

- *Development targeted for 2011*
- *104,000 oz per year producer*
- *Huge exploration upside*



Building an African Gold Mining Powerhouse

BGF Equities- Gold Investor Road Show
August 2010

www.chalicegold.com

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- This presentation may contain value references and "forward looking statements" which are subject to various risks and uncertainties that could cause actual results and future events to differ materially from those expressed or implied by such statements. Investors are cautioned that such statements are not guarantees of future performance and results.
- This presentation does not include all available Information on Chalice Gold Mines Limited and should not be used in isolation as a guide to investing in the Company. Any potential investor should also refer to Chalice Gold Mines Limited Annual Reports and to ASX releases and take independent professional advice before considering investing in the Company.
- For further information about Chalice Gold Mines Limited, visit the website at www.chalicegold.com
- The information in this report 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 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and consents to the release of information in the form and context in which it appears here.
- The Mineral Resource estimate was prepared by Mr. John Tyrrell who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Tyrrell is a full time employee of AMC and has sufficient experience in gold resource estimation to act as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)'. Mr. Tyrrell consents to the inclusion of this information in the form and context in which it appears.
- The information in this statement of Ore Reserves is based on information compiled by Mr David Lee who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of AMC. Mr Lee has sufficient relevant experience to be a Competent Person as defined in the JORC Code. Mr Lee consents to the inclusion of this information in the form and context in which it appears.

Chalice Snapshot

- Creating shareholder wealth through exploration and production:
 - *Focused on East Africa, Listed on ASX (CHN), Listing on TSX (September 2010)*
- 100% owned Zara Gold Project, Eritrea (subject to gov't project participation rights):
 - *High-grade Ore Reserves of 760,000oz @ 5.1g/t: Koka Deposit*
 - *Forecast production of 104,000oz pa @ US\$338/oz cash operating costs*
 - *Outstanding near-mine exploration upside in 6km long Koka-Konate corridor*
 - *Recent BLEG results define new gold targets over 10 km of strike*
- Feasibility Study completed July 2010: mine development to commence 2011
- Tremendous exploration upside:
 - *Koka-Konate gold system*
 - *Extensive land position in emerging Arabian-Nubian Shield*
 - *Regional exploration applications made over 19,600 sq km*
- Poised for production, delivering growth through exploration

Corporate Snapshot

Capital Structure (post 1 for 6 rights issue)

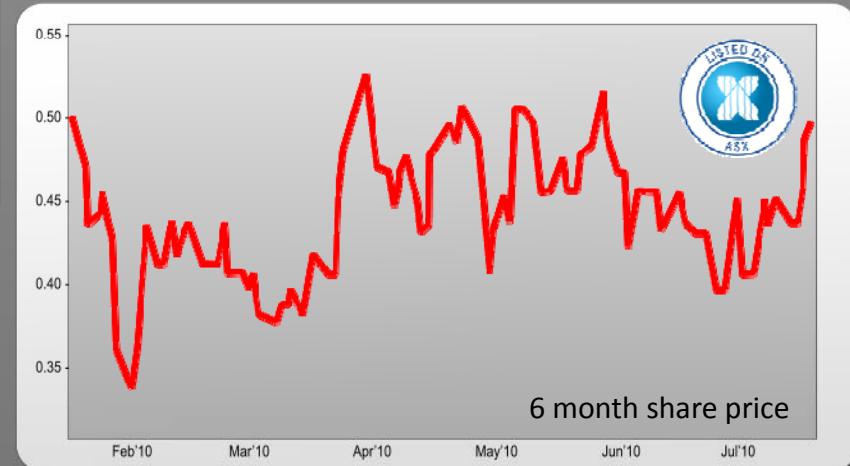
- Shares on issue 181M (211M)
- Options on Issue 13.075M
- Cash (est. August 10) A\$5M (~A\$17M)

Board

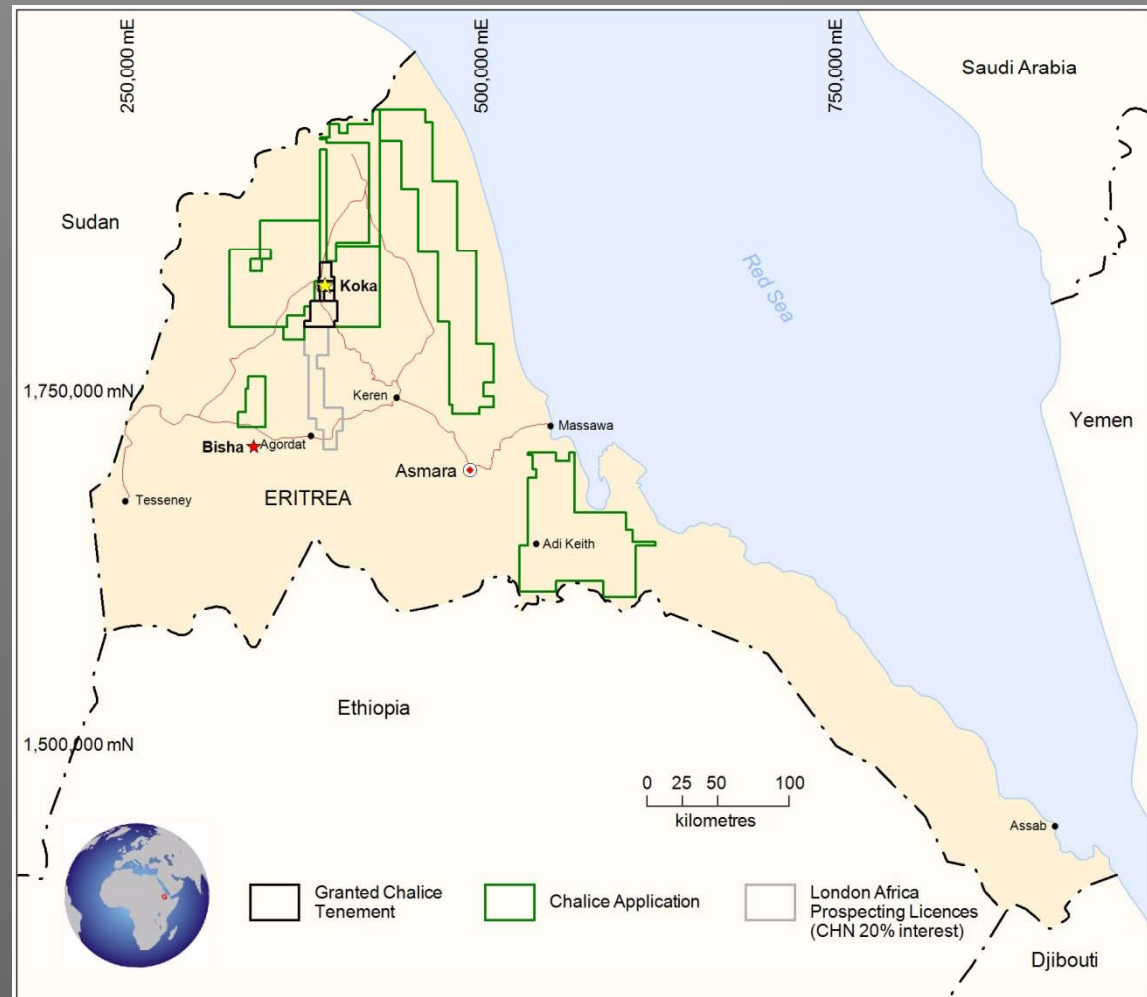
- Tim Goyder (Executive Chairman)
- Dr Doug Jones (Managing Director)
- Mike Griffiths (Executive Director)
- Anthony Kiernan (Non-Executive Director)
- Stephen Quin (Non-Executive Director)

Substantial Shareholders

- Franklin Resources Inc 14.7%
- Tim Goyder 11.0%
- Lujeta Pty Ltd 5.5%



Zara – Project Location



Koka – Outstanding Returns, Outstanding Potential

- Positive Feasibility Study completed
- US\$122M development of open pit mining operation and treatment plant
- ~700,000tpa ore processing to produce 104,000oz pa
- Forecast cash operating cost US\$338/oz
- NPV of US\$196M and 35% IRR at US\$1,200/oz gold price
- Feasibility Study presented to Eritrean authorities for Mining Lease application
- Investigation of funding options underway
- Aiming to negotiate Mining Agreement with Government of Eritrea by end of 2010



Koka Project – Key Financial Outcomes

100% Project Financial Outcomes* (Unleveraged)	\$900	Gold Price \$1,200	\$1,500
Life-of-mine EBITDA	\$381M	\$589M	\$797M
Average annual EBITDA	\$54M	\$84M	\$114M
NPV _{5%} after-tax cash flows	\$99M	\$196M	\$293M
IRR after tax	22%	35%	45%
Payback period (years)	2.8	2.1	1.8
* The Eritrean Government has a statutory 10% non-contributing interest with their share of pre-production and capital expenditure being repaid from production cash flows			

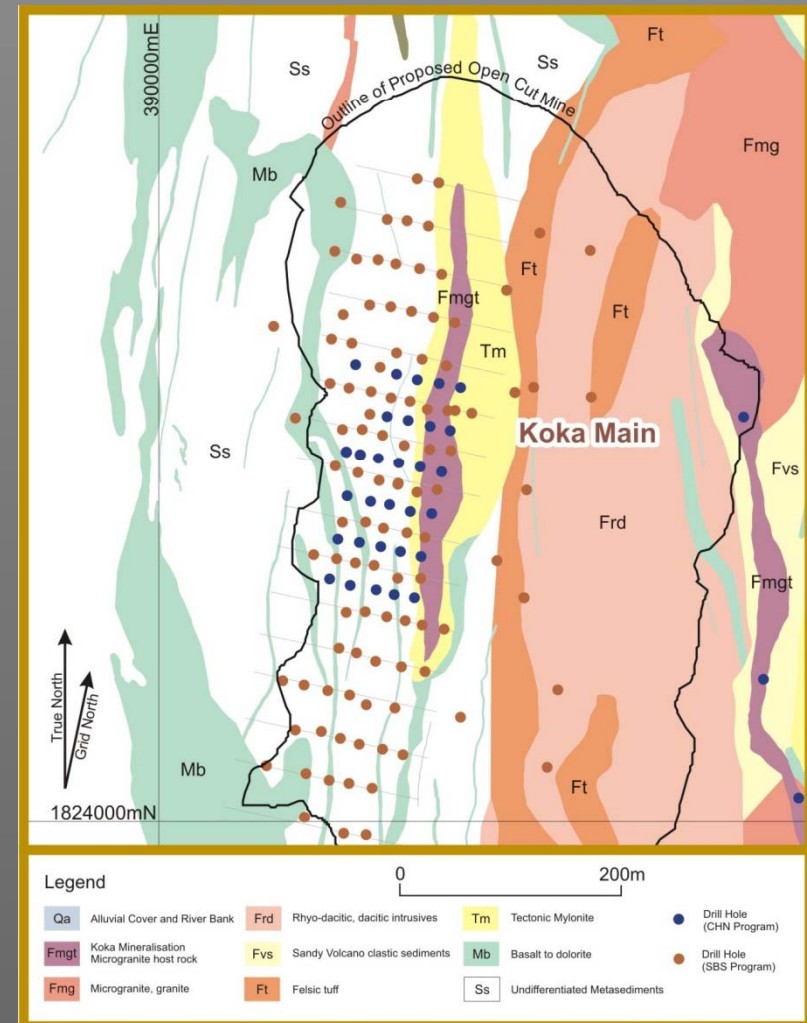
Operating Cost Estimates	\$/t milled	\$/t mined	\$/recoverable oz
Average mining costs	20.46	1.92	129.80
Processing cost	24.78	2.33	157.20
General and administration	7.36	0.69	46.70
Refining charges	0.63	0.06	4.00
Operating cash costs (LOM)	53.23	5.00	337.70



Koka Gold Deposit

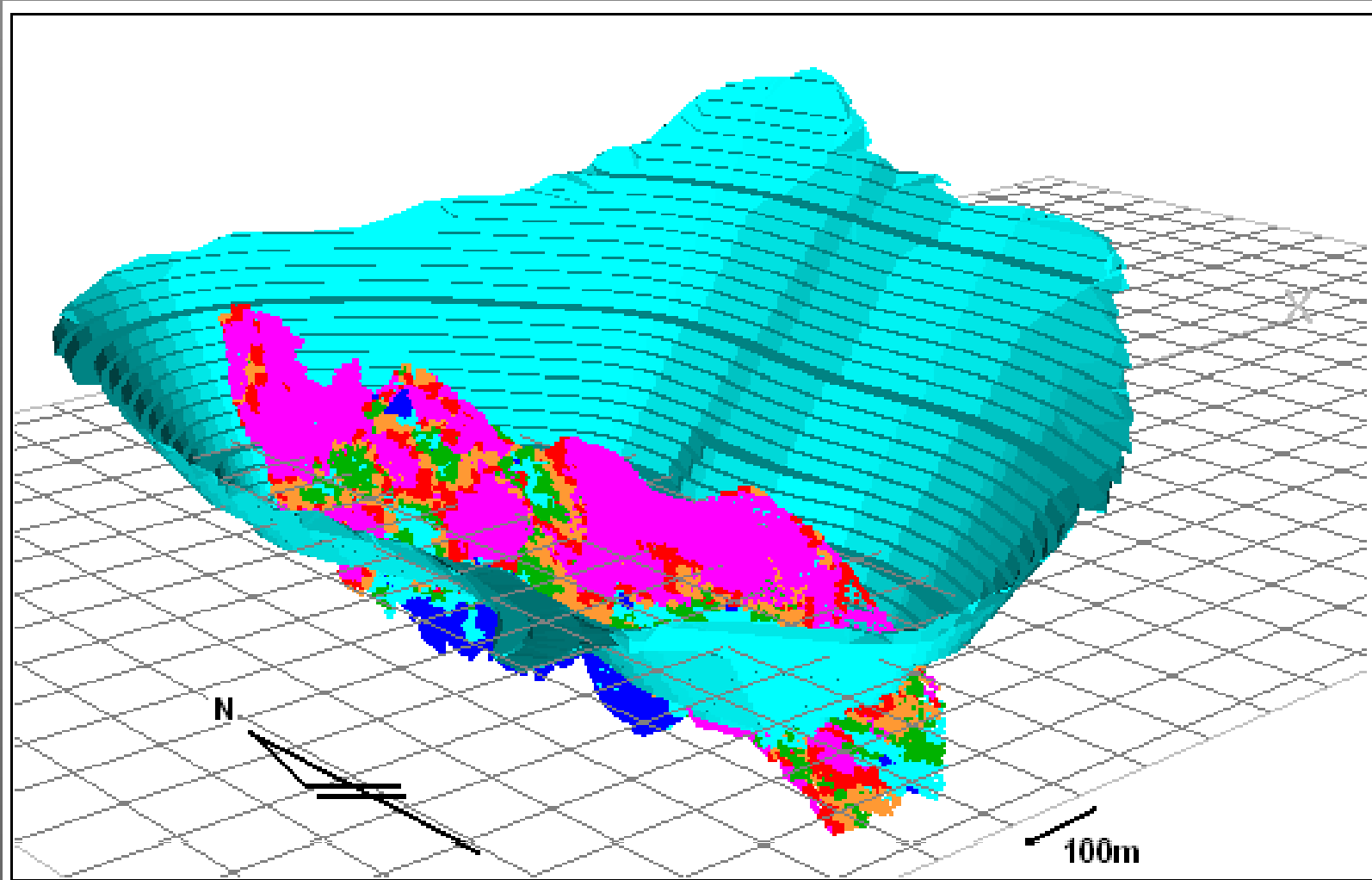
- Quartz stockwork system in microgranite
- JORC-compliant Indicated Resource of 5.0Mt @ 5.3 g/t Au for 840,000oz gold
- Probable reserve – 4.6Mt @ 5.1g/t
- Based on results from 137 diamond drill holes (~21,000m drilled)
- ~600m strike length, 20-30m wide
- Bulk of resource shallower than 150m depth

Category	Lower grade cut-off (g/t Au)	Tonnes (Mt)	Grade (g/t Au)	Contained Gold (Oz)
Indicated Resource	1.2	5	5.3	840,000
Probable Reserve	1.2	4.6	5.1	760,000

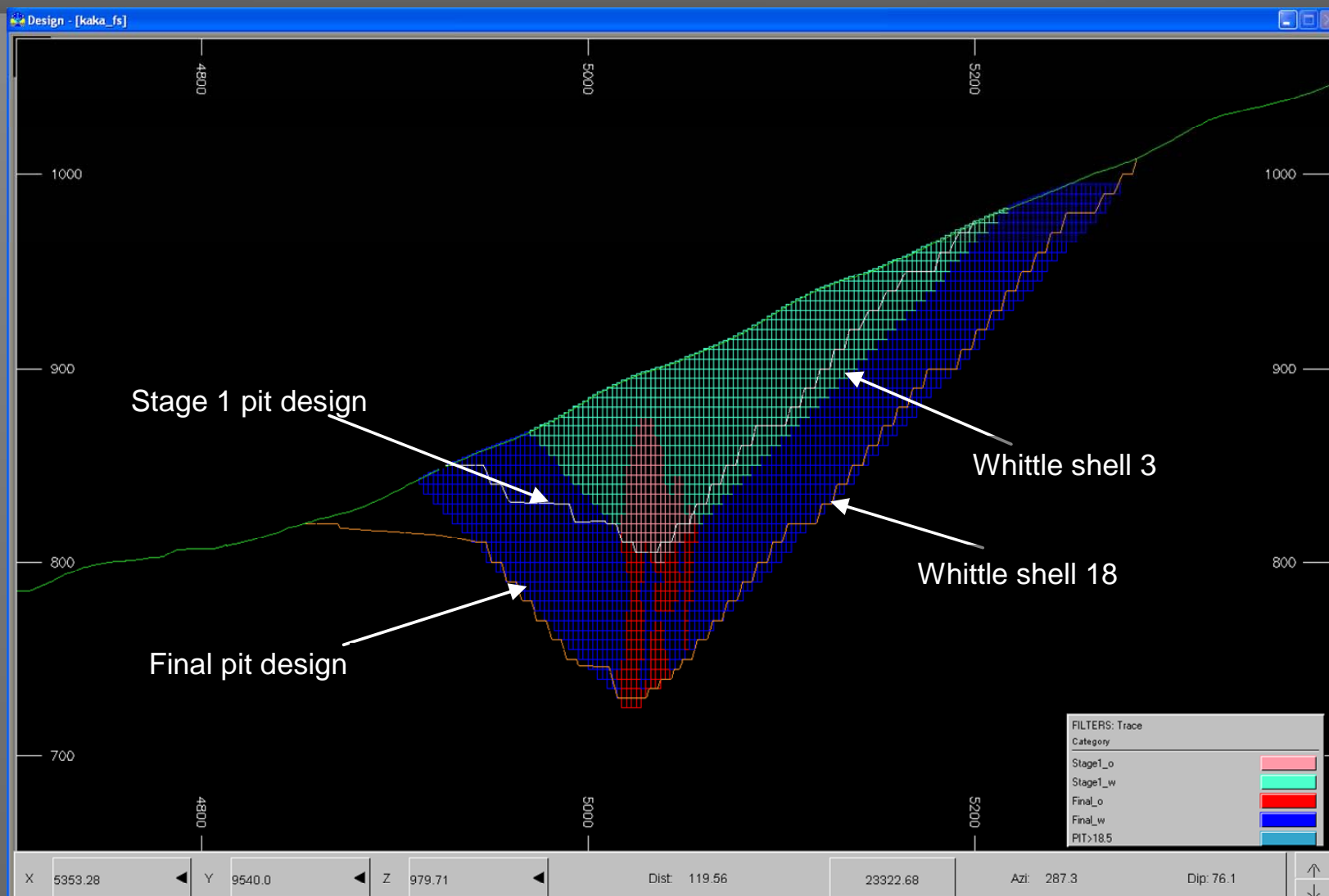


Note: Ore Reserves are included within the mineral resources

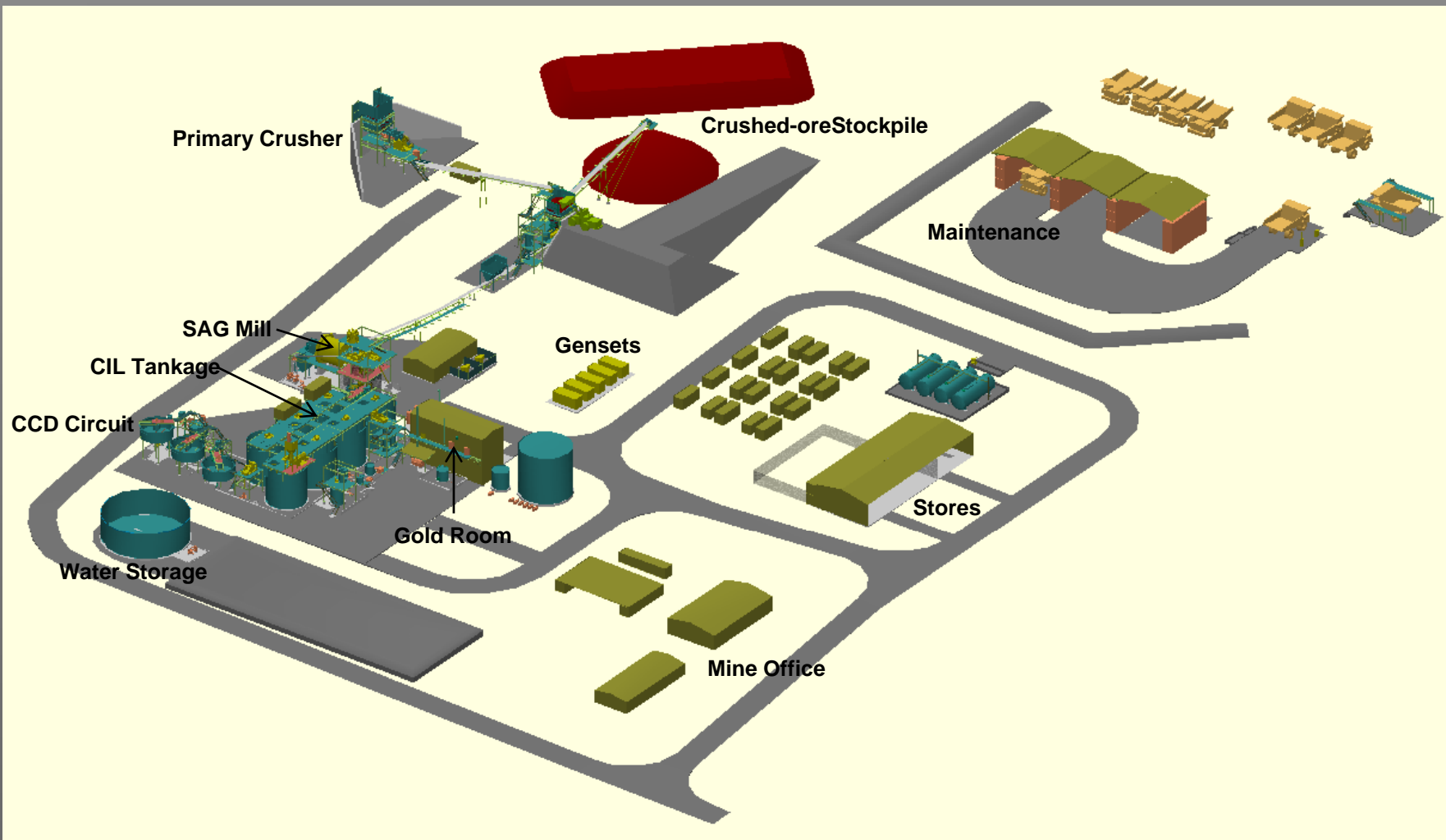
Koka Gold Deposit – 3D Pit Image



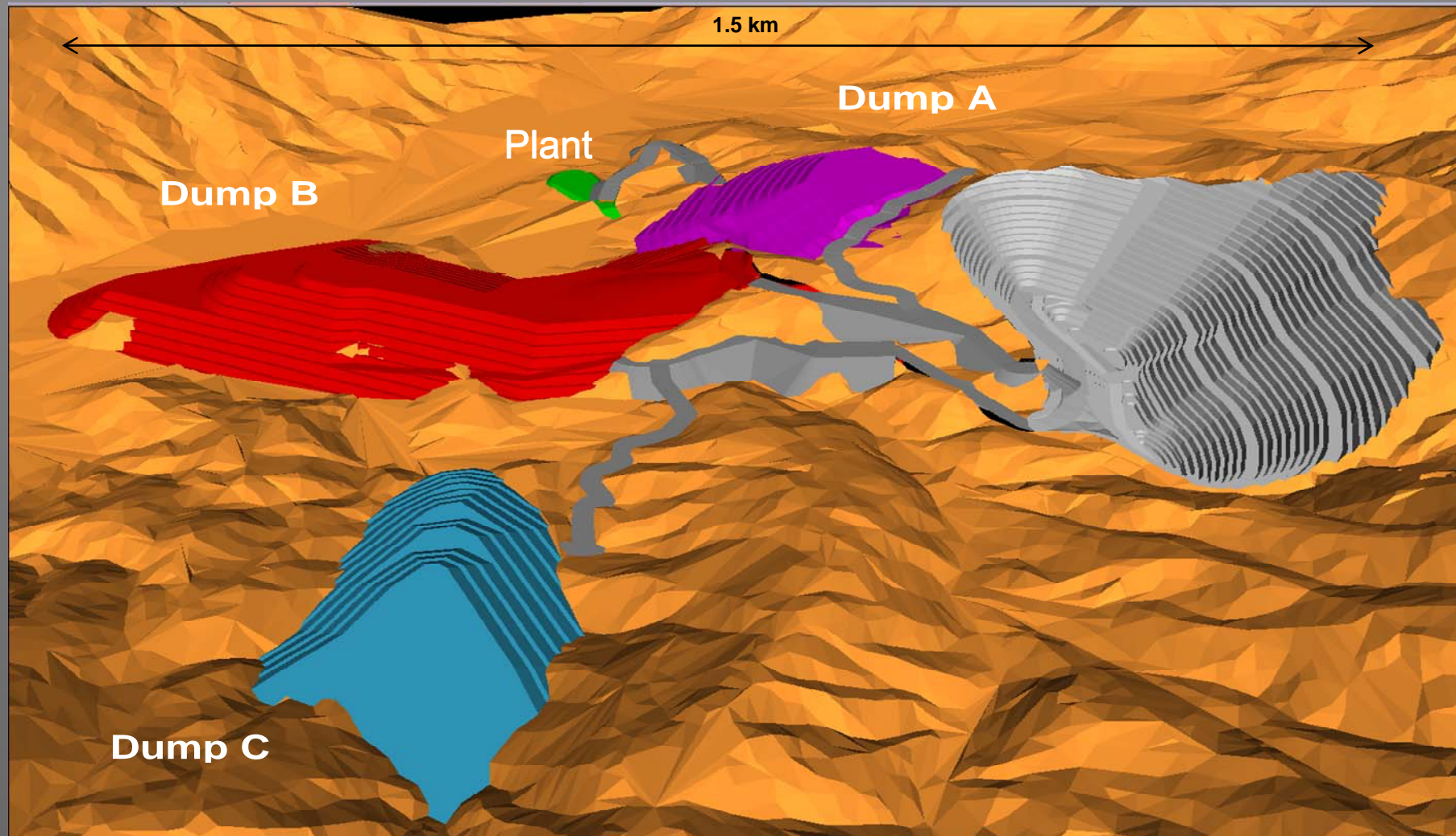
Koka Gold Deposit – Cross Section



Koka Gold Mine – Plant Layout



Koka Gold Mine – Site Layout



Exploration – The Bigger Picture

- Zara Project located within Arabian-Nubian Shield – an emerging gold & base metal province
- Gold endowment +20Moz – numerous deposits and mines dating back to ancient times
- Minimal modern exploration
- New world-class projects being developed:
 - *13Moz Sukari Gold Mine (Egypt) – in production (Centamin)*
 - *Bisha Gold & Base Metal Mine (Eritrea), 1Moz gold, 750Mlbs copper, 1Blbs zinc, 9Moz silver – under construction (Nevsun)*



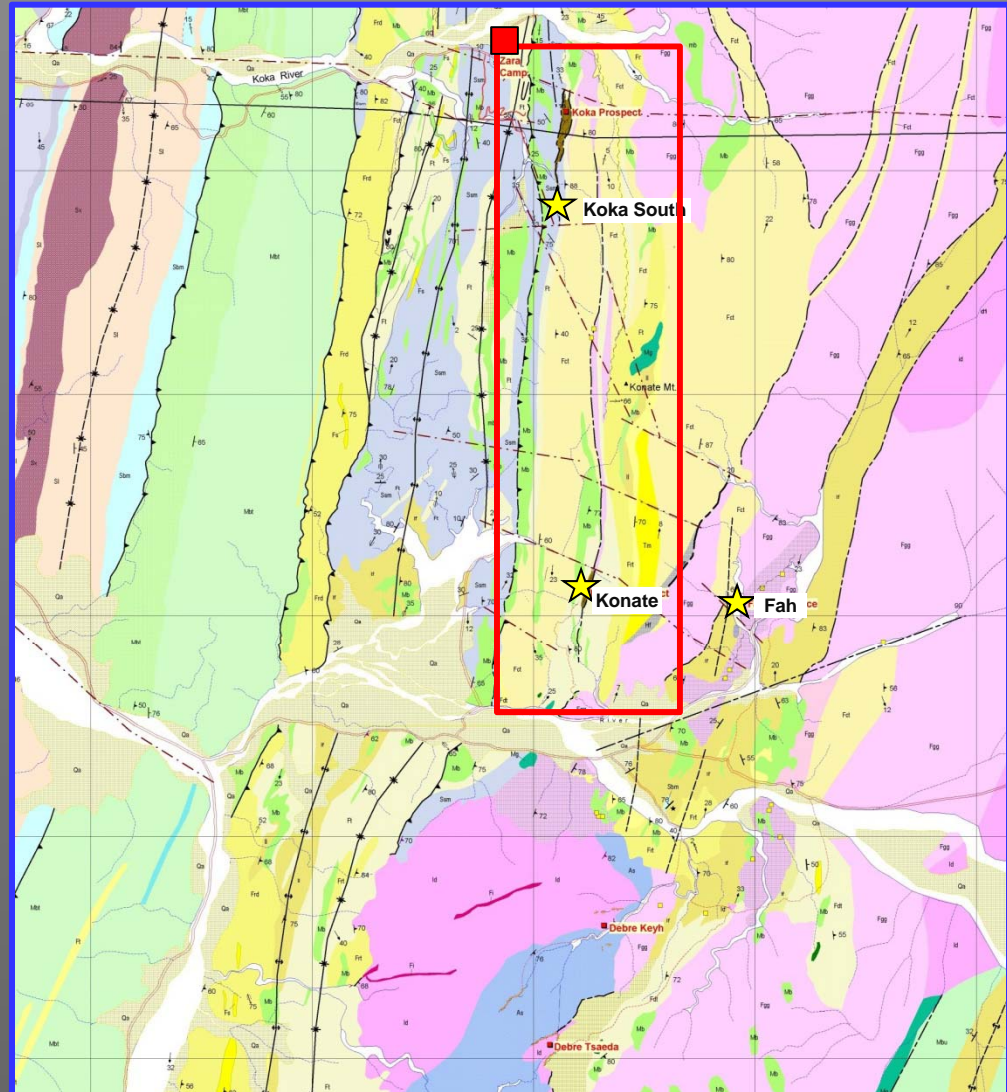
Chalice – Huge Exploration Upside



- Chalice controls ~20,000 sq km of highly prospective tenements & applications in Eritrea
- Recent exploration has identified several zones of extensive mineralisation in addition to the existing Koka resource
- Intensive exploration underway within highly prospective 6km long **Koka-Konate corridor**
- **Stream BLEG sampling** north-west of Koka reveals potential for mineralisation over 10km strike
- **Regional airborne radiometric & magnetic survey** planned for Q4 – 12,700 line km

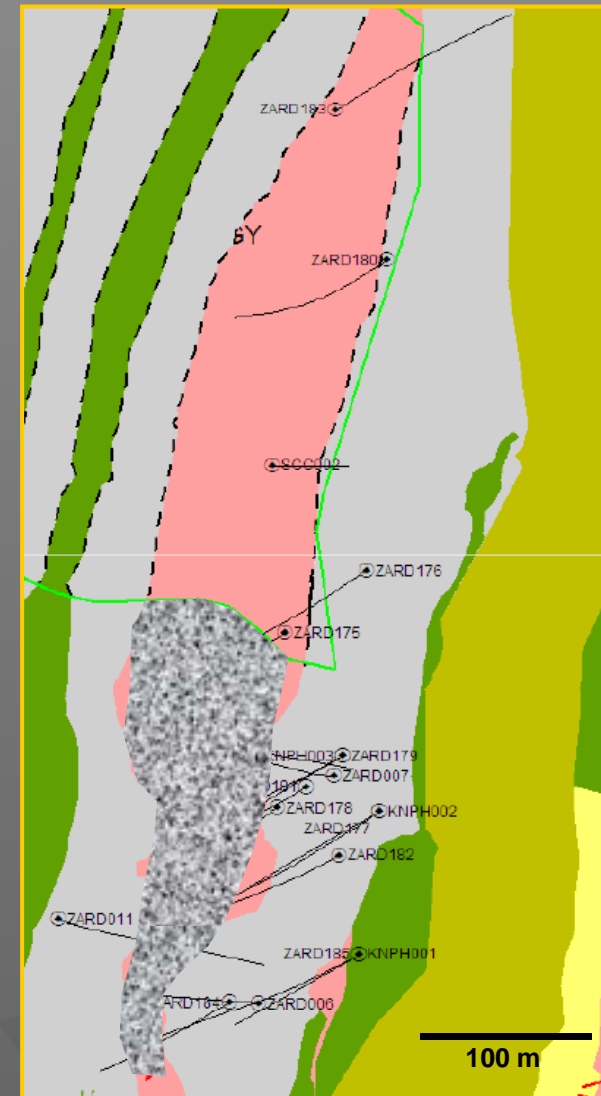
Koka-Konate 'Corridor'

- Multiple structures with alteration and artisanal workings:
 - **Konate** – artisanal workings on quartz stockwork – drilling in progress
 - **Fah** – extensive quartz stockwork within 4 km x 0.8 km alteration zone – drilling planned
 - **Koka South** – narrow, high-grade intersections in recent drilling – further drilling planned
- Deep penetration IP survey to cover 6 x 1.5 km corridor
- All within trucking distance of Koka plant



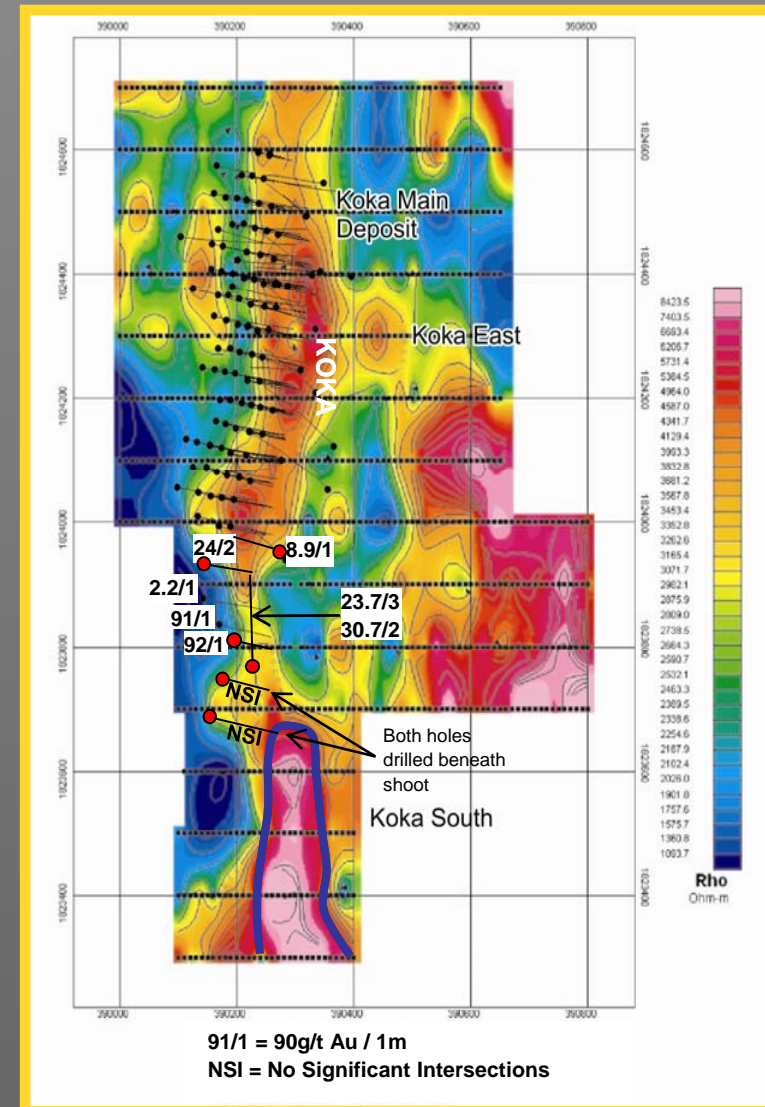
Konate

- Zone of intensive artisanal workings 5km south of Koka:
 - *~600m by up to 20m wide*
 - *quartz vein stockwork in silica-sericite altered microgranite*
- Diamond drilling underway
- Guided by structural analysis of vein arrays
- Significant quartz veining with sulphides intersected
- Assays pending



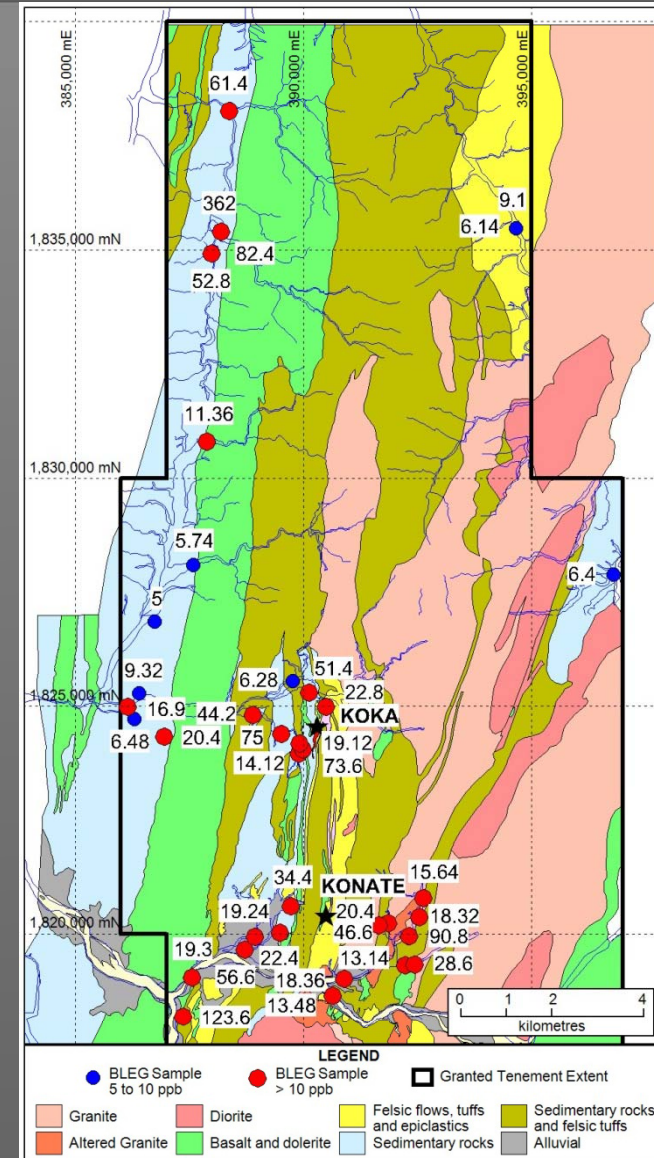
Koka South

- Strong IP resistivity anomaly identified 200-500m south of Koka
- Ground follow-up confirmed zone of silica-sericite altered microgranite
- Potential 'blind' system plunging gently to south
- Drilling confirmed Koka-style mineralisation – several intersections 30-90g/t over 1-2m
- 3D IP planned before further drilling



Regional Geochemical Sampling

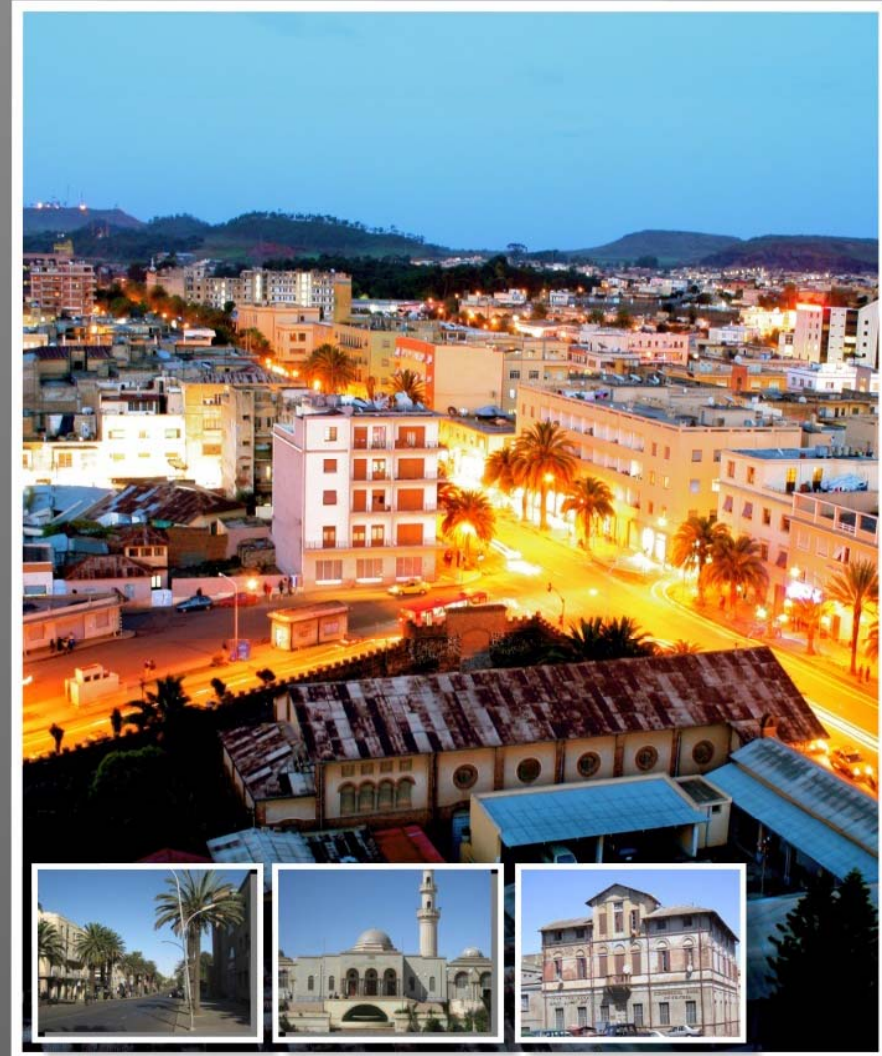
- Systematic geochemical drainage sampling works well in this terrane
- Initial BLEG (Bulk Leach Extractable Gold) and multi-element analyses results reveal numerous high-order anomalies on Zara and Zara North properties
- Results >5ppb normally considered anomalous
- Numerous samples >10ppb with highest being 362ppb
- Follow up sampling underway to determine sources of anomalies



Eritrea Overview



- Stable operating and social environment
- Proactive Government stance on mining developments – “open for business”
- Modern Mining Code
- Increasing foreign exploration & mining investment – 20 groups now active in country
- Growing interest from ‘majors’



Summary

- Koka Gold Deposit:
 - *Advanced high grade gold deposit*
 - *Strong economics*
 - *Low technical risk*
 - *Feasibility Study completed*
- Aggressive exploration programs underway to expand resource base
- Strategic ground position in emerging gold & base metal province
- Experienced Board and Management with extensive expertise in African gold sector



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Eritrea Mining Act

Prospecting licence

- One year, not renewable, not transferrable
- Maximum size 100km²
- Licence fee (US)\$33.33
- Annual rental (US)\$3.33/km²

Exploration licence

- 3 year term
- 2 renewals for 1 year each - transferrable with approval
- One quarter relinquishment of original licence area with each renewal
- Maximum size 50km²
- Licence fee (US)\$100
- Annual rental (US)\$13.30/km²

Mining licence

- Maximum of 20 years or life of deposit (whichever is shorter)
- Renewable for 10 years
- Maximum size 10km²
- Licence fee is (US)\$400
- Annual rental is (US)\$40/km²

Royalties

- Up to 5% for precious metals and 3.5% for other metallic minerals

Government Participation

- 10% free-carried interest at the mining stage
- Up to an additional 20% participating interest may also be acquired by Government based on an independently determined value

Taxes

- Corporate income tax 38%
- 20% flat tax on expatriate employee earnings
- 0.5% on all imports of machinery equipment, vehicles and parts
- No dividend tax
- Straight line depreciation over 4 years with no salvage
- The right to carry forward operational losses and deduct them from gross income