

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Chalice Gold Mines Limited

ABN

47 116 648 956

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	39	89
1.2 Payments for (a) exploration & evaluation	(1,696)	(2,444)
(b) development	-	-
(c) production	-	-
(d) administration	(853)	(1,569)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	159	1,048
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	(276)
Net Operating Cash Flows	(2,351)	(3,152)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(1,500)
(b) equity investments	-	-
(c) other fixed assets	(399)	(399)
1.9 Proceeds from sale of:		
(a) prospects	653	106,928
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	224	538
1.12 Other (provide details if material)	(2)	(26,055)
Net investing cash flows	476	79,512
1.13 Total operating and investing cash flows (carried forward)	(1,875)	76,360

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1.13	Total operating and investing cash flows (brought forward)	(1,875)	76,360
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	125	125
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(25,083)	(25,083)
	Net financing cash flows	(24,958)	(24,958)
	Net increase (decrease) in cash held	(26,833)	51,402
1.20	Cash at beginning of quarter/year to date	79,830	3,177
1.21	Exchange rate adjustments to item 1.20	574	(1,008)
1.22	Cash at end of quarter	53,571	53,571

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

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	139
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Item 1.8 (a) – includes the payment of \$1.5 million to Dragon Mining Limited following the agreement to set aside the trailing payment of \$4 million on delineation of a 1 million ounce Ore Reserve at the Zara Project.

Item 1.9 – represents the following inflows:

- a) final payment of approximately US\$31 million from the Eritrean National Mining Corporation (“ENAMCO”) for ENAMCO’s acquisition of a 30 percent interest in the Zara Project; and
- b) total proceeds of approximately US\$78 million from China SFECO Group (“SFECO”) for the acquisition of Chalice’s 60 percent in the Zara Gold Project.

Item 1.12 – represents the following outflows:

- a) Eritrean taxes paid in respect of the sale of Chalice’s 60 percent interest in the Zara Project to SFECO; and the sale of Chalice’s 30 percent interest in the Zara Project to ENAMCO; and
- b) costs associated with the sale of the Zara Project.

Item 1.19 – represents an equal capital return and reduction of 10 cents per share for every share held at the record date of 10 December 2012.

Item 1.23 – Amounts paid to related parties include remuneration (including bonuses), directors’ fees, consulting fees and reimbursements of out of pocket expenses to directors.

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Non-cash financing and investing activities

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

Nil

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

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,800
4.2 Development	-
4.3 Production	-
4.4 Administration	700
Total	2,500

Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	52,957	78,263
5.2 Deposits at call	614	1,567
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	53,571	79,830

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Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Hurum Exploration Licence	Owned 60%	0%
6.2	Interests in mining tenements acquired or increased	Nil		

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>	Nil	Nil	N/A
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A
7.3	+Ordinary securities	250,730,886	250,730,886	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	700,000 Nil	700,000 Nil	N/A N/A
7.5	+Convertible debt securities <i>(description)</i>	Nil	Nil	N/A

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil	Nil Nil	N/A N/A	N/A N/A
7.7	Options (description and conversion factor)	500,000 1,250,000 1,250,000 187,500 187,500 375,000 750,000 100,000	Nil Nil Nil Nil Nil Nil Nil Nil	<i>Exercise price</i> 0.10 0.25 0.35 0.45 0.55 0.65 0.35 0.35	<i>Expiry date</i> 31 July 2013 31 March 2014 31 March 2014 30 April 2014 30 April 2014 30 April 2014 14 September 2014 30 November 2014
7.8	Performance Rights Issued during quarter	200,000 Nil	Nil Nil	Nil N/A	1 October 2014 N/A
7.9	Options Exercised during quarter	500,000	Nil	0.25	1 December 2012
	Performance Rights	200,000	Nil	Nil	1 October 2014
7.10	Expired during quarter	Nil	Nil	N/A	N/A
7.11	Debentures (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil	Nil		

Compliance statement

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



Sign here:

Date: 24 January 2013

(Joint Company Secretary)

Print name: Leanne Forgione

+ See chapter 19 for defined terms.

Notes

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

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