

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

CHALICE GOLD MINES LIMITED

ABN

47 116 648 956

Quarter ended ("current quarter")

30 SEPTEMBER 2011

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	79	79
1.2 Payments for (a) exploration & evaluation	(2,726)	(2,726)
(b) development	-	-
(c) production	-	-
(d) administration	(877)	(877)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	63	63
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - GST	58	58
<b>Net Operating Cash Flows</b>	<b>(3,403)</b>	<b>(3,403)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(173)	(173)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(173)</b>	<b>(173)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(3,576)</b>	<b>(3,576)</b>

+ See chapter 19 for defined terms.

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<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
<b>Net financing cash flows</b>		-	-
<b>Net increase (decrease) in cash held</b>		(3,576)	(3,576)
1.20	Cash at beginning of quarter/year to date	10,194	10,194
1.21	Exchange rate adjustments to item 1.20	120	120
1.22	<b>Cash at end of quarter</b>	6,738	6,738

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

		<b>Current quarter</b>
		<b>\$A'000</b>
1.2	Aggregate amount of payments to the parties included in item 1.2	224
1.2	Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

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

**Non-cash financing and investing activities**

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

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

+ See chapter 19 for defined terms.

**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	1,710
4.2 Development	587
4.3 Production	-
4.4 Administration	775
<b>Total</b>	<b>3,072</b>

**Reconciliation of cash**

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	689	2,194
5.2 Deposits at call	6,049	8,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>6,738</b>	<b>10,194</b>

**Changes in interests in mining tenements**

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

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

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	Nil	Nil	Nil	Nil
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 <b>+Ordinary securities</b>	250,030,886	250,030,886	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	Nil	N/A	N/A
	Nil	Nil	N/A	N/A
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	Nil	Nil	N/A	N/A
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil	Nil	N/A	N/A
	Nil	Nil	N/A	N/A
7.7 <b>Options</b> <i>(description and conversion factor)</i>	500,000	Nil	Exercise price \$0.25	Expiry date 1 December 2012
	500,000	Nil	\$0.25	31 July 2013
	1,250,000	Nil	\$0.35	31 March 2014
	1,250,000	Nil	\$0.45	31 March 2014
	750,000	Nil	\$0.50	1 September 2012
	1,000,000	Nil	\$0.35	16 November 2013
	1,000,000	Nil	\$0.36	31 March 2012
	187,500	Nil	\$0.55	30 April 2014
	187,500	Nil	\$0.65	30 April 2014
	375,000	Nil	\$0.75	30 April 2014
	500,000	Nil	\$0.40	31 March 2014
	750,000	Nil	\$0.45	14 September 2014
7.8 Issued during quarter	500,000	Nil	0.40	31 March 2014
	750,000	Nil	0.45	14 September 2014
7.9 Exercised during quarter	Nil	Nil	N/A	N/A
7.10 Expired during quarter	Nil	Nil	N/A	N/A

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7.11	<b>Debentures</b> <i>(totals only)</i>	Nil	Nil
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	Nil	Nil

### Compliance statement

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

Sign here:   
Company Secretary

Date: 26 October 2011

Print name: Richard Hacker

### 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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