

**ASX Announcement**

## September 2013 Quarterly Report

*Chalice takes first steps in next growth chapter, announcing a proposed merger Canadian gold developer Coventry Resources and completing two Australian exploration deals with high quality, prospective “drill ready” targets*

### Highlights:

- Chalice took the first step towards building a portfolio of quality assets during the Quarter through a proposed merger with Coventry Resources Inc. by way of a Statutory Plan of Arrangement comprising 1 Chalice Share for every 1.78 Coventry Shares.
- The proposed merger will combine Chalice’s strong technical team and financial capacity with Coventry’s quality Cameron gold deposit located in Ontario, Canada. The Cameron Project hosts Measured and Indicated Resources of 567,000oz at 2.45g/t and an Inferred Resource of 829,000oz at 2.11g/t (refer to Appendix 3).
- Two Australian exploration deals were successfully completed during the Quarter, both with high quality “drill-ready” exploration targets in prospective, low-risk mineral provinces:
  - Chalice took a 10% placement in GeoCrystal Limited’s Webb Diamond Project in Western Australia, with options to earn up to 19.9%. Drilling is currently underway; and
  - Chalice signed a joint venture (JV) with Uranium Equities Limited (UEQ), securing the right to earn up to 70% in the Oodnadatta and Marla IOCGU Projects in South Australia, by funding \$5.5M in exploration. Drilling is expected to commence in early November 2013.
- Chalice’s balance sheet remains strong with cash of A\$54.6M at 30<sup>th</sup> September 2013

### Overview:

Chalice Gold Mines Limited’s (“Chalice”) primary focus remains on business development activities, targeting advanced exploration or development-stage opportunities which, through access to Chalice’s funding and technical capability, have the potential to create significant shareholder value.

During the September Quarter, Chalice took the first steps as part of implementing this strategy, announcing a proposed merger with Coventry Resources Inc. (“Coventry”) by way of a Statutory Plan of Arrangement (“Merger”). Coventry’s principal asset is the Cameron Project, a quality gold exploration and development asset, in a low-risk, favourable mining jurisdiction.

The Merger, which is subject to due diligence and Coventry shareholder approval, will combine Chalice’s strong technical team and financial capacity with Coventry’s quality gold asset, which offers both significant exploration upside and medium term development potential.

Chalice also announced two transactions as part of the execution of a second leg of its corporate strategy, targeting high quality, “drill ready” targets in prospective low risk mineral provinces:

- a joint venture with Uranium Equities Limited (“Uranium Equities”) on its Marla and Oodnadatta IOCGU

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projects in South Australia; and

- a 10.1% placement into unlisted public company GeoCrystal Limited (“GeoCrystal”). GeoCrystal is earning into 70 per cent of Meteoric Resources’ 100% interest in the Webb Diamond Project in Western Australia.

### **1. Coventry Resources Inc. – Statutory Plan of Arrangement**

On the 30<sup>th</sup> September, Chalice announced a proposed merger with Coventry Resources Inc, owner of the Cameron Gold Project in Canada. The Merger is by way of a Statutory Plan of Arrangement under the British Columbia Business Corporations Act (“Merger”). Under the proposed Merger, Coventry shareholders will receive 1 Chalice Share for every 1.78 Coventry Shares.

The Merger is subject to due diligence and will require approval by  $\frac{2}{3}$  of eligible Coventry security holders voting at a special meeting of the company, the Supreme Court of British Columbia, as well as the Toronto Stock Exchange, Vancouver Stock Exchange and the Australian Securities Exchange. The Merger is not subject to approval by Chalice shareholders. The initial 14-day due diligence period (due to end on the 14<sup>th</sup> October) has been extended by 21 days, and will now finish on or before the 2<sup>nd</sup> November 2013.

The proposed Merger has the full support of the Board of Directors of both Chalice and Coventry. The Board of Coventry has advised Chalice that, in the absence of an unfavourable fairness opinion or a superior offer, it will unanimously recommend that its shareholders vote in favour of the proposed Merger.

Please refer to Chalice press releases dated 30<sup>th</sup> September and 11<sup>th</sup> October 2013 for further information on this transaction.

### **2. GeoCrystal Limited – 10 per cent Placement**

On the 24<sup>th</sup> September, Chalice agreed to subscribe for 3,333,333 shares and 3,333,333 free attaching options in unlisted public company GeoCrystal Limited at an issue price of \$0.15 (\$500,000), giving Chalice ownership of 10.1 per cent of the issued and outstanding shares of GeoCrystal. The options are exercisable at \$0.20 each and expire on the 30<sup>th</sup> September 2015.

In addition, GeoCrystal has granted Chalice an option to acquire a further 2.1 million shares at \$0.20 per share on or before 29 March 2014, which if exercised would increase Chalice’s stake to 19.9 per cent on a fully diluted basis. Chalice has been granted a conditional first right of refusal on future financings until its stake has reached 51 per cent of GeoCrystal.

The funds being contributed by Chalice will enable GeoCrystal to undertake 1,500m to 3,000m of air-core drilling to test up to 20 magnetic anomalies at the Webb Diamond Project located in the Gibson Desert and undertake detailed analysis of the mineral chemistry from each pipe for diamond indicator minerals. In addition, larger 50kg loam samples will be collected on a broad sample grid over the entire field and analysed for indicator minerals and micro-diamonds. Drilling has commenced at the Webb Project, with this phase of exploration expected to be completed by the end of December.

Please refer to Chalice’s press release dated 25<sup>th</sup> September 2013 for more information on the Webb diamond project and the placement.

### **3. Uranium Equities Limited – Oodnadatta and Marla Joint Venture**

On the 24<sup>th</sup> September, Chalice signed a joint venture agreement with ASX-listed exploration company Uranium Equities giving Chalice the right to earn up to 70% of both the Oodnadatta and Marla Projects in South Australia, by funding \$5.5 million in exploration expenditure. Chalice may earn an initial 51 per cent by sole funding \$2.5 million, and there is no minimum spend required before withdrawal.

The Oodnadatta and Marla Projects (refer to Appendix 1) are located in a province with high iron oxide-copper-gold-uranium (IOCGU) endowment that hosts deposits such as Olympic Dam, Prominent Hill and Carrapateena. The initial commitment is \$800,000 and will include at least 2,000m of combined rotary mud and diamond drilling on the Marla Project designed to test coincident gravity and magnetic targets potentially indicative of IOCGU mineralisation, and a ground gravity survey over the Oodnadatta Project.

Drilling is expected to commence first week of November 2013.

Please refer to Chalice's press release dated 25<sup>th</sup> September 2013 for more information.

#### **4. Mogoraib North VMS Project**

Chalice's Phase 2 drilling program at Mogoraib North (refer to Appendix 2) identified similar widths and grades of mineralisation to those obtained in the Phase 1 drilling. The results of the Phase 2 drilling confirm the presence of a new VMS system with the potential to host an economic deposit, however to date the grades and thicknesses of mineralisation discovered in the two drilling programmes have been uneconomic.

#### **5. Corporate**

Chalice's cash reserves were A\$54.6 million as at 30 September 2013. Full details are available in the attached Appendix 5B.



**BILL BENT**  
Managing Director

29 October 2013

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#### **Competent Persons and Qualified Person Statement - Chalice**

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

#### **Forward Looking Statements**

This document may contain forward-looking information within the meaning of Canadian securities legislation and forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). These forward-looking statements are made as of the date of this document and Chalice Gold Mines Limited (the Company) does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law or regulation.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to whether the conditions to the completion of the merger between Chalice and Coventry Resources will be met, the estimation of mineral reserves and mineral resources, the realisation of mineral reserve estimates, the likelihood of exploration success, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

In certain cases, forward-looking statements can be identified by the use of words such as plans, expects or does not expect, is expected, budget, scheduled, estimates, forecasts, intends, anticipates or does not anticipate, or believes, or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown

risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, results of due diligence activities in relation to the proposed merger between Chalice and Coventry Resources; risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry, as well as those factors detailed from time to time in the Company's interim and annual financial statements, all of which are filed and available for review on SEDAR at [sedar.com](http://sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking statements.

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

## Appendix 1 – Oodnadatta & Marla Project JORC Tables

According to Clauses 18 & 19 of the 2012 JORC Code, the criteria listed in the following tables need to be addressed when reporting exploration results.

### Section 1: Sampling Techniques and Data

JORC Criteria	Explanation
<b>Sampling techniques</b>	No sampling has been conducted to date.
<b>Drilling techniques</b>	No drilling has been conducted to date. It is planned to undertake rotary mud drilling with diamond tails.
<b>Drill sample recovery</b>	Due to no previous drilling, no samples have been recovered.
<b>Logging</b>	Due to no previous drilling, no drill samples have been logged.
<b>Sub-sampling techniques and sample preparation</b>	As per above.
<b>Quality of assay data and laboratory tests</b>	Due to no previous drilling, no samples have been assayed.
<b>Verification of sampling and assaying</b>	Due to no previous drilling, no samples have been verified.
<b>Location of data points</b>	It is intended that future drillhole collars will be located using a hand held Garmin GPS MAP62s with an accuracy of <3m. Down-hole surveys using Reflex downhole camera or similar is planned for future holes.
<b>Data spacing and distribution</b>	Planning of drill hole collar positions relative to the geophysical targets to be tested is still in the planning stage.
<b>Orientation of data in relation to geological structure</b>	No drill data has been oriented relative to structure. Orientation of diamond core tails is planned for future drill holes.
<b>Sample security</b>	Due to no previous drilling, no samples have been collected.
<b>Audits or reviews</b>	Due to no previous drilling, no audits have been conducted.

## Section 2: Reporting of Exploration Results

JORC Criteria	Explanation
<b>Mineral tenement and land tenure status</b>	<p>The Marla Project includes a total of 7 granted exploration licences totaling 2,886 sq km. Licences are held by GE Resources Pty Ltd, a wholly owned subsidiary of Uranium Equities Limited. Exploration licences were granted on 25th January 2011 for an initial period of 4 years.</p> <p>The Oodnadatta Project includes a total of 9 granted exploration licences totalling 4,860 sq km. Licences are held by GE Resources Pty Ltd, a wholly owned subsidiary of Uranium Equities Limited. Exploration licences EL4679 to EL4688 were granted on 22/02/2011, EL4959 was granted on 09/07/2012 and EL5144 was granted on 10/01/2013. Each exploration lease was granted for an initial period of 2 years with EL4679 to EL4688 currently under renewal. All of the EL's are in good-standing as of the date of this announcement.</p>
<b>Exploration done by other parties</b>	<p><b>Oodnadatta area</b> - limited historical drilling was conducted in areas of cover and numerous small iron-oxide, copper, gold and uranium mineral occurrences were identified by prospectors (c1800's to early 1900's) in the adjacent outcropping Peake and Denison Ranges. No significant deposits have been identified to date.</p> <p><b>Marla area</b> - previous exploration in the Marla Project region is extremely sparse to non-existent. Large areas of unexplored ground exist which are prospective for uranium mineralisation in Mesozoic and Tertiary stratigraphy. Previous exploration has predominantly been for diamonds, with lesser uranium, coal, and base metal focus. No significant deposits have been identified to date.</p>
<b>Geology</b>	<p>The Oodnadatta Project tenements are situated at the north-eastern margin of the Archaean to Palaeoproterozoic Gawler Craton, and cover both outcropping basement within the Peake and Denison Ranges, and buried basement flanking the Ranges. Proterozoic basement blocks are largely covered by five superimposed Phanerozoic intra-cratonic basins, separated by unconformities (Figure 5). The basal "cover" sequence comprises Neo-Proterozoic sediments associated with the Adelaide Geosyncline, and is in turn overlain by the Cambro-Ordovician Officer Basin, comprising a thick sequence of marine and non-marine sediments.</p> <p>The Marla Project is located in the North east corner of the Gawler Craton and is bounded by two craton bounding structures- a major ENE-trending suture zone separating the Meso-Proterozoic basement of the Musgrave Province to the north west from the Archaean to Palaeo-Proterozoic basement of the Gawler Craton's Nawa Domain to the south east, and the Torrens Hinge Zone to the north east, a north west trending structural zone separating the Gawler Craton from rocks of the Curnamona Craton.</p> <p>The Marla &amp; Oodnadatta projects are prospective for the discovery of economic Iron – Oxide Copper – Gold ± Uranium (IOCGU) deposits.</p> <p>The Gawler Craton hosts a number of significant IOCGU deposits including deposits including Olympic Dam, Prominent Hill and Carrapateena.</p>
<b>Drill hole Information</b>	No drilling has been undertaken.
<b>Data aggregation methods</b>	Due to no previous drilling, no sample data has been aggregated.

JORC Criteria	Explanation
<b>Relationship between mineralisation widths and intercept lengths</b>	Due to no previous drilling, no mineralization identified to date.
<b>Diagrams</b>	See Figures 2 & 3
<b>Balanced reporting</b>	Results reported reference all available data.
<b>Other substantive exploration data</b>	Regional geological mapping has been conducted by the SA Geol Survey. Geophysical surveys (aeromagnetism & gravity) come from public domain data sets. An infill gravity survey has been completed over parts of the Marla property. No other material results are available.
<b>Further work</b>	RC/DD drilling is proposed to follow up the targets identified from geophysics. Further ground geophysics (gravity) may be undertaken to confirm and refine targets for drilling.

## Appendix 2 – Mogoraib North Project JORC Tables

According to Clauses 18 & 19 of the 2012 JORC Code, the criteria listed in the following tables need to be addressed when reporting exploration results.

### Section 1: Sampling Techniques and Data

JORC Criteria	Explanation
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>Chalice has sampled diamond drill core, usually at 1m intervals unless geological contacts dictate otherwise.</li> </ul>
	<ul style="list-style-type: none"> <li>Following geological and geotechnical (RQD) logging, core is cut lengthways down the axis to provide half core for assay, the remainder being retained in the core trays for record and future reference/re-sampling.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>Chalice has conducted diamond drilling, with most drilling, including all drilling through mineralised zones, being NQ with standard tube.</li> </ul>
	<ul style="list-style-type: none"> <li>Roller-cone drilling was used to the top of competent rock (typically 10-15m depth), where the holes were cased off and diamond drilling commenced.</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>Core recoveries are recorded by measuring actual versus theoretical core drilled and monitored for excessive core loss.</li> </ul>
	<ul style="list-style-type: none"> <li>In zones of 'bad ground' there is the option to triple-tube but this has not been deemed necessary to date.</li> </ul>
	<ul style="list-style-type: none"> <li>No relationship that might negatively affect representivity has been noted between mineralisation and core recoveries to date.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>Core samples have been photographed, geologically and geotechnically logged with lithology, mineralisation, alteration and structural features recorded in detail.</li> </ul>
	<ul style="list-style-type: none"> <li>Core was not oriented but structures were measured relative to the core axis.</li> </ul>
	<ul style="list-style-type: none"> <li>Bulk density determinations using water immersion method are carried out on every metre of core within expected mineralisation and every 10m within waste zones.</li> </ul>
	<ul style="list-style-type: none"> <li>100% of the core was logged.</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>Core was sampled using a diamond saw, with half core selected for assaying.</li> </ul>
	<ul style="list-style-type: none"> <li>Pre-collar roller-cone sections of the holes were not sampled.</li> </ul>
	<ul style="list-style-type: none"> <li>Within visually mineralised zones, in this case &gt;5% sulphides, samples have been taken at 1m intervals unless geological contacts dictate otherwise.</li> </ul>
	<ul style="list-style-type: none"> <li>Outside of these zones 10cm samples have been collected at 10m intervals for geochemical characterization purposes.</li> </ul>
	<ul style="list-style-type: none"> <li>One half of the core is retained on site whilst the other half (1-2kg) is bagged and dispatched to the Africa Horn Preparation facility (a division of NATA-accredited Intertek-Genalysis Laboratories) in Asmara for crushing to -2mm and splitting.</li> </ul>
	<ul style="list-style-type: none"> <li>The coarse reject is stored and the split sub-sample is pulverized to a nominal 95% passing - 75 micron using an LM2 pulverizer.</li> </ul>
	<ul style="list-style-type: none"> <li>The pulverized pulp is further split into two 100g to 150g sub-samples; a primary pulp sample is sent for analysis and a duplicate pulp sample is kept as a reference and the remaining fine (-75 micron) reject is stored.</li> </ul>
	<ul style="list-style-type: none"> <li>A quartz wash is pulverized between samples and is stored for random testing of preparation contamination.</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>The sample pulps are transported by air to NATA-accredited Intertek-Genalysis Laboratories in Perth Western Australia for assay.</li> </ul>
	<ul style="list-style-type: none"> <li>Gold assaying is completed using a lead collection of 50g fire assay method with an atomic absorption spectroscopy (AAS) finish.</li> </ul>
	<ul style="list-style-type: none"> <li>Multi-element assays are carried out by ICP-OES on 25g sub-sample prepared using aqua regia digest.</li> </ul>
	<ul style="list-style-type: none"> <li>Certified reference materials (CRMs) are submitted with all sample batches at the rate of 1 per 20 samples. The CRM's inserted have values ranging from very low to high grade.</li> </ul>
	<ul style="list-style-type: none"> <li>Blanks are inserted at 1 per 20 samples.</li> </ul>

JORC Criteria	Explanation
	<ul style="list-style-type: none"> <li>• QA/QC monitoring is applied to all drill core assays as per the protocols described above to ensure acceptable levels accuracy &amp; precision.</li> <li>• Periodic external audits of QA/QC are conducted.</li> <li>• Random sample batches are periodically re-assayed at an alternative lab.</li> </ul>
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>• Senior geological staff routinely checks logging and sampling procedures and sampled intervals vs visual mineralisation.</li> <li>• Data is physically recorded on paper logs then entered on site into an Acquire database.</li> <li>• Data validation is conducted by a data base manager.</li> <li>• Physical and electronic datasets are backed up and stored on-site, in Asmara and in Perth.</li> <li>• No adjustments are made to data other than check assays when inconsistent results are obtained.</li> <li>• No independent sampling has been undertaken to date.</li> <li>• No holes have been twinned to date.</li> </ul>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>• Drillhole collars were located using a hand held Garmin GPS MAP62s with an accuracy of &lt;3m.</li> <li>• All drillholes were surveyed using a Reflex camera at 50m intervals minimum, and sometimes at 30m intervals.</li> <li>• Grid system used is WGS84 UTM Zone 37 North.</li> <li>• External topographic controls have not been established.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>• As noted above, sampling within mineralised zones has been conducted over nominal 1m intervals with broader spaced sampling over non-mineralized zones.</li> <li>• No pre-assay sample compositing has been used.</li> <li>• The sample density is regarded as appropriate for the deposit style in question.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>• Core is cut to provide as close as possible duplicate halves based on structure and mineralisation (particularly visual bedding/banding) to minimise sampling bias.</li> <li>• Core has not been oriented with down-hole orientation devices.</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>• Samples are held securely under the control of senior project staff from the drill rig until submittal to the sample prep lab in Asmara.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>• No audits or reviews of Chalice's sampling procedures or data has been conducted for the Mogoraib North project to date.</li> </ul>

## Section 2: Reporting of Exploration Results

JORC Criteria	Explanation
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>Chalice's tenure consists of a single Exploration Licence, Mogoraib North, held under a 60:40 Joint Venture between Chalice subsidiary Sub Sahara Resources (Eritrea) Pty Ltd and the Eritrean National Mining Corporation (ENAMCO)</li> <li>The EL is in good-standing as of the date of this announcement.</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>The property was held previously by Sanu Resources Limited. Sanu conducted stream sediment and soil sampling, ground gravity, airborne EM over selected areas and drilled 3 diamond drillholes. The core was not assayed by Sanu and a visual inspection confirmed no significant mineralisation was intersected.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>The Mogoraib River mineralisation is of stratiform VMS type, mainly pyrite and pyrrhotite, in a bi-modal volcano-sedimentary sequence that has been intruded by a late-tectonic granitoid.</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>Refer to previously reported results.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>All assay data provided is uncut.</li> <li>Aggregated assays for 'significant' intervals are based on individual average weighted values for the interval of &gt;1g/t Au, &gt;5g/t Ag, &gt;0.5% Cu or &gt;1% Zn.</li> <li>No metal equivalence values have been used.</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>Down-hole lengths reported.</li> <li>Based on core to bedding angles and correlation of mineralised zones on sections true widths are estimated at ~80% of intersection width.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>Refer to previously reported results.</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>Results reported reference all available data including high and low grade results.</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>Results of geological mapping are reported.</li> <li>Results of geophysical surveys (FLTEM &amp; MLTEM) noted in this announcement are being analysed and will be reported in greater detail at a later date.</li> <li>No other material results are available.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>Further drilling may be undertaken based on the results of data analysis currently underway.</li> <li>Further ground geophysics (EM) may be undertaken based on the results of data analysis currently underway.</li> <li>Geochemical 'footprinting' based on analytical data collected for this purpose is underway and if material will be reported in detail at a later date.</li> </ul>

### Appendix 3 - NI 43-101 and JORC-Code (2004) compliant Mineral Resource estimate for the Cameron Gold Deposit, part of the Cameron Gold Camp Project

Cut-off grade (g/t gold)	Category	Tonnes	Grade (g/t gold)	Ounces of Gold
<b>1.0</b>	Measured	2,472,000	2.68	213,000
	Indicated	4,724,000	2.33	354,000
	<b><i>Measured &amp; Indicated</i></b>	<b><i>7,196,000</i></b>	<b><i>2.45</i></b>	<b><i>567,000</i></b>
	<i>Inferred</i>	<i>12,226,000</i>	<i>2.11</i>	<i>829,000</i>

#### Competent Persons and Qualified Person Statement – Coventry

The Mineral Resource statements for all Mineral Resource estimates within the Cameron Gold Camp Project have been prepared by Mr Peter Ball of DataGeo Geological Consultants, an "independent qualified person" as that term is defined in National Instrument 43-101.

The information in this report that relates to the Cameron Gold Deposit Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Ball who is a Chartered Professional and Member of the Australasian Institute of Mining and Metallurgy. Mr Ball is the Director of DataGeo Geological Consultants. Mr Ball has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ball consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

## Appendix 5B

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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Chalice Gold Mines Limited

ABN

47 116 648 956

Quarter ended ("current quarter")

30 September 2013

### 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	45	45
1.2 Payments for (a) exploration & evaluation	(267)	(267)
(b) development	-	-
(c) production	-	-
(d) administration	(493)	(493)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	30	30
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(450)	(450)
<b>Net Operating Cash Flows</b>	<b>(1,135)</b>	<b>(1,135)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(500)	(500)
(c) other fixed assets	(2)	(2)
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)	(52)	(52)
<b>Net investing cash flows</b>	<b>(554)</b>	<b>(554)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,689)</b>	<b>(1,689)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

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

1.13	Total operating and investing cash flows (brought forward)	(1,689)	(1,689)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	50	50
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(3)	(3)
	<b>Net financing cash flows</b>	<b>47</b>	<b>47</b>
	<b>Net increase (decrease) in cash held</b>	<b>(1,642)</b>	<b>(1,642)</b>
1.20	Cash at beginning of quarter/year to date	56,443	56,443
1.21	Exchange rate adjustments to item 1.20	(164)	(164)
1.22	<b>Cash at end of quarter</b>	<b>54,637</b>	<b>54,637</b>

### Payments to directors of the entity, associates of the directors, 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 and 1.7.	196
1.24	Aggregate amount of loans to the parties included in item 1.10	-

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

Item 1.7 – represents business development activities during the quarter.  
Item 1.8 (b) – represents the cost of acquiring a 10.10% interest in GeoCrystal Limited. On 24 September 2013, the Company acquired 3,333,333 shares and 3,333,333 free attaching options in GeoCrystal Limited at an issue price of \$0.15 (\$500,000).  
Item 1.23 – Amounts paid to related parties include remuneration, directors' fees, consulting fees and reimbursements of out of pocket expenses to directors.

### Non-cash financing and investing activities

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

On 28<sup>th</sup> September 2013, Chalice Gold Mines Limited ("Chalice") and Coventry Resources Inc ("Coventry") executed a binding term sheet for a proposed merger of the two companies by way of a Statutory Plan of Arrangement ("Merger") under British Columbia Business Corporations Act. Under the proposed Merger, Coventry shareholders will receive 1 Chalice Share for every 1.78 Coventry Shares.

#### 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	1,016
4.2 Development	-
4.3 Production	-
4.4 Administration	990
<b>Total</b>	<b>2,006</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	53,126	56,443
5.2 Deposits at call	1,511	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>54,637</b>	<b>56,443</b>

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+ See chapter 19 for defined terms.

## Appendix 5B

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

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

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	<p><b>South Australia</b> <i>Marla Project:</i></p> <p>EL4655 Earning up to 70% equity interest</p> <p>EL4656 Earning up to 70% equity interest</p> <p>EL4657 Earning up to 70% equity interest</p> <p>EL4658 Earning up to 70% equity interest</p> <p>EL4659 Earning up to 70% equity interest</p> <p>EL4660 Earning up to 70% equity interest</p> <p>EL4661 Earning up to 70% equity interest</p> <p><i>Oodnadatta Project:</i></p> <p>EL4679 Earning up to 70% equity interest</p> <p>EL4682 Earning up to 70% equity interest</p> <p>EL4683 Earning up to 70% equity interest</p> <p>EL4684 Earning up to 70% equity interest</p> <p>EL4686 Earning up to 70% equity interest</p> <p>EL4687 Earning up to 70% equity interest</p> <p>EL4688 Earning up to 70% equity interest</p> <p>EL4959 Earning up to 70% equity interest</p> <p>EL5144 Earning up to 70% equity interest</p>	0%	0%

#### 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) (\$)	Amount paid up per security (see note 3) (\$)
7.1	Preference securities (description)	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

+ See chapter 19 for defined terms.

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

7.3	<b>+Ordinary securities</b>	251,230,886	251,230,886	N/A	N/A
7.4	Changes during quarter				
	(a) Increases through issues	500,000	500,000	0.10	0.10
	(b) Decreases through returns of capital, buy-backs	Nil	Nil	N/A	N/A
7.5	<b>+Convertible debt securities (description)</b>	Nil	Nil	N/A	N/A
7.6	Changes during quarter				
	(a) Increases through issues	Nil	Nil	N/A	N/A
	(b) Decreases through securities matured, converted	Nil	Nil	N/A	N/A
7.7	<b>Options (description and conversion factor)</b>	1,250,000 1,250,000 187,500 187,500 375,000 750,000 100,000 1,050,000	Nil Nil Nil Nil Nil Nil Nil Nil	<i>Exercise price</i> 0.25 0.35 0.45 0.55 0.65 0.35 0.35 0.30	<i>Expiry date</i> 31 March 2014 31 March 2014 30 April 2014 30 April 2014 30 April 2014 14 September 2014 30 November 2014 30 June 2016
	<b>Performance Rights</b>	200,000 2,754,149	Nil Nil	Nil Nil	1 October 2014 30 June 2016
7.8	Issued during quarter				
	<b>Options</b>	Nil	Nil	Nil	Nil
	<b>Performance Rights</b>	Nil	Nil	Nil	Nil
7.9	Exercised during quarter				
	<b>Options</b>	500,000	Nil	0.10	31 July 2013
	<b>Performance Rights</b>	Nil	Nil	Nil	N/A
7.10	Expired during quarter	Nil	Nil	N/A	N/A
7.11	<b>Debentures (totals only)</b>	Nil	Nil		
7.12	<b>Unsecured notes (totals only)</b>	Nil	Nil		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:   
(Company Secretary)

Date: 29 October 2013.

Print name: Leanne Forgione

## Notes

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

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+ See chapter 19 for defined terms.