



ASX Announcement
17 October 2014

ABN 47 116 648 956

Minimum holding share buy-back

Chalice Gold Mines Limited (the "Company" or "Chalice") (ASX: CHN) is pleased to announce that it intends to undertake a buy-back of ordinary shares for holders of unmarketable parcels of shares in the Company ("Buy-Back"). Under the Listing Rules of the Australian Securities Exchange, any shareholding valued at less than \$500 is considered to be an "unmarketable parcel" of shares.

The Buy-Back will allow shareholders who hold unmarketable parcels of shares in the Company ("Eligible Shareholders") to sell their shares back to the Company at the Buy-Back price of 11.5 cents per share, being the Volume Weighted Average Price for the 5-day trading period preceding 14 October 2014 ("VWAP"). These shares will be cancelled once transferred to the Company in accordance with the *Corporations Act 2001*.

The Company values all of its shareholders and is offering this Buy-back to assist Eligible Shareholders to sell and realise their shares without incurring brokerage and other expenses. The Company will pay for all costs related to this Buy-back (excluding tax consequences from the sale which remains the shareholder's responsibility) and expects to reduce administrative costs associated with maintaining a large number of very small holdings.

In accordance with the *Corporations Act 2001*, the Company does not need shareholder approval for the buy-back of these shares.

Based on the Buy-Back price per share and the register of members of Chalice as at 5pm (WST) on 14 October 2014 ("Record Date"):

- a) an unmarketable parcel of shares is any shareholding of 4,347 shares or less;
- b) 2,005 out of 3,783 shareholders hold an unmarketable parcel; and
- c) the aggregate value of the Chalice ordinary shares held by all holders of unmarketable parcels is \$250,642.73.

Chalice shareholders who own 4,348 shares or more will not be eligible to participate in the Buy-Back.

The Company is sending the attached letter to Eligible Shareholders. Those who wish to retain their shares must complete and sign the Share Retention Form and forward it to Computershare Investor Services Pty Ltd, GPO Box 52, Melbourne, Victoria, Australia 3001, to be received by 5pm (WST) on 4 December 2014 ("Closing Time").

Please note that the buy-back will not be extended to the Company's Canadian shareholders who hold shares on the Toronto Stock Exchange.

For and on behalf of the Board

A handwritten signature in blue ink, appearing to read "Tim Goyder", with a stylized flourish at the end.

Tim Goyder
Managing Director

For further information, please contact:

Tim Goyder, Managing Director
Chalice Gold Mines Limited
Telephone +61 9322 3960

For media inquiries, please contact:

Nicholas Read
Read Corporate
Telephone: +618 9388 1474

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17 October 2014

Dear Shareholder

Offer by Chalice Gold Mines Limited to buy-back unmarketable parcels of shares (“Offer”)

As announced on 17 October 2014, Chalice Gold Mines Limited (“Chalice” or the “Company”) intends to complete a minimum holding share buy-back for holders of unmarketable parcels of shares in Chalice as at 5pm (WST) on 14 October 2014 (“Record Date”).

The directors of Chalice recognise that holders of Chalice shares with a value of \$500 or less may encounter difficulties selling their shares on the ASX. In order to allow these shareholders to sell their shares without incurring brokerage and other expenses, and to reduce the administrative and registry costs for the Company that are associated with unmarketable parcels, the directors have resolved to undertake a buy-back of unmarketable parcels of Chalice shares under the terms set out in this Offer and the procedure in Division 2 Part 2J.1 of the Corporations Act 2001 (Cth) (“Buy-Back”).

Shares purchased by the Company under the Buy-Back will be cancelled.

Under the Listing Rules of the Australian Securities Exchange, any shareholding valued at less than \$500 is considered to be an “unmarketable parcel” of shares. Based on the Buy-Back price of 11.5 cents per share (being the Volume Weighted Average Price for the 5 day trading period preceding 14 October 2014 (“VWAP”), an unmarketable parcel of shares is any shareholding of 4,347 shares or less. Our share registry shows that the number of shares held by you or an entity that is associated with you is an unmarketable parcel, which makes you one of the Eligible Shareholders.

On the basis of the Buy-Back price and the register of members of the Company as at 14 October 2014:

1. 2,005 out of 3,783 Chalice shareholders hold an unmarketable parcel; and
2. the aggregate value of the Chalice ordinary shares held by all holders of unmarketable parcels is \$250,642.73.

It is important to note that the market price of Chalice shares will change from time to time. The buy-back price under the Buy-Back may be more or less than the actual market price at the time of the sale and may not be the best price obtainable on the day on which your Chalice shares are bought back. The Company will not buy-back your shares if you wish to retain your shareholding.

Your choices:

1. If you would like the Company to purchase your unmarketable parcel of shares at 11.5 cents per share, you do not need to do anything.
2. If you **do not want** your shares to be purchased by the Company under the Buy-Back, you must:
 - a) complete the enclosed Share Retention Form and return it to Computershare Investor Services Pty Ltd, GPO Box 52, Melbourne, Victoria, Australia 3001, by no later than 5pm (WST) on 4 December 2014 (“Closing date”); or

- b) top up your holding to a marketable parcel by either merging multiple holdings or acquiring additional Chalice shares on market such that your registered holding at the Closing Time (no later than 5 pm (WST) on 4 December 2014) is greater than 4,347 shares.

You are advised to allow reasonable time for the Share Retention Form to be received by the Company. If you hold shares in multiple holdings, some of which are unmarketable parcels, then the Company will purchase those unmarketable parcels unless a Share Retention Form is received for each holding.

If your shareholding is purchased, the sale proceeds will be forwarded to you by the Company as soon as practicable.

The Company makes no recommendation as to whether you should participate in the Buy-Back. You should seek independent professional advice when deciding whether to retain your shares and if you have any questions on how the sale may affect you.

While the Company will pay for all costs associated with this sale, any taxation consequences arising from the sale of unmarketable parcel under this Buy-Back will be your responsibility. Please consult your legal, financial or taxation advisor if you require information regarding possible taxation implications of the sale of unmarketable parcels under the Buy-Back.

If you require further information in respect of the Buy-back, please contact the Company on +61 8 9322 3960.

For and on behalf of the Board

A handwritten signature in blue ink, appearing to read 'Tim Goyder', is written over a light blue rectangular background.

Tim Goyder
Managing Director



Chalice Gold Mines Limited
ABN 47 116 648 956

000001 000 CHN
MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Return your Form to the Company's share registry:

✉ **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

For all enquiries:

📞 **Phone:**
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Share Retention Form

🔔 **If you wish to retain your securities, your form must be received by 5pm (WST) on 4 December 2014**

This is an important document that requires your immediate attention. It can only be used in relation to the securityholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Securityholder Details

Use this form if you wish to retain your securities in Chalice Gold Mines Limited. If you have recently bought or sold securities your holding may differ from that shown. If you have already sold all your securities in Chalice Gold Mines Limited, do not complete or return this form. If you have more than one holding on Chalice Gold Mines Limited's register and you do not sell your securities under the Small Securityholding Sale Facility, you should consider consolidating them. For further advice on how to do this, contact Computershare Investor Services Pty Limited ("CIS") on the number above.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect. If you have a CHES sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders must sign.

Power of Attorney: Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

Companies: Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

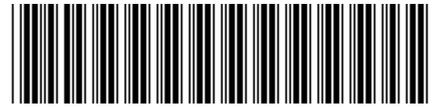
- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

Overseas Companies: Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: All executors must sign and a certified copy of the Death Certificate and Will must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form →



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Share Retention Form

For your security keep your SRN/
HIN confidential.

STEP 1 Securityholder Details

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Securities held as at 5pm (WST)
Tuesday 14 October 2014:

2000

STEP 2 Signature of Securityholder(s) *This section must be completed.*

By signing and returning this form, I/we confirm that I/we understand that my/our securities will NOT be sold under the Small Securityholding Sale Facility

Individual or Securityholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary
(cross out titles as applicable)

Contact Name _____

Contact
Daytime
Telephone

_____ Date / /

Email Address _____

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.