrees of risk, including those related to mineral exploration success, unexpected geological or mining conditions, the development of new deposits, climatic conditions, sourcing mining and processing inputs, equipment and/or service failures and other general operating risks. Many of these risks are outside the ability of Chalice's management to control.

(c) Exploration, Development, Mining and Processing Risks

The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable ore reserves;
- (ii) the successful conclusion of bankable feasibility studies;
- (iii) access to adequate capital for project development;
- (iv) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (v) securing and maintaining title to tenements and compliance with the terms of those tenements;
- (vi) obtaining consents and approvals necessary for the conduct of exploration and mining; and
- (vii) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not revenue will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

Mining is an industry which has become subject to increasing legislative regulation, including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations, or changes to underlying policy, may adversely impact on the operations of Chalice.

(d) **Joint venture parties, agents and contractors**

Chalice is unable to predict the risk of financial failure or default by a participant in any joint venture to which Chalice is or may become a party or the insolvency or managerial failure of any of the contractors used by Chalice in any of its activities or the insolvency or other managerial failure of any other service providers used by Chalice for any activity.

(e) **Reliance on Key Personnel**

Chalice's success depends largely on the core competencies of its current directors and management, and their familiarity with, and ability to operate in, the metals and mining industry and Chalice's ability to retain its key executives.

(f) **Resource Estimate**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new information becomes available. In addition, resource estimates are by their nature imprecise and depend on interpretations, which may prove to be inaccurate. Should Chalice encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on Chalice's operations.

(g) **Political Risk**

As the Zara Project is located in Eritrea, it is subject to higher degree of political risk than Chalice's Australian operations. Chalice is therefore subject to political, economic, social and other uncertainties, including the risk of civil rebellion, expropriation, nationalisation, landownership disputes, community disputes, renegotiation or termination of existing contracts, mining licenses and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions, changing political conditions and international monetary fluctuations. The effects of these factors cannot be accurately predicted and any combination of one or more of the above may impede the operation or development of the Zara Project and affect its economics.

(h) **Zara Project exploration licences**

SBS was advised by the Ministry of Energy and Mines in Eritrea that SBS's application for renewal of the Zara Project exploration licences for a term of 1 year from 25 May 2009 had been approved, subject to SBS:

- (i) submitting and executing an appreciable work plan so as to advance the exploration work to a bankable project stage;
- (ii) submitting a project pre-feasibility study by the end of October 2009; and
- (iii) submitting a feasibility study before the renewal anniversary date, 25 May 2010.

The Merged Group's ability to meet these conditions may be affected by matters beyond its control. Whilst the Department of Mines and Energy has previously renewed the Zara Project exploration licences where conditions attaching to the licences have not been complied with due to events beyond SBS's control, there can be no guarantee that this policy will continue to be followed.

(i) **Gnaweeda, Wilga and Yandeara Projects**

Chalice's exploration projects in Western Australia are at an earlier stage of exploration compared to the Zara Project. Therefore no assurances can be provided as to the ultimate discovery of an economically mineable resource from any of these projects.

(j) **Gold Price Risk**

All of the Merged Group's production revenues would be derived from the sale of gold, meaning that its earnings would be closely related to the price of gold. Gold prices fluctuate widely and are affected by numerous industry factors beyond management's control, such as central bank sales, demand for precious metals, forward selling by producers and purchasers of gold, production cost levels in major gold producing regions, and macro-economic factors.

(k) **Environment**

The Merged Group's projects are subject to laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Merged Group intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by those activities will be rehabilitated as required by applicable laws and regulations.

(l) **Title**

Apart from the exploration licences covering the Zara Project, tenements which Chalice holds or in which it has an interest may be the subject of applications for extension in the future. If a tenement is not extended, the Merged Group may suffer significant damage through loss of the opportunity to discover and/or develop any mineral resources on that tenement.

In addition, the Merged Group cannot guarantee that those tenements that are applications for tenements will ultimately be granted, in whole or in part.

6. CAPITAL STRUCTURE AND OWNERSHIP OF THE MERGED GROUP

As at the date of this Scheme Booklet, Chalice had 72,800,000 ordinary shares and 6,825,000 Chalice Options on issue, as outlined in Appendix 7.

Should the Scheme be approved at the Scheme Meeting, Chalice will issue approximately 46,703,766 New Chalice Shares to acquire 100% of the Scheme Shares and approximately 1,613,727 New Chalice Shares to acquire all the SBS Unlisted Securities.

At the Implementation Date, the overall interest of SBS shareholders, including holders of SBS Unlisted Securities, in Chalice will be approximately 39%.

As described in Appendix 7, Chalice currently has two substantial shareholders. Following completion of the merger, the substantial shareholders in Chalice, based on their shareholdings at [date] will be:

Substantial Shareholder	Number of Shares	% of Shares
Timothy R B Goyder	17,240,458	14.23
Anvil Mining Limited	8,387,698	6.93
Rockfield Investments Ltd group	6,807,564	5.62

7. RIGHTS ATTACHING TO NEW CHALICE SHARES

Chalice is incorporated in Australia and is subject to the Corporations Act. As a company listed on the ASX, Chalice is also regulated by the Listing Rules.

The rights attaching to ownership of Chalice Shares (including New Chalice Shares) are:

- described in the Chalice's constitution;
- regulated by the Corporations Act ;and
- the Listing Rules.

The New Chalice Shares will rank pari passu with all other Chalice Shares presently on issue. The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to Chalice Shares:

(a) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares in accordance with Chalice's constitution:

- (i) each member entitled to vote may vote in person or by proxy or by representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy or representative of a shareholder has one vote; and
- (iii) on a poll, every person who is a shareholder or a proxy or representative of a shareholder present has one vote for each Chalice Share held.

(b) **Dividend Rights**

Chalice in general meeting may from time to time determine to distribute the profits of Chalice by way of dividend but no amount shall be declared in excess of the amount recommended by the board of directors of Chalice.

Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), dividends will be declared and paid to shareholders entitled to those dividends in proportion to the Chalice Shares held by them respectively, according to the amount paid up, or credited as paid up, on the Chalice Shares.

(c) **Rights on Winding Up**

Subject to the rights of holders of shares with special rights (at present there are none), if Chalice is wound up, the liquidator may, at its discretion and with the authority of a special resolution and any other sanction required by the Corporations Act, divide among the shareholders in specie or in kind, the whole or any part of the assets of Chalice that may be legally distributed among the shareholders.

(d) **Transfer of Shares**

Subject to Chalice's constitution, the Corporations Act and the ASX Listing Rules, Chalice Shares are freely transferable.

(e) **Future Issues**

Subject to Chalice's constitution, the Corporations Act and the ASX Listing Rules, Chalice's directors may allot, issue or grant options over, or otherwise deal with the unissued shares in Chalice at the times and on the terms and conditions that the directors think proper and a share may be issued with preferential, deferred, qualified or special rights, privileges or conditions or restrictions including, but not limited to, restrictions in regard to dividends, voting or return of capital as the directors from time to time determine.

(f) **Variation of Rights**

Subject to Chalice's constitution and the Corporations Act, unless otherwise provided by the terms of issue of shares of a certain class (at present there are no such shares), the rights attached to shares of that class may, whether or not Chalice is being wound up, from time to time be varied, modified or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the relevant class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

(g) **Alteration of Chalice's constitution**

Chalice's constitution can only be amended by a special resolution (that is, a resolution that has been passed by at least three-quarters of the votes cast by shareholders entitled to vote on the resolution).

Full details of the rights attaching to Chalice Shares, including the New Chalice Shares, are set out in Chalice's constitution, a copy of which can be inspected, free of charge, at Chalice's registered office, at Level 2, 1292 Hay Street, West Perth, Western Australia 6005 during normal business hours.

APPENDIX 9

INDEPENDENT EXPERT'S REPORT

APPENDIX 10

**SUB-SAHARA RESOURCES NL
ACN 061 104 158**

NOTICE OF MEETING

SCHEME MEETING

TO: The holders of the Scheme Shares

NOTICE IS HEREBY GIVEN that, pursuant to an order of the Supreme Court of Western Australia made on [REDACTED] 2009, a meeting of the holders of the Scheme Shares (the "**Scheme Meeting**") will be held at [venue] on [REDACTED] 2009 at 10:00am for the purpose of considering and, if thought fit, agreeing (with or without modification) to the proposed Scheme of Arrangement between Sub-Sahara Resources NL and the holders of Scheme Shares.

In accordance with section 412(1) of the Corporations Act, a copy of the proposed Scheme of Arrangement and a copy of the Scheme Booklet in relation to the Scheme of Arrangement accompany this Notice.

By the order referred to above, the Court has directed that Barry Colin Bolitho or, failing him, Neil Christian Fearis to act as Chairman of the Scheme Meeting.

The Scheme of Arrangement is subject to subsequent approval by the Court.

Words and expressions defined in and for the purpose of the Scheme of Arrangement have the same meanings where used in this Notice.

DATED: [REDACTED] 2009.

Ernest Anthony Myers
Company Secretary

SUB-SAHARA RESOURCES NL (ACN 061 104 158)

**PROXY FORM
SCHEME MEETING**

I/We,.....
of being a holder/holders of
Scheme Shares hereby appoint of
.....

(or failing him) the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the meeting of holders of Scheme Shares convened pursuant to an order of the Supreme Court of Western Australia made on [redacted] 2009 for the purpose of considering and, if thought fit, agreeing to the proposed Scheme of Arrangement between Sub-Sahara Resources NL and the holders of Scheme Shares, such meeting to be held on [redacted] 2009 at 10:00am, and at any meeting held subsequent and pursuant to an adjournment of that meeting.

This form is to be used in accordance with the directions below. Unless the proxy is directed, he may vote as he thinks fit.

Words and expressions defined in and for the purposes of the Scheme of Arrangement have the same meanings where used in this form.

Approve the Scheme of Arrangement

For: Against:

Instructions:

1. To direct the appointee to cast all votes covered by this instrument in a particular manner, place a sufficient indication (including, without limitation, a tick ✓ or a cross X) in the relevant box.
2. To direct the appointee to cast some only of the votes covered by this instrument in a particular manner, place in the relevant box either the number of votes to be cast in that manner or the percentage of the total votes covered by this instrument.
3. A holder of Scheme Shares entitled to attend and vote at the Scheme Meeting is entitled to appoint not more than two proxies to attend and, on a poll, to vote in his stead.
4. Where two proxies are appointed, neither proxy shall be entitled to vote on a show of hands and, on a poll, the appointment shall be of no effect unless each proxy is appointed to represent a specified proportion of the holder's voting rights.
5. A proxy need not himself be a holder of Scheme Shares.
6. The Proxy Form must be signed by the holder or his attorney duly authorised in writing (or, if the holder is a corporation, either under the common seal of that

corporation or under the hand of an officer or attorney of the corporation duly authorised in writing).

7. The Proxy Form (and any power of attorney or other authority pursuant to which the Proxy Form has been signed) must be deposited at the registered office of the Company not later than 48 hours before the time fixed for the holding of the Scheme Meeting.

Dated: 2009

Signed

INDIVIDUAL /DIRECTOR

Signed

INDIVIDUAL /DIRECTOR /SECRETARY