



ABN 47 116 648 956

**2012  
NOTICE OF ANNUAL GENERAL MEETING,  
EXPLANATORY STATEMENT AND PROXY FORM**

The Annual General Meeting of the Company will be held at the office of Chalice Gold Mines Limited, Level 2, 1292 Hay Street, West Perth, Western Australia, on 30 November 2012 at 9.00am (WST)



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## **TIME AND PLACE OF MEETING AND HOW TO VOTE**

### **VENUE**

The Annual General Meeting of the Shareholders of Chalice Gold Mines Limited ('Chalice') to which this Notice of Meeting relates will be held at 9.00am (WST) on Friday 30 November 2012 at Level 2, 1292 Hay Street, West Perth, Western Australia.

### **YOUR VOTE IS IMPORTANT**

The business of the Annual General Meeting affects your shareholding and your vote is important.

### **VOTING IN PERSON**

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

### **VOTING BY PROXY**

All Shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more Shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise.

To vote by proxy, please complete and sign the proxy form enclosed and either send it:

- (a) by post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, VIC, 3001 (reply paid envelope enclosed); or
- (b) by facsimile (within Australia) 1800 783 447 and (outside Australia) +61 3 9473 2555,

so that it is received **no later than 9.00am (WST) on 28 November 2012**, being not less than 48 hours prior to the commencement of the meeting. Proxy forms received later than this time will be invalid. Where the proxy form is executed under power of attorney, the power of attorney must be lodged in the same way as the proxy form.

### **BODIES CORPORATE – CORPORATE REPRESENTATION**

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at the meeting of Shareholders. The appointment may be a standing one.

### **VOTING ENTITLEMENTS**

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Board has determined that, for the purpose of voting at the meeting, Shareholders are those persons who are the registered holders of the Company's shares at 4.00pm (WST) on 28 November 2012.

### **ENQUIRIES**

The Company welcomes enquiries in respect of matters covered in this Annual Notice of Meeting and Explanatory Memorandum and the attendance of Shareholders at the General Meeting. Should you require further information please contact:

The Company Secretary  
Richard Hacker  
Phone: (+61 8) 9322 3960  
Fax: (+61 8) 9322 5800  
Email: rhacker@chalicegold.com

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS GIVEN** that the Annual General Meeting (**Meeting**) of the Shareholders of Chalice Gold Mines Limited (the **Company**) will be held at Level 2, 1292 Hay Street, West Perth, Western Australia on Friday 30 November 2012 at 9.00am (WST).

### AGENDA

#### FINANCIAL REPORT

To receive and consider the Company's Financial Report and the reports of the directors and auditor for the year ended 30 June 2012.

#### RESOLUTION 1 - REMUNERATION REPORT

To consider and, if thought fit, to pass as an ordinary resolution:

*"To adopt the Remuneration Report for the financial year ended 30 June 2012."*

Note: The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

#### Voting Exclusion Statement

The Company will disregard any vote cast on Resolution 1 by, or on behalf of:

- (a) a member of the key management personnel as disclosed in the Remuneration Report (**Key Management Personnel**); and
- (b) a closely related party (such as close family members and any controlled companies) of those persons ("**closely related party of Key Management Personnel**"),

unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form, or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The Chairman intends to vote all available proxies in favour of the Resolution.

#### RESOLUTION 2 - RE-ELECTION OF STEPHEN QUIN AS A DIRECTOR

To consider and if thought fit, to pass the following as an ordinary resolution:

*"To elect as a Director of the Company, Mr Stephen Quin who retires by rotation in accordance with the Company's constitution and the ASX Listing Rules and, being eligible, offers himself for re-election."*

#### RESOLUTION 3 – EQUAL CAPITAL REDUCTION

To consider and if thought fit, to pass the following as an ordinary resolution:

*"That Shareholders approve, for the purposes of section 256B and 256C of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by \$25,003,089 by returning to Shareholders on a pro-rata basis 10 cents for each Share held as at the Record Date, as more particularly described in the Explanatory Memorandum."*

#### RESOLUTION 4 – SPILL RESOLUTION

**Resolution 4 will not be put to the meeting if Resolution 1 is passed with less than 25% of the votes cast on the resolution being cast against the resolution**

To consider and if thought fit, pass the following as an ordinary resolution:

*"That subject to and conditional on at least 25% of the votes cast on Resolution 1 being cast against the adoption of the Remuneration Report:*

- (a) *that another general meeting of the Company ("the Spill Meeting") be held within 90 days of the passing of this resolution;*
- (b) *all of the directors in office when the Board resolution to make the director's report for the financial year ended 30 June 2012 was passed, excluding the Company's Managing Director (such directors being Timothy Goyder, Anthony Kiernan and Stephen Quin) cease to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to the office of directors of the Company that will be vacated at the Spill Meeting be put to the vote of Shareholders at the Spill Meeting."*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 4 by, or on behalf of:

- (1) a member of the Key Management Personnel; and
- (2) a closely related party of Key Management Personnel,

unless the vote is cast by a person as a proxy for a person entitled to vote under a direction given on the Proxy Form, or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The Chairman intends to vote all available proxies against of the Resolution.

By order of the Board



RICHARD HACKER  
Company Secretary

24 October 2012

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting of Chalice Gold Mines Limited ('Chalice') to be held at Level 2, 1292 Hay Street, West Perth, Western Australia on Friday 30 November 2012 at 9.00am (WST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the resolutions in the Notice of Meeting.

### FINANCIAL STATEMENT AND REPORTS

The Corporations Act requires the Company to lay before the Annual General Meeting the Financial Report, Directors' Report (including the remuneration report) and the Auditor's Report for the last financial year that ended before the Annual General Meeting.

No resolution is required for this item, but Shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

### RESOLUTION 1 – REMUNERATION REPORT

#### General

Section 298 of the Corporations Act requires the annual Directors' Report to contain a remuneration report prepared in accordance with section 300A of the Corporations Act.

The Remuneration Report of the Company for the financial year ended 30 June 2012 is set out in the Directors' Report contained in the 2012 Annual Report to Shareholders.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and Key Management Personnel. A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

The vote on this resolution is advisory only and does not bind the Directors of the Company. However, the Company incurred a "strike" at its 2011 AGM (which such "strike" is deemed to have arisen if 25% of the votes cast were against the adoption of the report, even though the majority of votes may have been in favour). The importance of this is explained in further detail below.

#### Two Strikes Rule

At last year's AGM, 53% of votes cast on the remuneration report resolution were cast in favour of the adoption of the Remuneration Report and 47% against. Because the votes "against" exceeded 25% of the votes cast, the Company recorded what is known as a "first strike" under the new executive remuneration provisions of the Corporations Act which applied for the first time last year.

Since the Company incurred a strike at the 2011 AGM, the Company has considered the outcome of the vote and consulted with key Shareholders regarding the remuneration of the board and Key Management Personnel. From these discussions, it is apparent that the basis of the negative vote in 2011 was not as to the quantum of remuneration, but to the structure of long term incentives granted to Key Management Personnel, the form of remuneration to non-executive directors and the perceived lack of independent directors on the Board. The concerns of Shareholders and the Board's response to these concerns are outlined in the 2012 Remuneration Report.

If (and only if) the votes against the 2012 Remuneration Report represents at least 25% of the votes cast, the Company will receive a "second strike". Under the Corporations Act, if the Company receives a second strike, a resolution must be put immediately to Shareholders, allowing Shareholders, if they so choose, to pass a resolution to hold fresh elections for directors ("spill resolution"). Resolution 4 is the Spill Resolution. If Resolution 4 is passed, then it will be necessary for the Board to convene a further general meeting ("Spill Meeting") of the Company within 90 days of the AGM in order to consider the composition of the Board. If Resolution 4 is defeated, there will be no Board spill and the current directors will remain and hold office in accordance with the Constitution of the Company.

As noted below in the discussion on Resolution 4, Shareholders may not necessarily vote for a Spill Meeting even though a "second strike" eventuated. It is a matter of Shareholder discretion.

#### Recommendation

The Board unanimously recommends that Shareholders vote **in favour** of Resolution 1.

## **RESOLUTION 2 – RE-ELECTION OF STEPHEN QUIN AS A DIRECTOR**

Under the Company's Constitution, one-third (or the number closest to one-third) of the Directors (other than the Managing Director) are required to retire by rotation each year.

Mr Quin was elected as Director of the Company on 3 May 2010 and in accordance with the Company's Constitution and the ASX Listing Rules retires. Mr Quin, being eligible, has offered himself for re-election as a Director of the Company.

Mr Quin is a mining geologist with over 30 years' experience in the mining and exploration industry. He is based in Vancouver, Canada, and has been the President and CEO of Midas Gold Corp. and its predecessor since January 2011. Mr Quin was, until December 2010, President and COO of Capstone Mining Corp. and President and CEO of its predecessor, Sherwood Mining Corp. from 2005 until the combination with Capstone in 2008. He is also a director of TSX-listed Mercator Minerals Ltd., TSX Venture-listed Troon Ventures and NASDAQ-listed Blue Wolf Mongolia Holdings Corp. Mr Quin has extensive experience in the resources sector, and in the financing, development and operation of production companies.

Based in Vancouver, Canada, Mr Quin has continued to assist the Company with his extensive experience in the Canadian markets and resources sector.

### **Recommendation**

The Board (other than Mr Quin) unanimously recommends that Shareholders vote **in favour** of Resolution 2.

## **RESOLUTION 3 – EQUAL CAPITAL REDUCTION**

### **Background**

On 4 September 2012, the Company completed the sale of its 60% interest in the Zara Gold Project in Eritrea to China SFECO Group for US\$78 million, plus a deferred payment of US\$2 million payable upon commencement of commercial production at the Koka Gold Mine (which falls within the Zara Gold Project). In addition, the Eritrean National Mining Company ("ENAMCO") settled the outstanding balance of US\$29 million for its acquisition of a 30% interest in the Zara Gold Project from Chalice resulting in Chalice having a net cash balance of approximately A\$81 million after payment of all taxes in Eritrea at the date of this Notice of Meeting. The acquisition of this 30 % was in addition to the 10% free carried interest then held by ENAMCO pursuant to the Mining Proclamation of Eritrea.

As a result of the above transactions, the Board has undertaken a review of its capital management options and determined that the funds on hand exceed the Company's current capital requirements, providing justification to return some of this capital to shareholders. The proposed capital reduction and return will be approximately \$25 million, or 10 cents per Share.

Following completion of the capital reduction and return (if approved by Shareholders), it is estimated that the Company would have net cash reserves of approximately \$55 million and approximately 250 million shares on issue. These funds will be used to pursue acquisition opportunities in the resource sector. To this end, the Company has an in-house Business Development team which is currently actively assessing opportunities, with a particular focus on advanced gold and copper-gold projects both in Australia and overseas.

### **Additional information for shareholders**

#### **(a) Entitlement to participate**

All shareholders who are registered on the Company's share register as at the Record Date of 4.00pm (WST) on 10 December 2012 will participate in the capital return.

#### **(b) Amount of entitlement**

Each shareholder who participates in the capital return will receive 10 cents cash for each Share held as at the Record Date.

#### **(c) Indicative timetable**

The Company has lodged with ASIC a copy of this Notice of Meeting and the Explanatory Statement in accordance with section 256C of the Corporations Act.

If Resolution 3 is passed, the capital return will take effect in accordance with the timetable as follows:

Event	Date
Meeting held and results announced to ASX	30 November 2012
Last date of trading on a pre-capital return basis	4 December 2012
Record Date	10 December 2012
Entitlement paid to Shareholders	14 December 2012

Note: This timetable is indicative only and subject to change.

### Shareholder approval and regulatory requirements

#### (a) Regulatory requirements

The capital reduction is an "equal capital reduction" in accordance with section 256B (2) of the Corporations Act as:

- (i) it relates only to ordinary shares in the capital of the Company;
- (ii) it applies to each holder of ordinary shares in the same proportion to the number of ordinary shares they hold in the Company; and
- (iii) the terms of the reduction are the same for each holder of ordinary shares in the Company.

Under section 256C of the Corporations Act the capital reduction must be approved by an ordinary resolution passed at a general meeting of the Company. Resolution 3 seeks this approval from Shareholders. An ordinary resolution requires a simple majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

Under section 256B of the Corporations Act, the Company must not effect a reduction of capital unless it:

- (i) is fair and reasonable to the shareholders as a whole;
- (ii) does not materially prejudice the Company's ability to pay its creditors; and
- (iii) is approved by shareholders.

#### (b) Directors' opinion

The Directors believe that:

- (i) The capital return is fair and reasonable to the shareholders as a whole as the terms of the capital return are the same for each shareholder and the capital return is on a pro-rata basis.
- (ii) The capital return does not materially prejudice the Company's ability to pay its creditors as the Company will have sufficient cash reserves to pay its creditors after the capital return.
- (iii) The Company will remain solvent following the capital reduction.

The Directors have considered the advantages and disadvantages of the capital return, as follows.

#### Advantages

The primary advantage in approving the capital return is that it will enable the Company to repatriate capital to its Shareholders, which is in excess of its current requirements.

#### Disadvantages

A disadvantage of the proposed capital return is that following its implementation the Company will have a reduced capital base from which to operate. However, the directors are of the opinion that the current capital base is in excess of the Company's current requirements. Also, as set out above, the post capital return net cash reserves of approximately \$55 million will be sufficient to pursue acquisition opportunities in the resource sector. Further funds of course can be raised by share issues and placements and, depending upon any project acquired, debt financing or quasi debt financing are further options.

**Effect of the proposed Capital Return**

**(a) Effect on the Company**

The capital return will be paid entirely from the Company's existing cash reserves. As indicated above, this has been facilitated by the sale of the Company's interest in the Zara Project. The effect of the capital return is that the Company's cash resources will be reduced by the amount of capital (cash) returned (paid) to Shareholders (approximately \$25 million), while at the same time the paid up capital will decrease by the corresponding amount.

To illustrate the effect of the Return of Capital on the Company's financial position, the unaudited pro-forma balance sheet of the Company (on a post-Return of Capital basis) is set out in Appendix 1.

**(b) Effect on Shareholders**

The effect of the capital return is that Shareholders will receive 10 cents for each fully paid ordinary share held on the Record Date. The capital return will have no effect on the number of shares held by Shareholders, the paid or unpaid amount in relation to shares held by Shareholders or on their proportionate interests in the share capital of the Company.

**(c) Effect on creditors**

The Company will have sufficient cash reserves to pay its creditors after the capital return (see the Directors' opinion above).

**(d) Effect on options**

The Company currently has on issue 5,100,000 unlisted options to acquire shares in the Company with varying exercise prices and exercise dates.

In accordance with the rules of the Company's Employee Share Option Plan and the ASX Listing Rules, the number of options on issue will remain the same following the capital return. However, the exercise price of each option will be reduced by the same amount paid in respect of each share under the capital reduction – meaning that the exercise price for each option on issue will be reduced by 10 cents. The Company will separately advise option-holders of this fact.

**(e) Effect on performance rights**

The Company currently has on issue 400,000 Performance Rights that when vested will entitle the holder to acquire shares in the Company. The performance rights are subject to varying vesting conditions.

In accordance with the rules of the Company's Employee Long Term Incentive Plan (under which the Performance Rights are issued) and the ASX Listing Rules, the number of shares to which the Performance Rights relates will be adjusted to take into account the effect of the capital return. This will ensure that the holders of Performance Rights will not be disadvantaged as a result of the capital return (but will not receive a benefit that Shareholders do not receive).

The Board has proposed that the Shares to be issued upon conversion of Performance Rights will be adjusted on the following basis:

**Adjusted number of Shares upon conversion of Performance Rights after the Capital Reduction =  $(C \times A)/(A-B)$**

A = the 5 day Volume Weighted Average Share Price of the Company prior to the Record Date for the Capital Reduction

B = the amount of the Capital Reduction in cents per share (being 10 cents)

C = the number of Performance Rights held on the Record Date of the Capital Reduction

**(f) Effect on capital structure**

The capital return will have no effect on the total number of Shares on issue. Following the capital return the Company will continue to have an issued share capital of 250,030,886 fully paid ordinary shares. As set out above, the number of options will remain the same and the number of performance rights will be increased as outlined in 2(e) above.

**Taxation Implications for Shareholders**

Chalice has received a draft Class Ruling from the Australian Taxation Office confirming that:

- (i) no part of the proposed capital return will be treated as a dividend for tax purposes;
- (ii) if the cost of a Share is less than the capital return amount (on a cents per share basis) then an immediate capital gain may arise for the difference;
- (iii) otherwise, the cost base for each Share will be reduced by the capital return amount (on a cents per share basis) for the purpose of calculating any capital gain or loss on the ultimate disposal of that Share; and
- (iv) for those Shareholders who are not tax residents of Australia, no Australian capital gain or loss should arise as a consequence of the capital return.

The draft Class Ruling may not be relied on by Chalice Shareholders until it is issued in final form by the Australian Taxation Office. The final version of the Class Ruling will be published and notice will be included in the Gazette. Chalice will display the final version of the Class Ruling on its website as soon as it becomes available.

The summary in this section is general in nature. In addition, particular taxation implications will depend on the circumstances of each Shareholder. Accordingly, Shareholders are encouraged to seek their own professional advice in relation to their tax position. Neither Chalice nor any of its officers, employees or advisers assumes any liability or responsibility for advising Shareholders about the tax consequences for them from the proposed capital return.

#### Directors' interests and recommendations

All of the Directors of the Company hold Shares and accordingly they will be taking part in the capital return. No Director will receive any payment or benefit of any kind as a consequence of the capital reduction, other than as a Shareholder.

The table below sets out the interests of the Directors (held directly or indirectly) in the Company as at the date of this Notice of Meeting:

Director	Number of ordinary shares held
Timothy Goyder	33,724,342
Douglas Jones	296,278
Anthony Kiernan	1,137,041
Stephen Quin	26,321

Each of the Directors intends to vote in favour of Resolution 3.

The Directors unanimously recommend that shareholders vote **in favour** of Resolution 3.

#### RESOLUTION 4 - SPILL RESOLUTION

**This resolution will only be put to a vote if at least 25% of the votes cast on the resolution to adopt the Remuneration Report (Resolution 1) are cast against the adoption of the report.** Such a vote against the Remuneration Report will constitute a second strike for the Company, even if more than 50% of the votes cast were actually in favour of approving the Remuneration Report.

If the Company receives a second strike and this Resolution 4 is passed, it will be necessary for the Board to convene a further general meeting ("Spill Meeting") of the Company within 90 days of the AGM in order to consider the composition of the Board. The Spill Resolution is an ordinary resolution meaning that it requires a simple majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

If a Spill Meeting is held, Timothy Goyder, Anthony Kiernan and Stephen Quin (as the relevant directors when the Board approved the Director's Report for the financial year ended 30 June 2012) will automatically vacate office at the conclusion of the Spill Meeting. They are however eligible to stand for re-election at that meeting if they so nominate.

The Managing Director of the Company, Dr Doug Jones, would not lose office at any Spill Meeting as he is not subject to retirement at a general meeting.

If Stephen Quin is re-elected at this year's AGM, he will still need to be re-elected at the Spill Meeting to remain in office after the Spill Meeting if Shareholders vote to move to a Spill Meeting if a "second strike" eventuated.

Shareholders may vote against the adoption of the Remuneration Report (Resolution 1), but may still vote against a Spill Meeting being held. This is matter for Shareholders discretion.

If a Spill Meeting is to be held, there is a mechanism to ensure that the statutory minimum of three directors remains after the Spill Meeting. This mechanism will be explained in detail in the notice for the Spill Meeting if the Spill Meeting is required to be held. Those persons elected to office by Shareholders at the Spill Meeting will have their appointment confirmed by resolution at the Company's 2013 AGM.

**Recommendation**

The Board unanimously recommends that Shareholders vote **against** Resolution 4 (the Spill Resolution) if it is put to Shareholders.

**Appendix 1 – Unaudited Pro-forma Statement of Financial Position**

	Consolidated 30 September 2012 <sup>1</sup>	Effect of Capital Reduction and Return <sup>2</sup>	Consolidated 30 September 2012
	A\$	A\$	A\$
<b>Current assets</b>			
Cash and cash equivalents	79,829,737	(25,003,088)	54,826,649
Trade and other receivables	1,332,796	-	1,332,796
<b>Total current assets</b>	<b>81,162,533</b>	<b>(25,003,088)</b>	<b>56,159,445</b>
<b>Non-current assets</b>			
Financial assets	884,640	-	884,640
Exploration and evaluation assets	3,100,964	-	3,100,964
Property, plant and equipment	247,642	-	247,642
<b>Total non-current assets</b>	<b>4,233,246</b>	<b>-</b>	<b>4,233,246</b>
<b>Total assets</b>	<b>85,395,779</b>	<b>(25,003,088)</b>	<b>60,392,691</b>
<b>Current liabilities</b>			
Trade and other payables	(642,750)	-	(642,750)
Employee benefits	(88,907)	-	(88,907)
<b>Total current liabilities</b>	<b>(731,657)</b>	<b>-</b>	<b>(731,657)</b>
<b>Non-current Liabilities</b>			
Provisions	(25,462)	-	(25,462)
<b>Total non-current liabilities</b>	<b>(25,462)</b>	<b>-</b>	<b>(25,462)</b>
<b>Total liabilities</b>	<b>(757,119)</b>	<b>-</b>	<b>(757,119)</b>
<b>Net assets</b>	<b>84,638,660</b>	<b>(25,003,088)</b>	<b>59,635,572</b>
<b>Equity</b>			
Issued capital	(64,200,112)	25,003,088	(39,197,024)
Retained Earnings	(22,204,640)	-	(22,204,640)
Reserves	1,766,092	-	1,766,092
<b>Total Equity</b>	<b>(84,638,660)</b>	<b>25,003,088</b>	<b>59,635,572</b>

Notes to the pro-forma Statement of Financial Position at 30 September 2012:

1. The balance sheet at 30 September 2012 is unaudited;
2. The pro-forma adjustment represents a capital return of 10 cents per share on issued capital of 250,030,886 ordinary shares; and
3. The pro-forma balance sheet has been prepared based on the significant accounting policies disclosed in the annual financial report of Chalice for the year ended 30 June 2012.

## GLOSSARY

The following is a glossary of terms and abbreviations used frequently throughout this Explanatory Statement and in the Notice of Meeting and which such meanings shall apply unless the context requires otherwise. Additional terms used only occasionally are defined where used in their first instance in the body of this Explanatory Statement.

“**ASIC**” means the Australian Securities and Investments Commission.

“**ASX**” means ASX Limited or the Australian Securities Exchange, as appropriate.

“**ASX Listing Rules**” means the Listing Rules of ASX.

“**Board of Directors**” or “**Board**” means the board of Directors.

“**Business Day**” means a day, other than Saturdays, Sundays or any other public holiday in Perth, Western Australia.

“**Chairman**” means the chair appointed for the Annual General Meeting.

“**Chalice**” or “**Company**” means Chalice Gold Mines Limited (ABN 47 116 648 956).

“**Corporations Act**” means the Corporations Act 2001 (Cwlth).

“**Director**” means a director of the Company.

“**Key Management Personnel**” is as defined in the Remuneration Report.

“**Managing Director**” means the managing director of Chalice.

“**Notice**” or “**Notice of Meeting**” means this notice of meeting including the Explanatory Statement.

“**Office**” means Level 2, 1292 Hay Street, West Perth, WA, Australia, 6005.

“**Remuneration Report**” means the remuneration report of the Company for the financial year ended 30 June 2012 (unless otherwise stated) as set out in the Directors’ Report contained in the annual 2012 Annual Report to Shareholders.

“**Share**” means a fully paid ordinary share in the capital of the Company.

“**Shareholder**” means a holder of a Share.

“**Spill Meeting**” means the meeting of Shareholders which must be held within 90 days of the 2012 Annual General Meeting if the Spill Resolution is passed by Shareholders.

“**Spill Resolution**” means the resolution to consider whether a Spill Meeting must be held and which must be put to Shareholders to vote at the 2012 Annual General Meeting should the Company incur a strike in relation to Resolution 1.

“**WST**” means Western Standard Time



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