



Developing a High Grade Gold Mine in Eritrea



Africa Down Under

31 August – 2 September 2011

www.chalicegold.com

Disclaimer and Competent Persons Statement

- 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.

Mine Development and Exploration in Eritrea

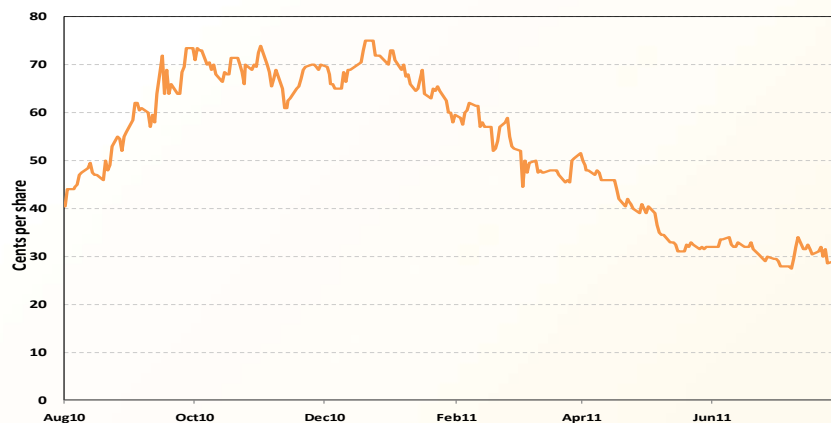
- **High-grade, low cost gold development project (Koka)*:**
 - Open pittable 760,000 oz Probable Reserve @ 5.1g/t Au
 - Forecast gold production of 104,000 oz p.a. over 7 years for Koka alone
 - Lowest quartile cash operating costs of global cost curve - US\$ 338/oz
 - First gold pour estimated 2013
- **Exploration Upside:**
 - Located in the highly prospective and underexplored Arabian-Nubian Shield
 - 1372 km² of granted tenements
 - Drilling underway to test IP targets in 'mine corridor'
 - Major regional exploration program underway

* 60% owned by Chalice, 40% by ENAMCO (state-owned mining entity)

Capital Structure

Share price	A\$0.33
Shares on issue	250 million
Market capitalisation	~A\$82 million
Options on issue	7 million
Debt	-
Cash	~A\$9 million

Share Price Movement



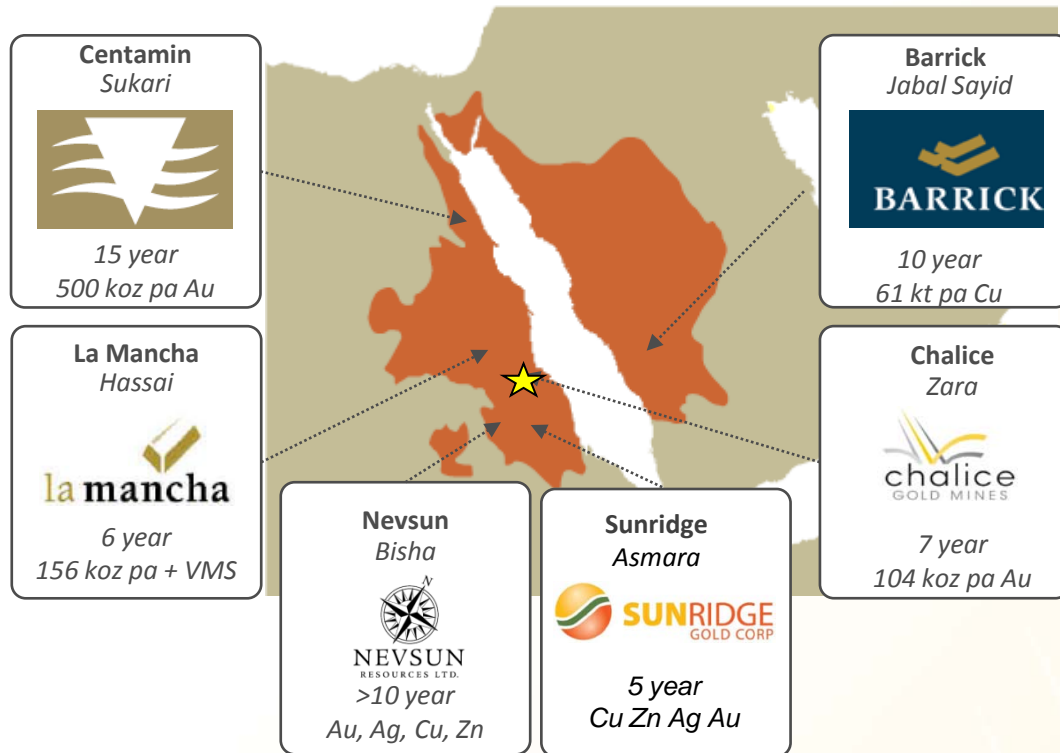
Board

- Tim Goyder *Executive Chairman*
- Dr Doug Jones *Managing Director*
- Juan Jeffery *Executive Director & COO*
- Mike Griffiths *Non-Executive*
- Anthony Kiernan *Non-Executive*
- Stephen Quin *Non-Executive*

Substantial Shareholders

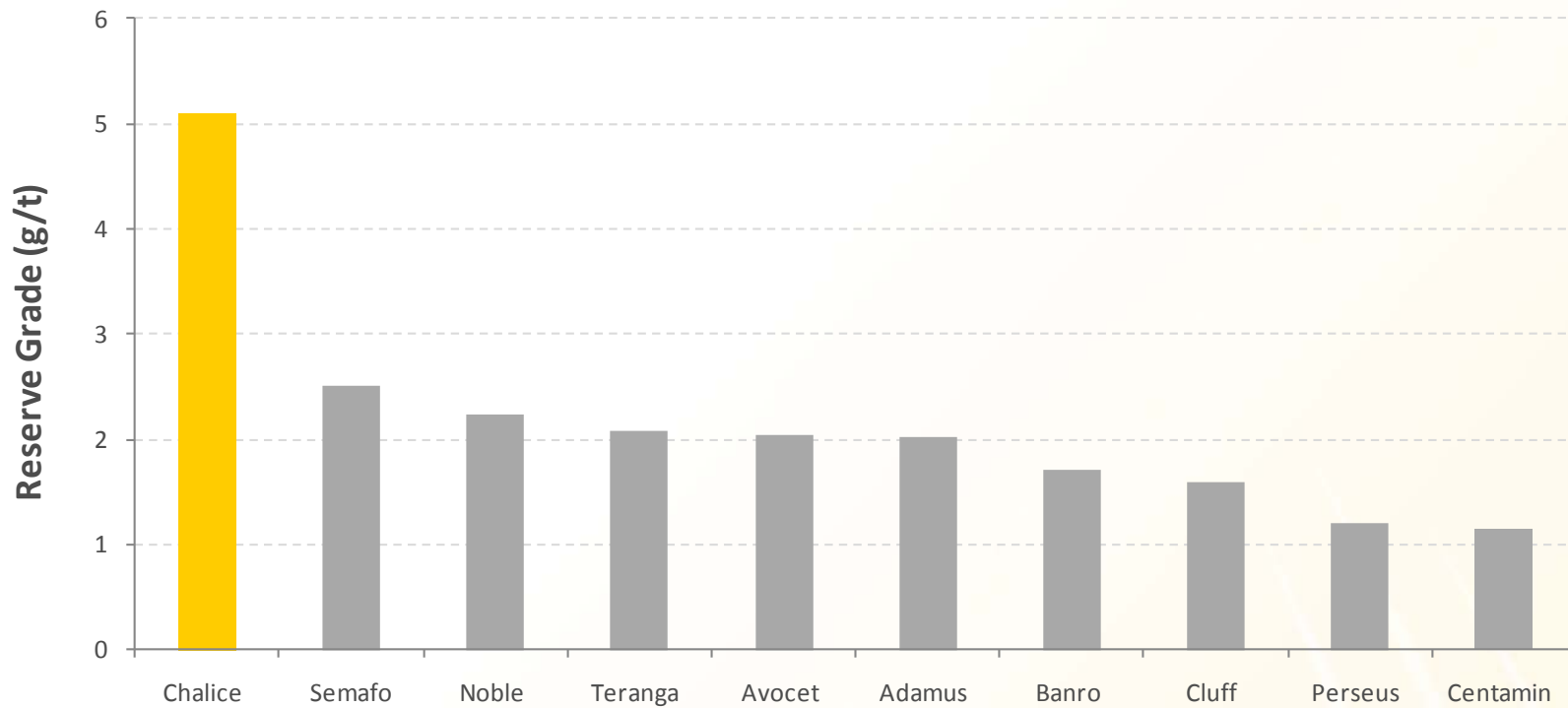
- Franklin Resources 12.4%
- Directors & Management 12.4%
- Lujeta Pty Ltd 7.8%
- City Securities 6.1%
- Acorn Capital 5.0%

The Arabian-Nubian Shield

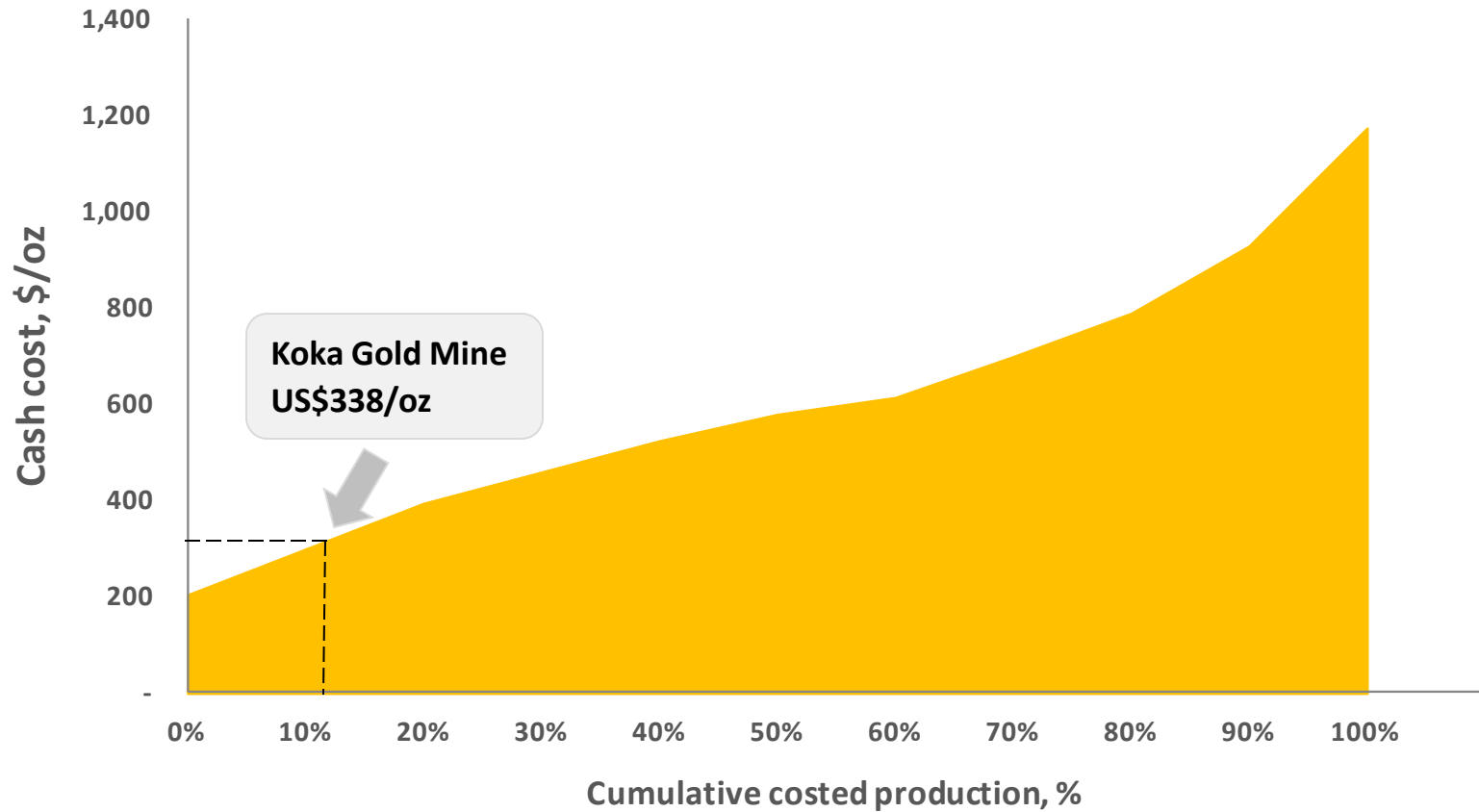


- Long mining history (>1,000 recorded ancient copper and gold mines)
- Minimal modern exploration
- Hosts resources of +20Moz gold
- World-class projects now being developed

High Grade

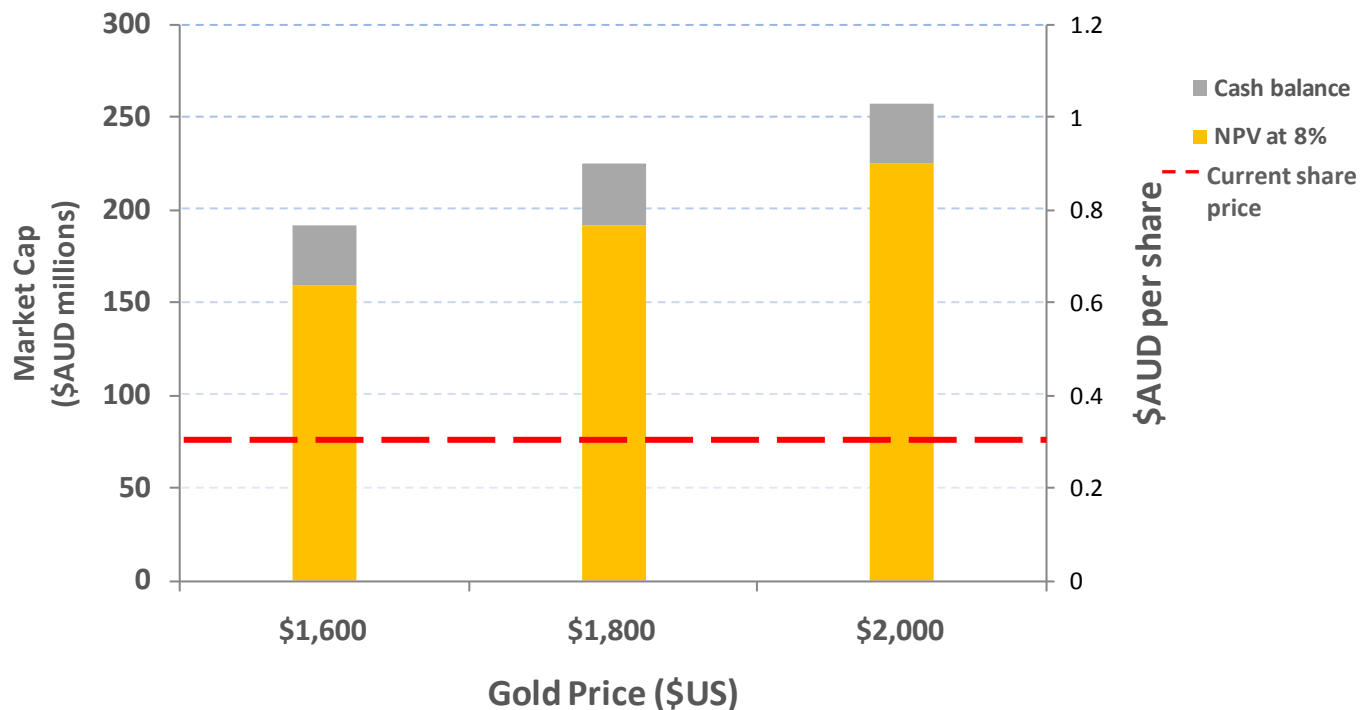


Gold mine cost curve – Q1 2011



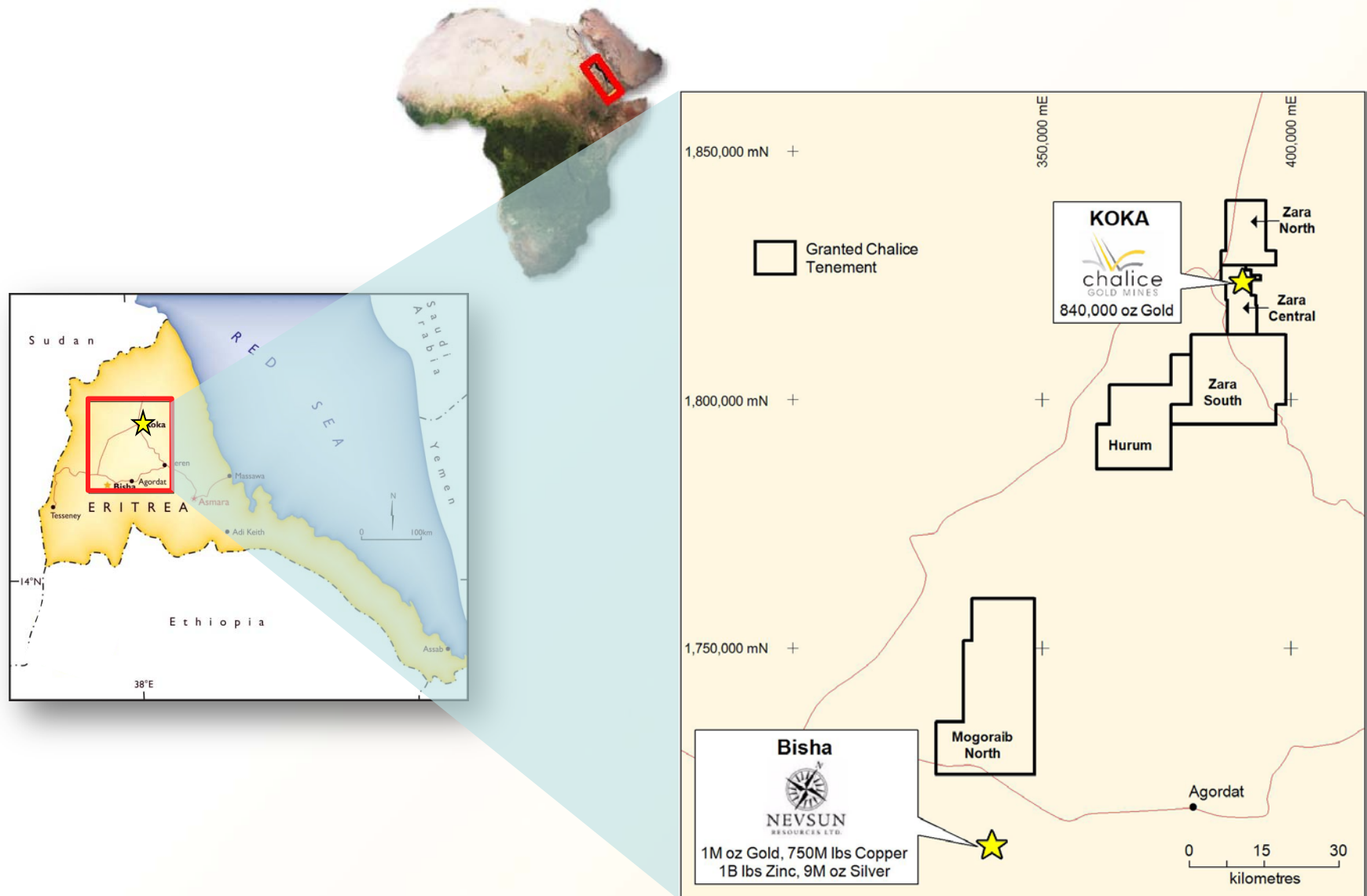
Source: VM Group/Haliburton Mineral Services

NPV vs Market Cap



- Current cash balance of approximately \$9 million + \$32 million ENAMCO payment (US\$) less taxes payable
- NPV represents Chalice's 60% share at 8% discount, based on Feasibility Study
- USD/AUD exchange rate 1:1

Current Ground Position – 1372 sq km

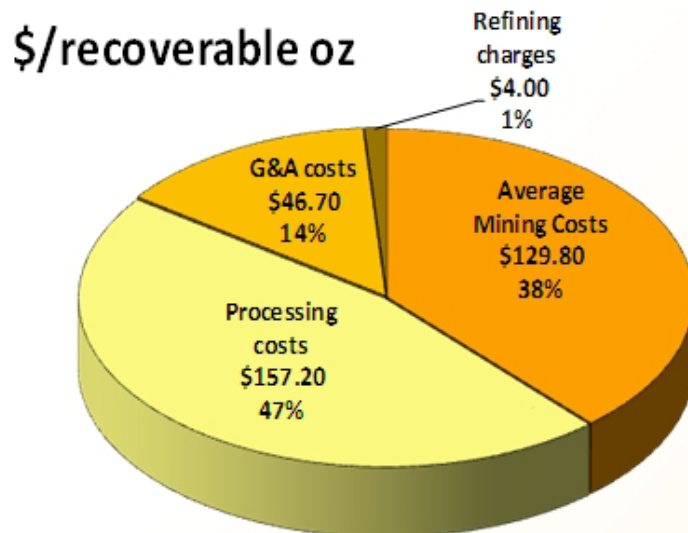




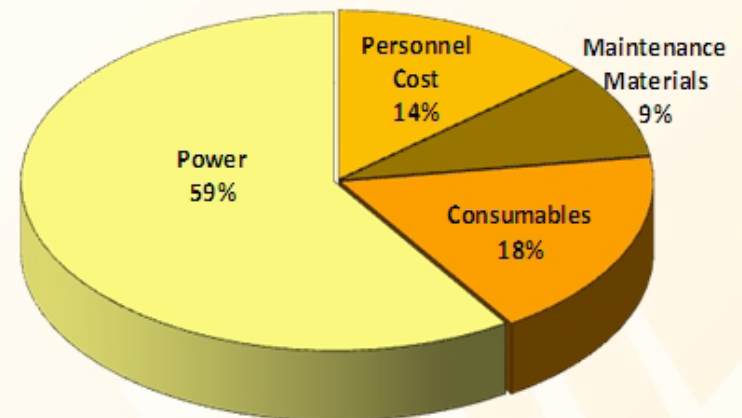
Koka – Feasibility Study Cost Profile

Operating Cost Estimates

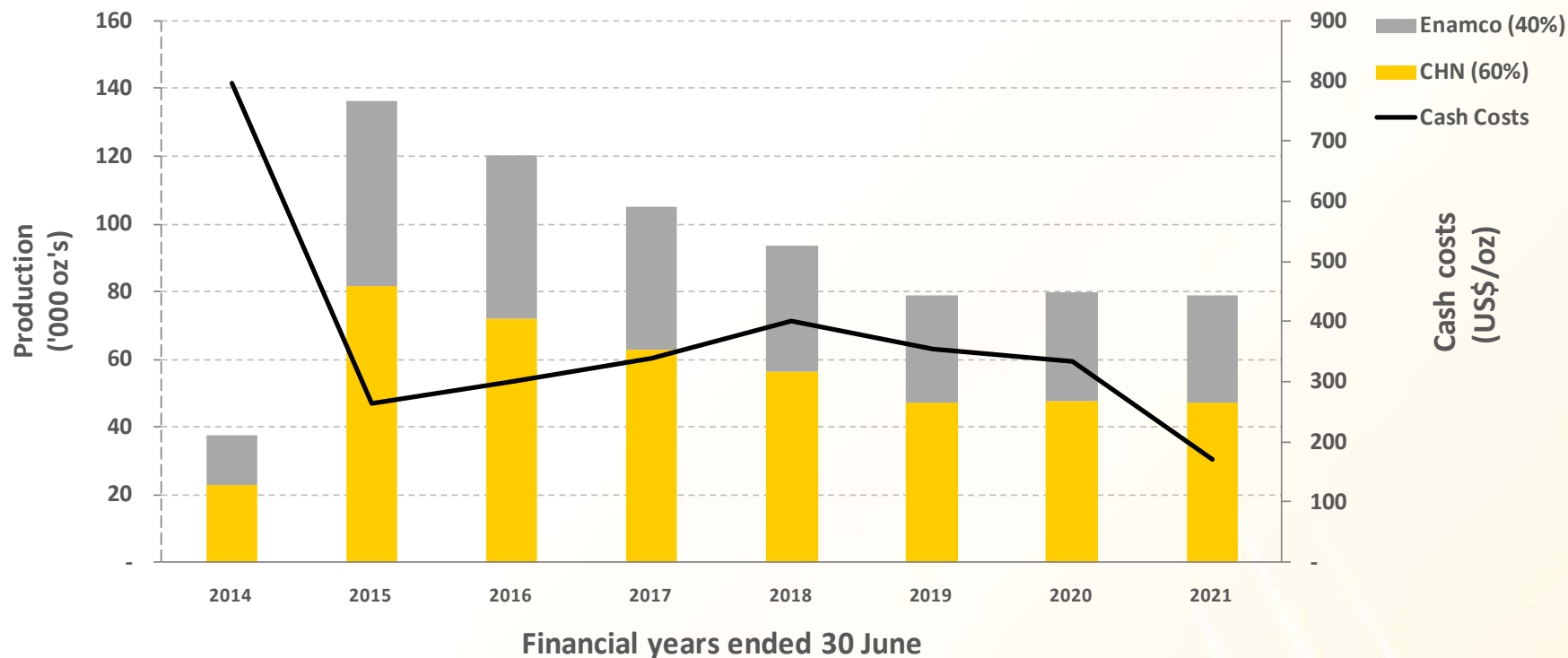
Average mining costs (incl. pre-strip)	\$/t mined	2.01
Processing cost	\$/t milled	24.78
General and administration	\$/t milled	7.36
Refining charges	\$/t milled	0.63



Processing costs (\$/t milled)

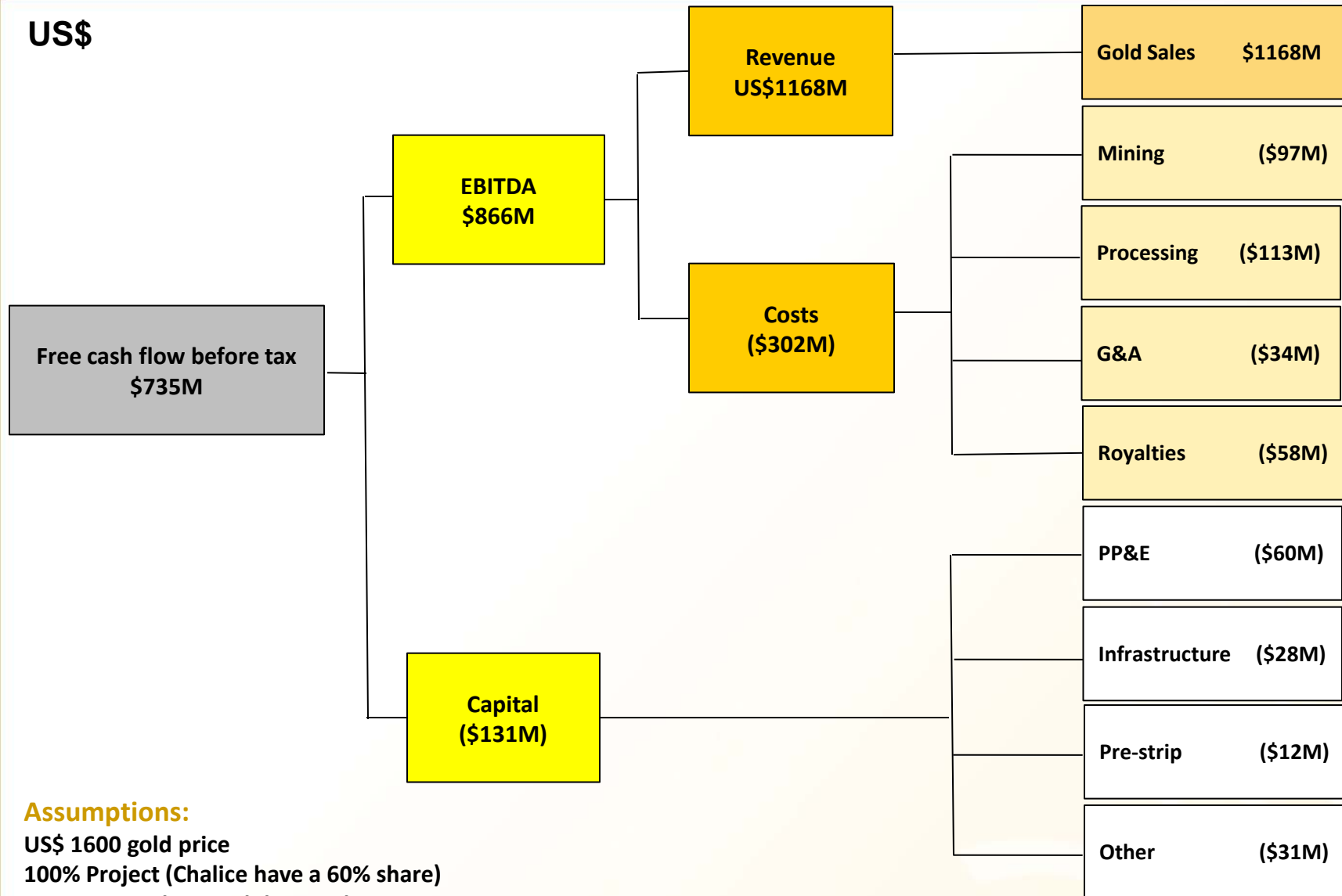


Koka – Feasibility Study Production Profile



Koka Deposit – Project Life of Mine Value

US\$



Assumptions:

US\$ 1600 gold price


100% Project (Chalice have a 60% share)

Uses 2010 Koka Feasibility Study

Koka Development Schedule

Calendar Year	2011				2012				2013			
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Shareholders Agreement												
Mining Agreement												
Mining License												
Project Funding												
Contractor Selection & Engagement												
Construction ramp - up												
Construction												
Pre-Strip												
First Production												

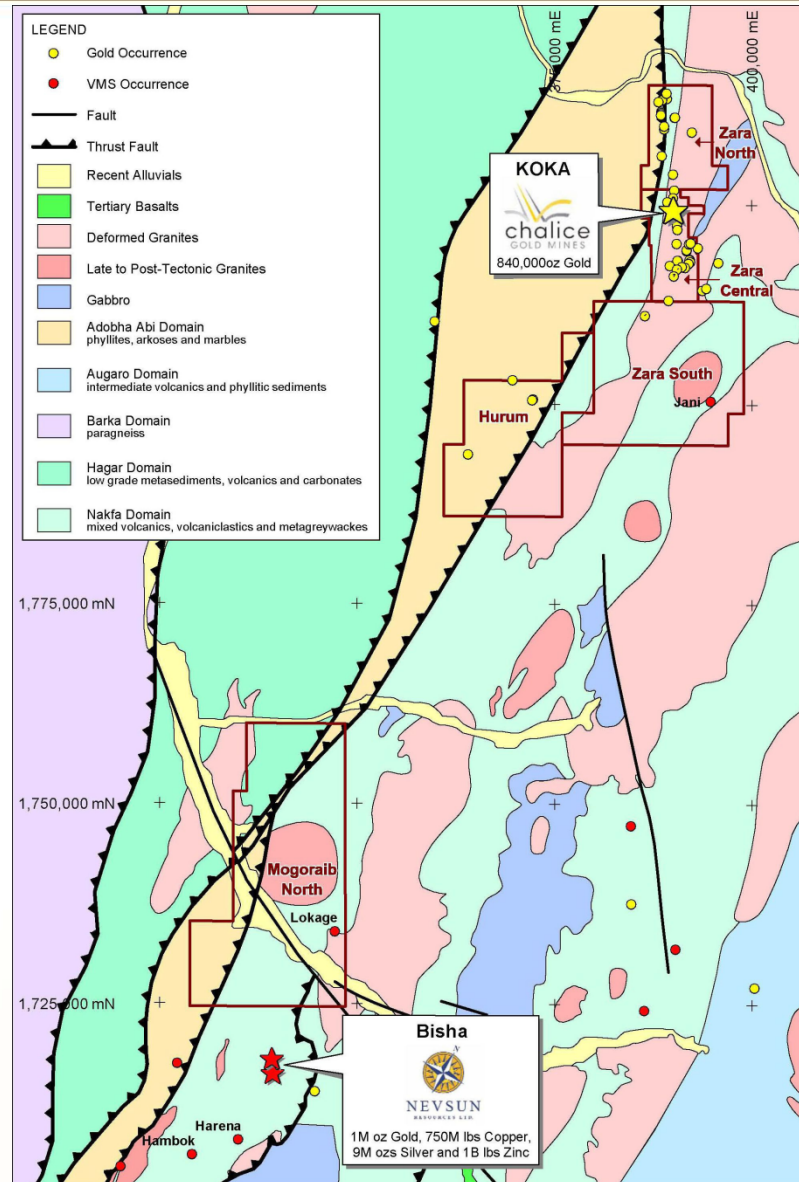
Koka – a low risk project

Development Risks	Risk Level	Risk Mitigation
	Low  High	
Resource and reserves	✓	High grade JORC/NI43-101 reserves
Management experience	✓	Experienced development team
Geography and infrastructure	✓	Managed through project design
Political risk	✓	Stable government (18 years) – equity participation in project
Construction risk	✓	Fixed price contracts (EPC)
Mining process	✓	Conventional open pit
Metallurgy	✓	Free milling and 96% recovery
Processing technology	✓	Proven technology
Currency risk	✓	Revenues and costs matched
Cost contingencies	✓	Conservative cost estimates

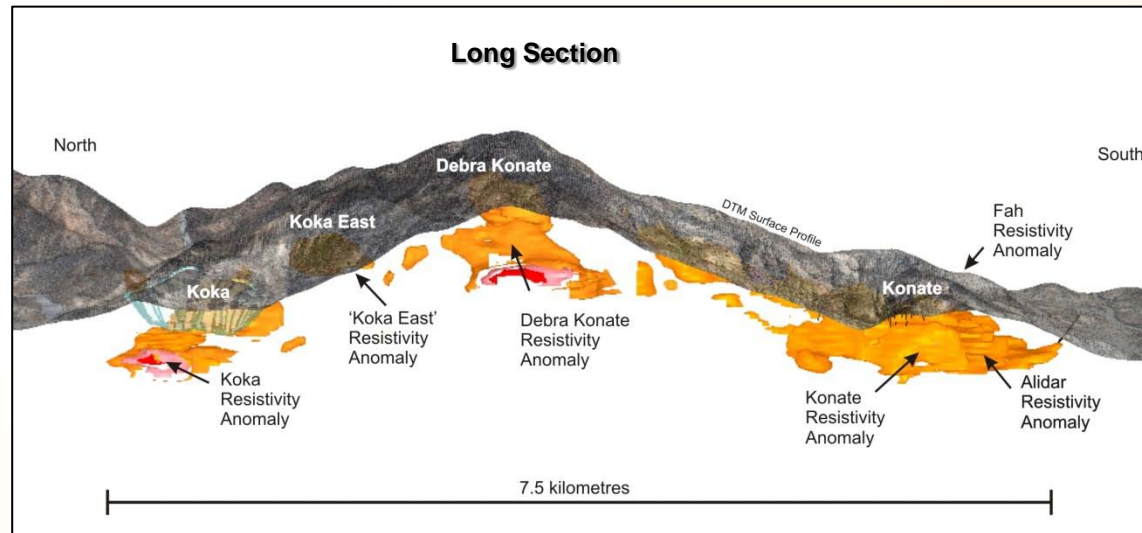
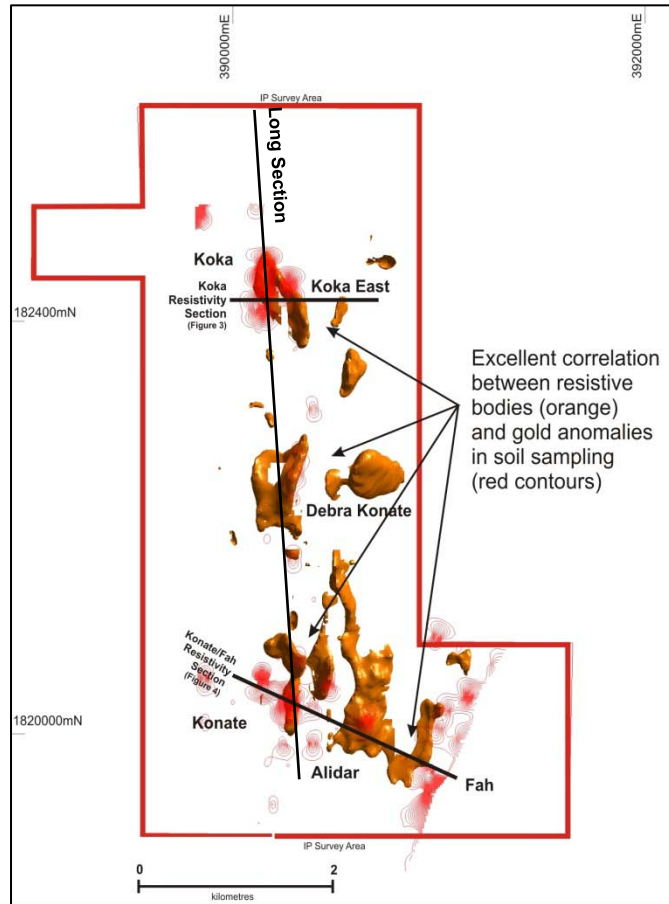
Key Objectives 2011

- | | | |
|-------------------------------------|--|--------------------|
| <input checked="" type="checkbox"/> | Crystallise Government purchase price | Q2 2011 |
| <input checked="" type="checkbox"/> | Develop pipeline of exploration targets | Q1 – 2 2011 |
| <input checked="" type="checkbox"/> | Commence drilling of Koka near-mine targets | Q2 2011 |
| <input type="checkbox"/> | Complete mine permitting | Q3 2011 |
| <input type="checkbox"/> | Secure funding | Q4 2011 |
| <input type="checkbox"/> | Commence construction | Q1 2012 |

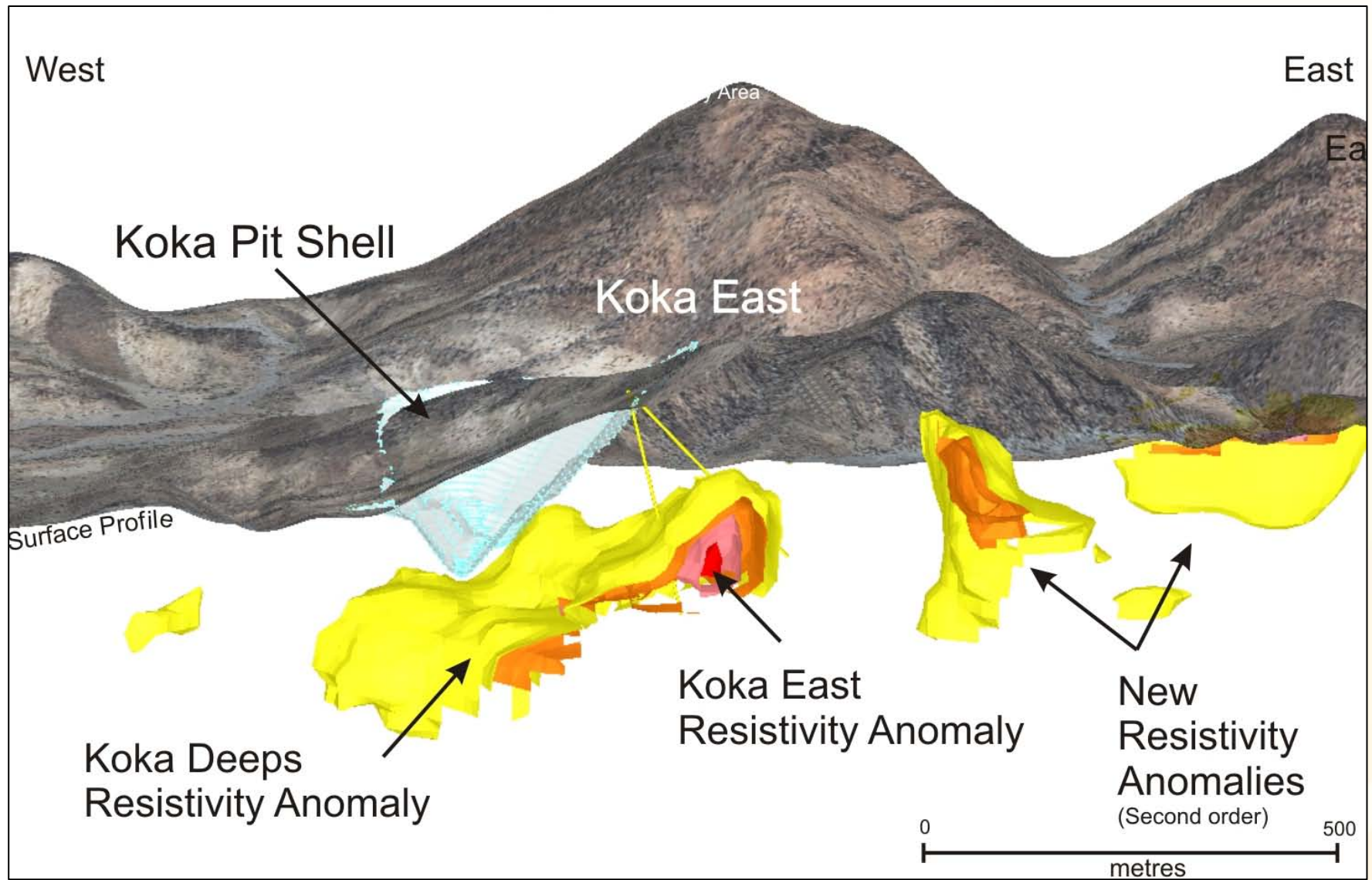
Regional Geology & Mineralisation



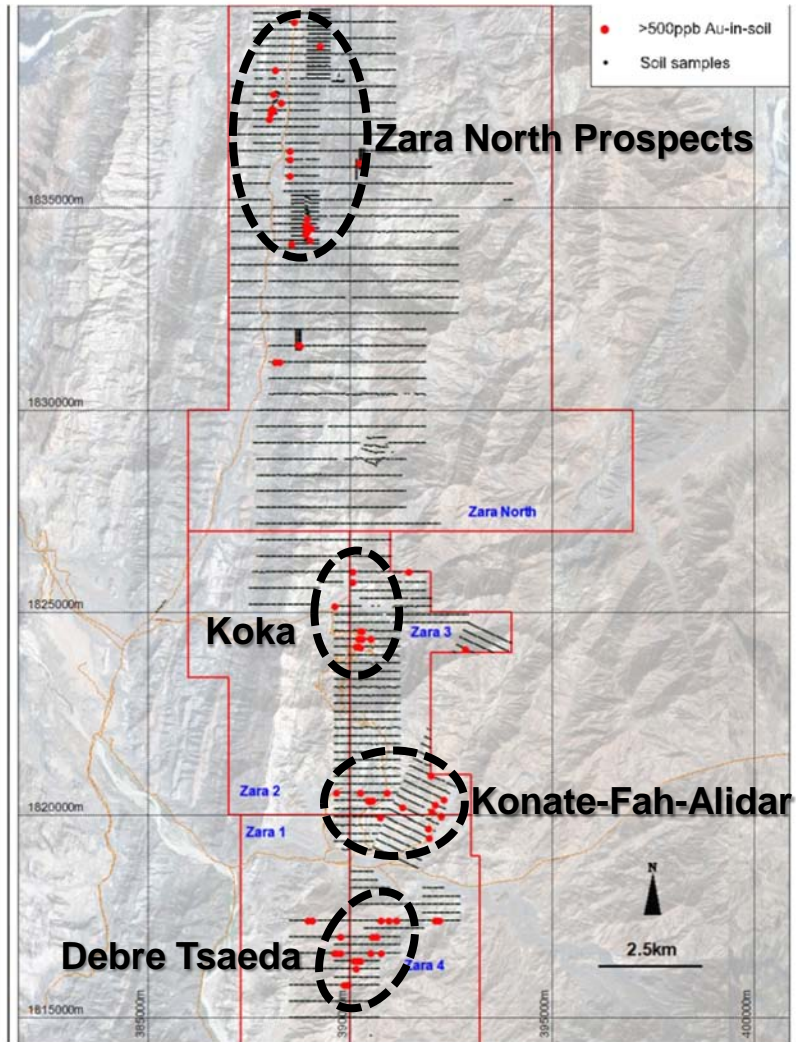
Near Mine Exploration - Koka 3D IP



Koka 3D IP – Priority Targets Koka & Koka East



Zara Tenements – Other Targets



Soil Geochemistry – Gold Anomalies



Debre Tsaeda Artisanal Workings

Mogoraib North Exploration Licence

- Located ~10 km north of Nevsun's Bisha VHMS Project with similar geological setting
- Landsat spectral signatures similar to Bisha
- VTEM survey completed -~3825 line kilometres
- Preliminary interpretation has identified several promising targets
- Geological mapping & stream sediment sampling completed
- 2000m diamond drilling budgeted



Analysts Covering the Chalice Story

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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.

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 the estimation of mineral reserves and mineral resources, the realization 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, 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; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at 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.

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Appendix 1: Eritrea Mining Act Summary

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

5% for precious metals and 3.5% for other metallic minerals

Government Participation

10% free-carried interest at the mining stage
30% participating interest acquired by Government based on fair value

Taxes

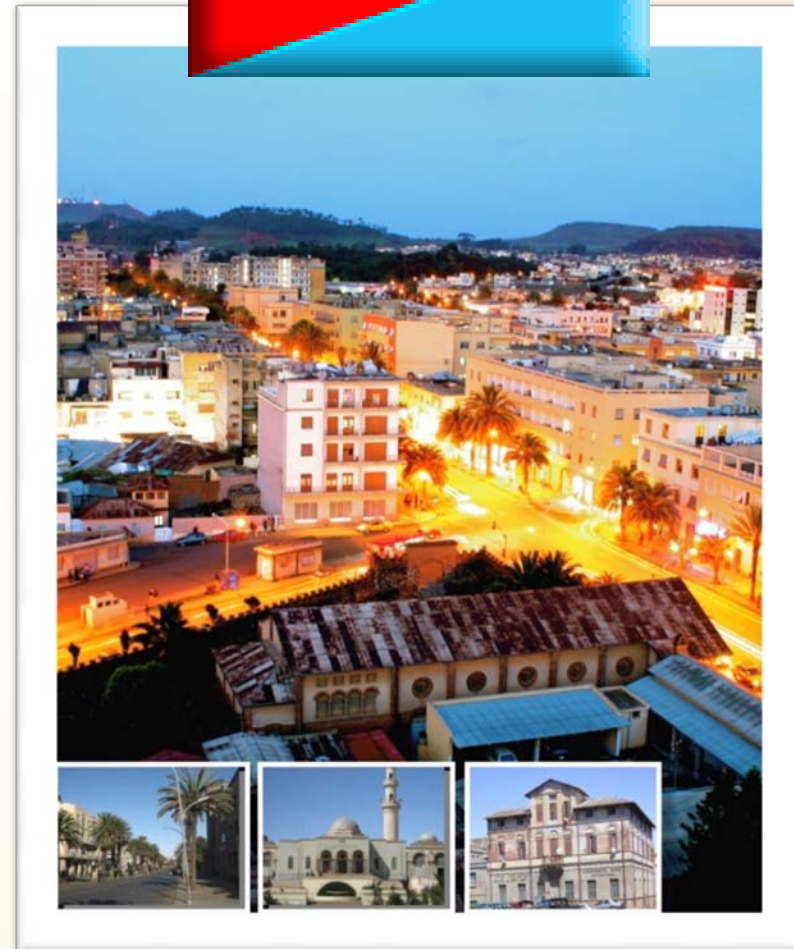
Corporate income tax 38%
20% flat tax on expatriate employee earnings
0.5% on all imports of machinery equipment, vehicles and parts
No dividend tax
Straight line depreciation over 4 years with no salvage
The right to carry forward operational losses and deduct them from gross income

Appendix 2: Joint Ownership Agreement with ENAMCO

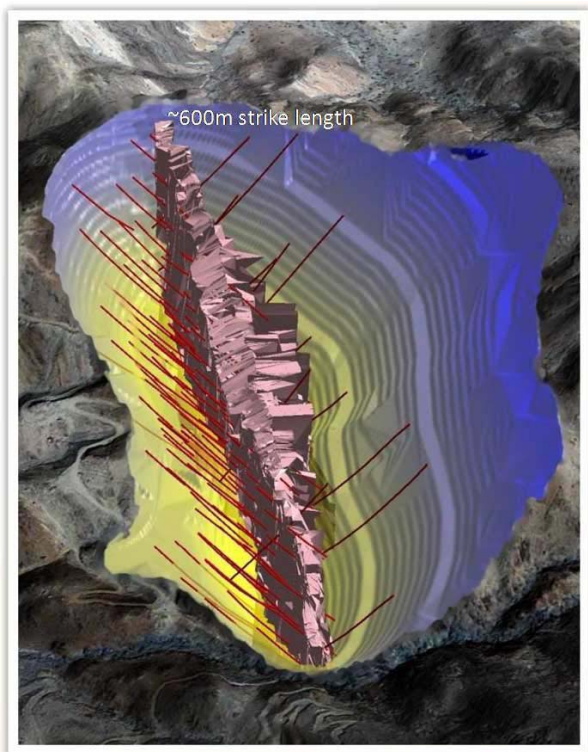
- Signed July 27, 2011.
- Chalice first in country to conclude partnership agreement with ENAMCO (as required by Mining Act). Represents a “green light” for financing & construction of the Koka Gold Project, subject to signing of Shareholder’s Agreement and Mining License.
- The Government of Eritrea, via the Eritrean National Mining Corporation (ENAMCO) acquired a 30% paid participating interest in the Koka Gold Project and surrounding exploration tenements (together “Zara Mining SC”) for US\$ 34 million (due in January 2012).
- Ownership in Zara Mining SC becomes Chalice (60% participating interest), ENAMCO (30% participating interest, 10% free carried interest). Ownership agreement excludes Hurum and Mogoraib North Licenses.
- ENAMCO will, going forward, contribute 1/3 of capital costs of the mine, and 1/3 of exploration expenditures on surrounding exploration tenements.

Appendix 3: Eritrea Quick Facts

- Independent since 1993
- Politics: transitional single party Republic
- Capital: Asmara
- Area: 121,144 square kilometers
- Population: ~5.9 Million
- Culture: 45% Islamic, 45% Coptic Christian, 10% Other
- Languages: Tigrinya, Arabic, Tigre, Afar, Kunama
- Business & Government language: English
- Legal system: mixed civil, customary, and Islamic religious law
- GDP: \$3.625 billion (2010 est.)
- GDP per Capita: U.S. \$700
- Exports: \$25 million (2010 est. pre Bisha production)
- Currency: Nakfa (Nkf) - pegged to \$ USD (15Nkf = US\$1)
- Life Expectancy: 54
- Adult Literacy Rate: ~60%
- Proactive Government stance on mining developments – modern (1995) Mining Code
- Increasing foreign exploration & mining investment – 18 groups now active in country
- No corruption



Appendix 4: Koka Gold Deposit



Feasibility Study Assumptions and Parameters

Base Case Assumptions

Gold price base case	US\$/oz	900
Foreign exchange rate	AUD/US\$	0.85
Foreign exchange rate	ERN/US\$	15.00
Fuel price	\$/litre	1.00

Fiscal Parameters

7 years

Corporate tax rate	%	38
Royalty	%	5.0

Base Case Mine Parameters

Ore milled (Mt)	Mt	4.6
Waste mined (Mt)	Mt	48.3
Strip ratio	W:O	10.4
Average gold grade	g/t	5.10
Total contained gold	oz	760,000
Estimated gold recovery	%	96.3
Total recovered gold	oz	730,780
Life of mine	Years	7
Average annual gold production	oz	104,000

Base Case Cost Parameters

Pre-production capital	\$M	122
Sustaining capital and mine closure	\$M	9
Average total cash costs (\$/oz)	\$/oz	338