

## Chalice: A new chapter begins

- ***Cash:*** Sale of Eritrean gold asset for net US\$90-95M
- ***Today's opportunity:*** Drilling in world-class VMS field
- ***Tomorrow's potential:*** Seeking world-class projects

Corporate Presentation  
February 2012

# 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](http://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.



# Overview

*Divestment of Eritrean gold asset a catalyst for new phase of growth...*

- Dual-listed international mining company (ASX: CHN, TSX: CXN)
  - *Strong track record of identifying, securing & developing quality resource assets*
- Currently divesting Zara Gold Project, Eritrea (including 760,000oz Koka Deposit\*) with agreements in place to sell:
  - *30% to ENAMCO for ~**US\$34M** (US\$3M received)*
  - *60% to Chinese group SFECO for up to **US\$100M***
- Completion targeted for mid-2012, opening up a new growth chapter:
  - ***US\$90-95M** in cash post-completion and net of tax = **36-38cps cash backing***
- Strategic focus on emerging Arabian-Nubian Shield:
  - *World-class deposits: **Bisha** (Nevsun), Jabal Sayid (Barrick), Sukari (Centamin)*
  - ***1,372km<sup>2</sup>** of granted tenements*
- Drilling commencing Q1 2012 targeting potential repeats of world-class Bisha VMS deposit at Mogoraib North (10km from Bisha mine)
- Uniquely positioned to secure new high quality resource assets

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



# Corporate Snapshot

*An experienced team with global capability – dual-listed on ASX/TSX*

## Capital Structure:

Shareprice	~A\$0.24
Shares on Issue	250 million
<b>Market Capitalisation</b>	<b>~A\$60 million</b>
Options on Issue	7 million
Debt	-
Cash	~A\$2.5 million

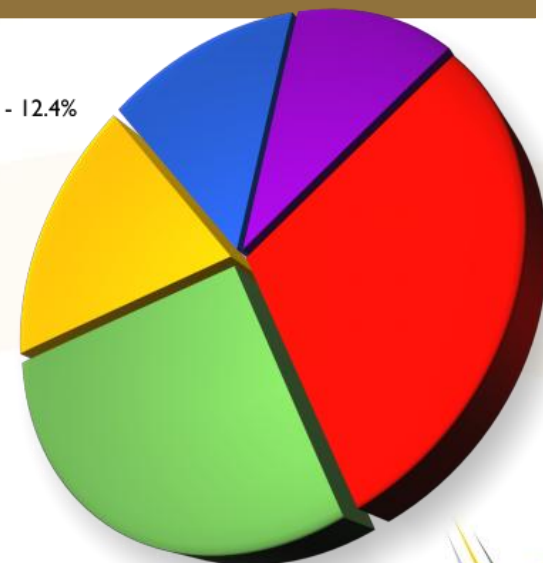
## Board and Senior Management

<b>Tim Goyder</b>	Executive Chairman
<b>Dr Doug Jones</b>	Managing Director
<b>Anthony Kiernan</b>	Non-Exec Director
<b>Stephen Quin</b>	Non-Exec Director
<b>Juan Jeffery</b>	COO
<b>Richard Hacker</b>	CFO
<b>Dr Harry Wilhemij</b>	Exploration Manager
<b>Mike Griffiths</b>	Board Consultant



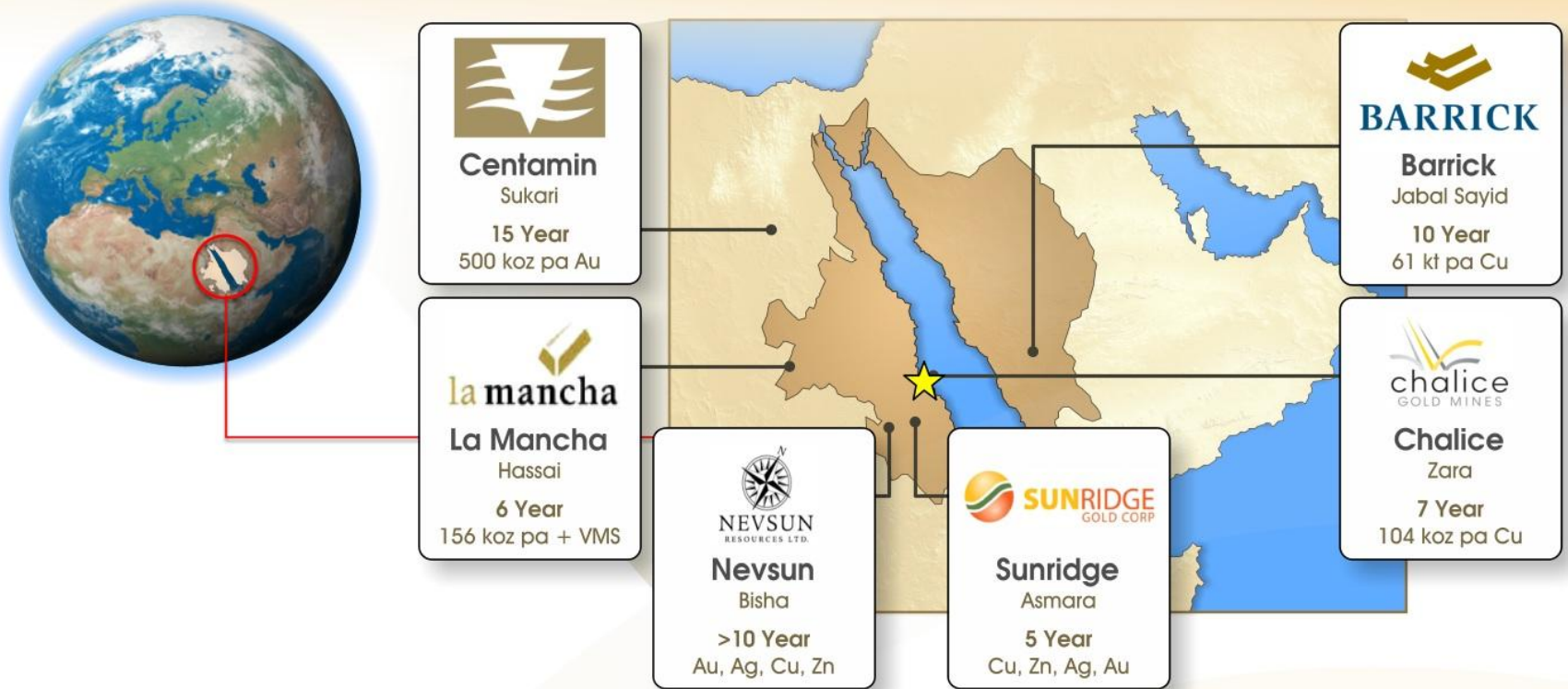
## Substantial Shareholders

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



# Regional Focus: the Arabian-Nubian Shield

*Strong strategic foothold in one of the world's exploration "hot spots"*



- 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



# Zara Gold Project: Background

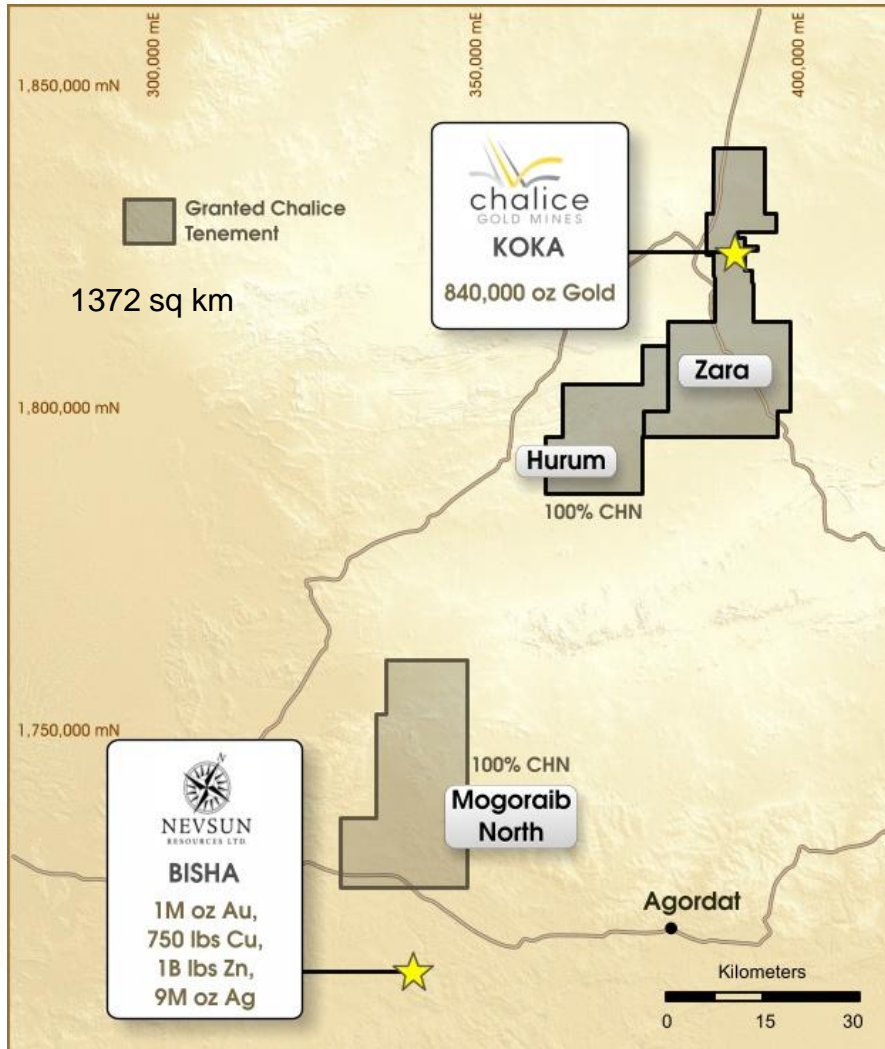
*Quality gold project successfully progressed by Chalice to the cusp of production*

- Acquired through merger with Sub-Sahara Resources in April 2009:
  - *Combined CHN's strong \$10M cash position with Sub-Sahara's high-grade gold asset in East Africa*
- Followed an extensive global search for quality resource assets
- Successfully raised **+\$34M** for exploration, feasibility studies and pre-development activities
- Delivered Scoping Study on +100,000oz pa project in October 2009
- Bought out minority 20 per cent partner Dragon Mining in March 2010 for A\$8M plus 2M CHN shares
- Delivered maiden open pit Ore Reserve of 760,000oz @ 5.1g/t delivered June 2010
- Delivered high-quality Feasibility Study in July 2010
- Secured Mining Agreement from Eritrean Government in November 2011 and Koka Mining Licences in early 2012



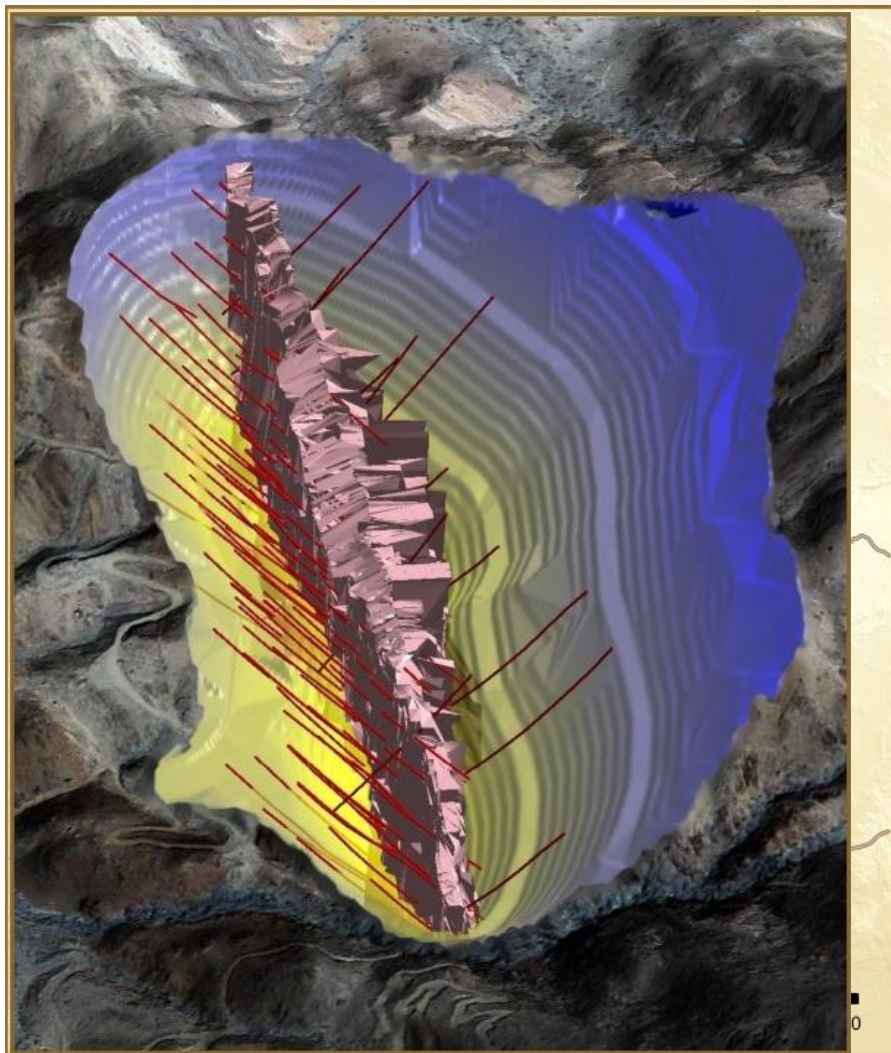
# Current Ground Position - Eritrea

*Tenements encompass high-grade gold deposit and outstanding exploration potential*

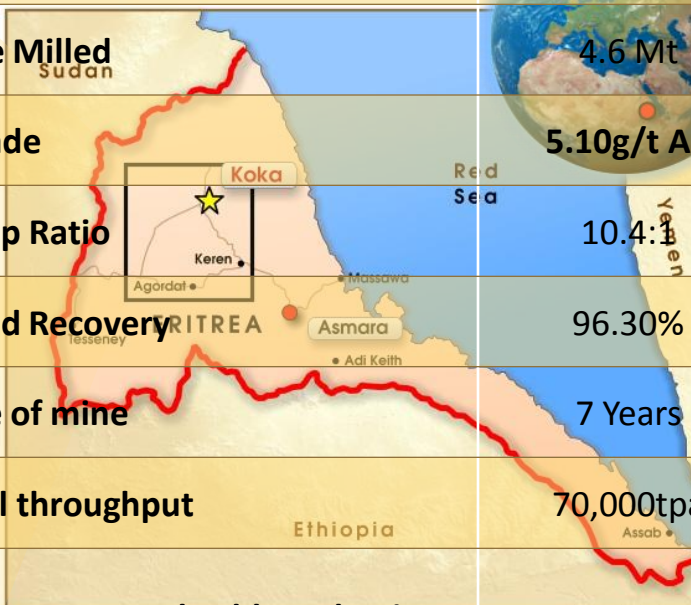


# Koka Feasibility – Key Metrics

*A unique high-grade, open pit gold development with exceptional economics*

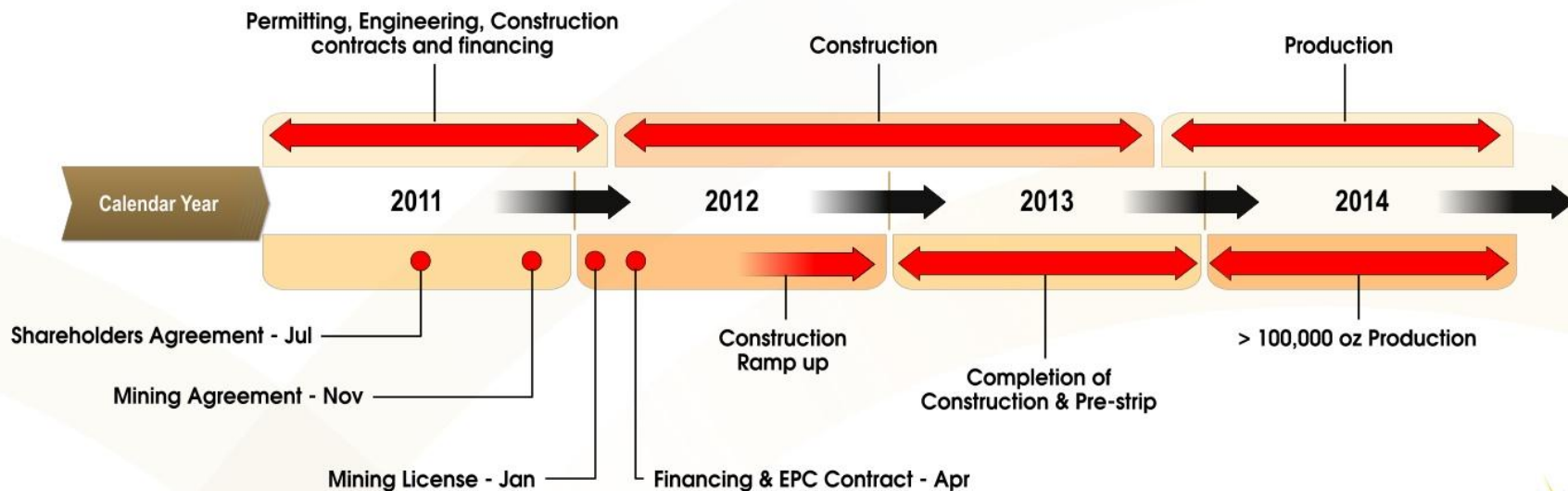
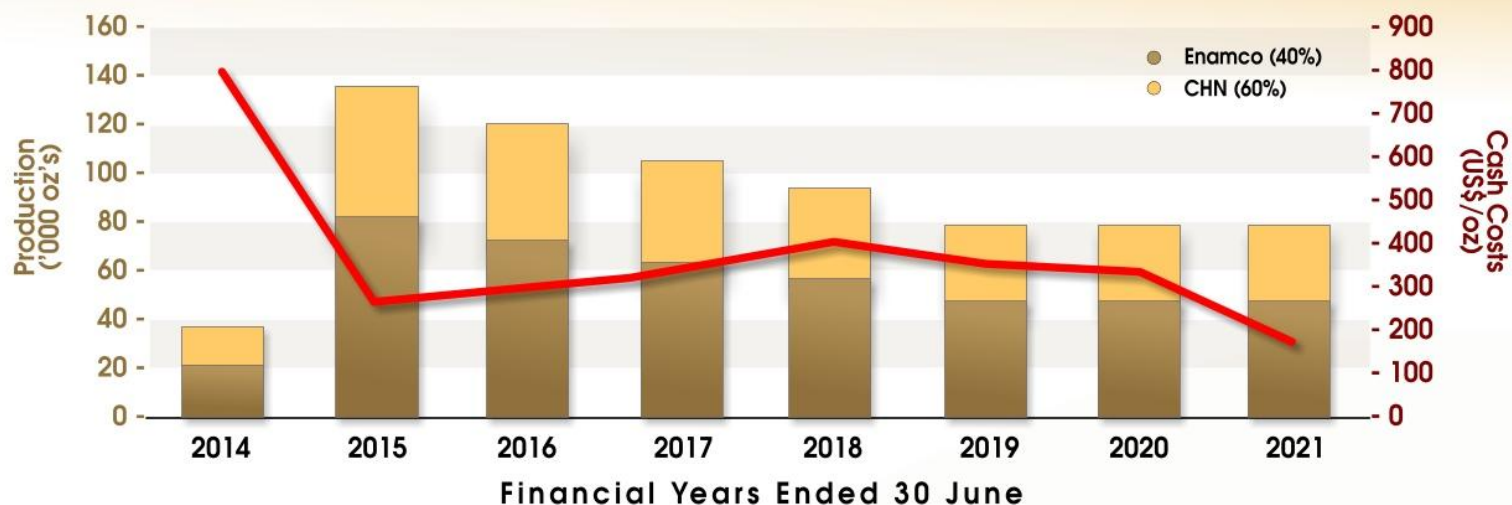


Gold price base case	US\$900
Ore Milled	4.6 Mt
Grade	5.10g/t Au
Strip Ratio	10.4:1
Gold Recovery	96.30%
Life of mine	7 Years
Mill throughput	70,000tpa
Average annual gold production	104,000 oz
Total gold produced	730,000 oz
Capex	US\$122M
Ave total cash cost per oz Au	US\$388



# Koka – Production Profile & Development

*Clear pathway to near-term gold production for incoming Chinese group*



# Summary of Proposed Zara Transactions

*Sale of 30% interest to ENAMCO, 60% interest to China's SFECO Group...*

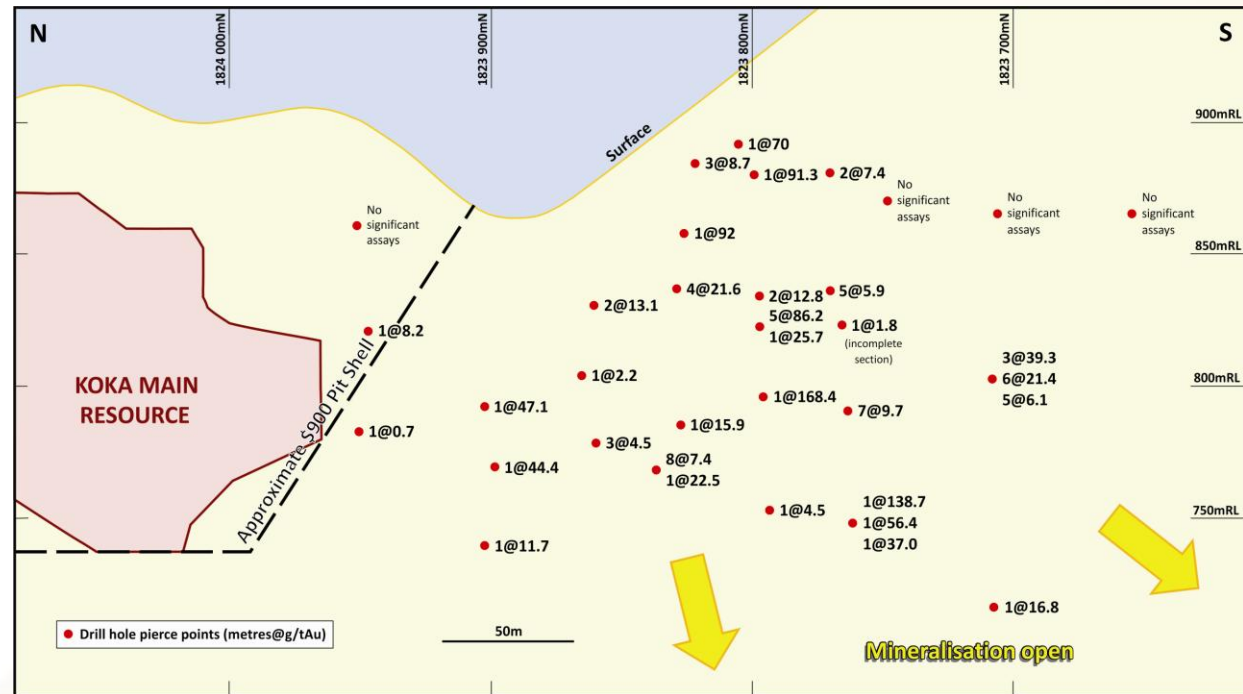
- Agreement to sell 60% of Zara Project to China SFECO Group:
  - *Payment of US\$80M cash for Chalice's share of Koka gold deposit*
  - *Subject to due diligence which is to be completed by 12 March 2012*
  - *Payment of up to a further US\$20M for the remaining Zara Project (subject to independent valuation)*
- SFECO Agreement subject to:
  - *Approval of Chalice shareholders*
  - *SFECO obtaining regulatory approvals within China*
  - *Completion of sale of 30% Chalice interest in project to ENAMCO (~US\$34M)*
- Agreement to sell 30% of Zara Project to ENAMCO:
  - *Payment of US\$32M cash plus US\$2M reimbursement of costs*
  - *Partial payment of US\$3M received*
  - *Completion to coincide with SFECO transaction or by 30 June 2012*
- Net after-tax proceeds to Chalice estimated at ~US\$90-95M
- Does not include 100%-owned Mogoraib North or Hurum licences



# Koka South: Schematic Long Section

*New discovery provides potential additional value of up to US\$20M*

- Narrow high-grade system
- Drill-indicated strike length of 250m and open to south and at depth
- Drill results include:
  - 1m @168g/t Au
  - 1m @139g/t Au
  - 5m @ 86.2g/t Au
  - 6m @21.4g/t Au
- Diamond drilling ongoing
- Conceptual exploration target of ~250,000 oz\*

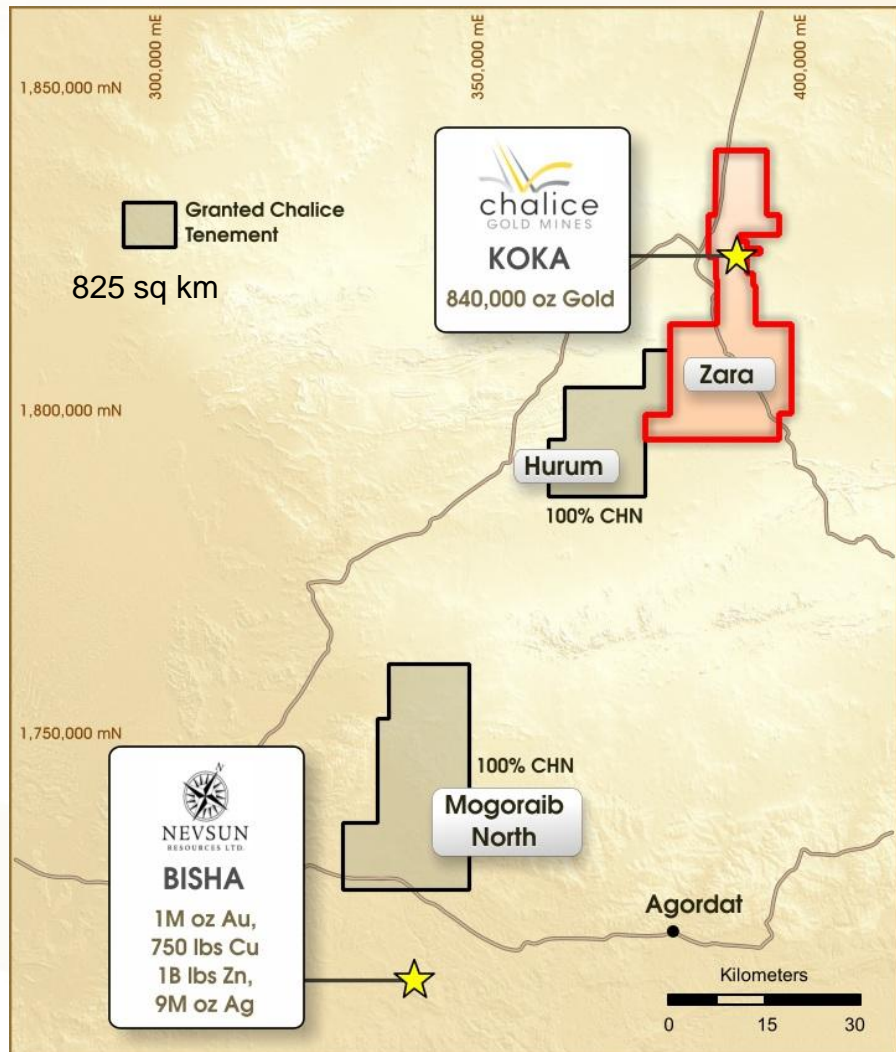


*\* Assumptions include a strike length of 500m, depth of 250m, vein width of 2m, conceptual tonnes of ~500,000t, gold grade of ~15g/t. The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*



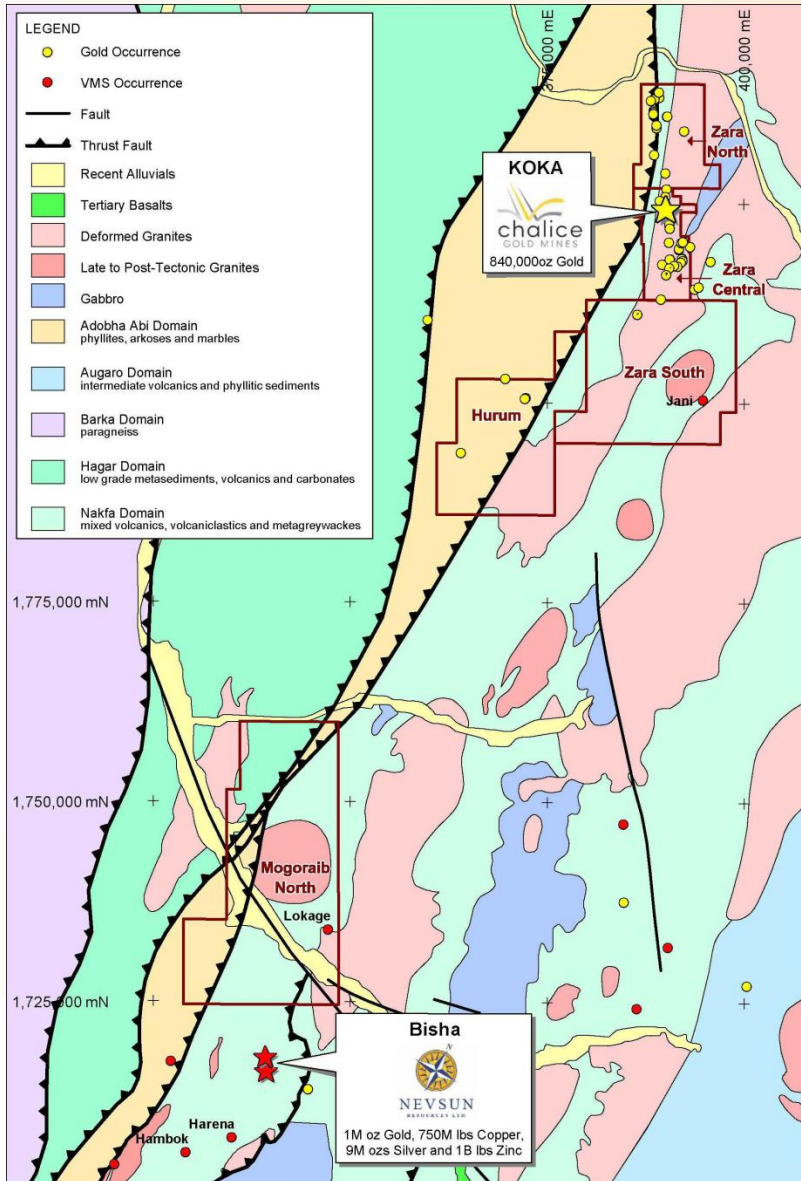
# Highly Prospective Exploration Portfolio: Eritrea

*Tenement package prospective for both gold (Hurum) and VMS (Mogoraib North)*



# All the Right Geological Ingredients....

....but with very little modern exploration coverage



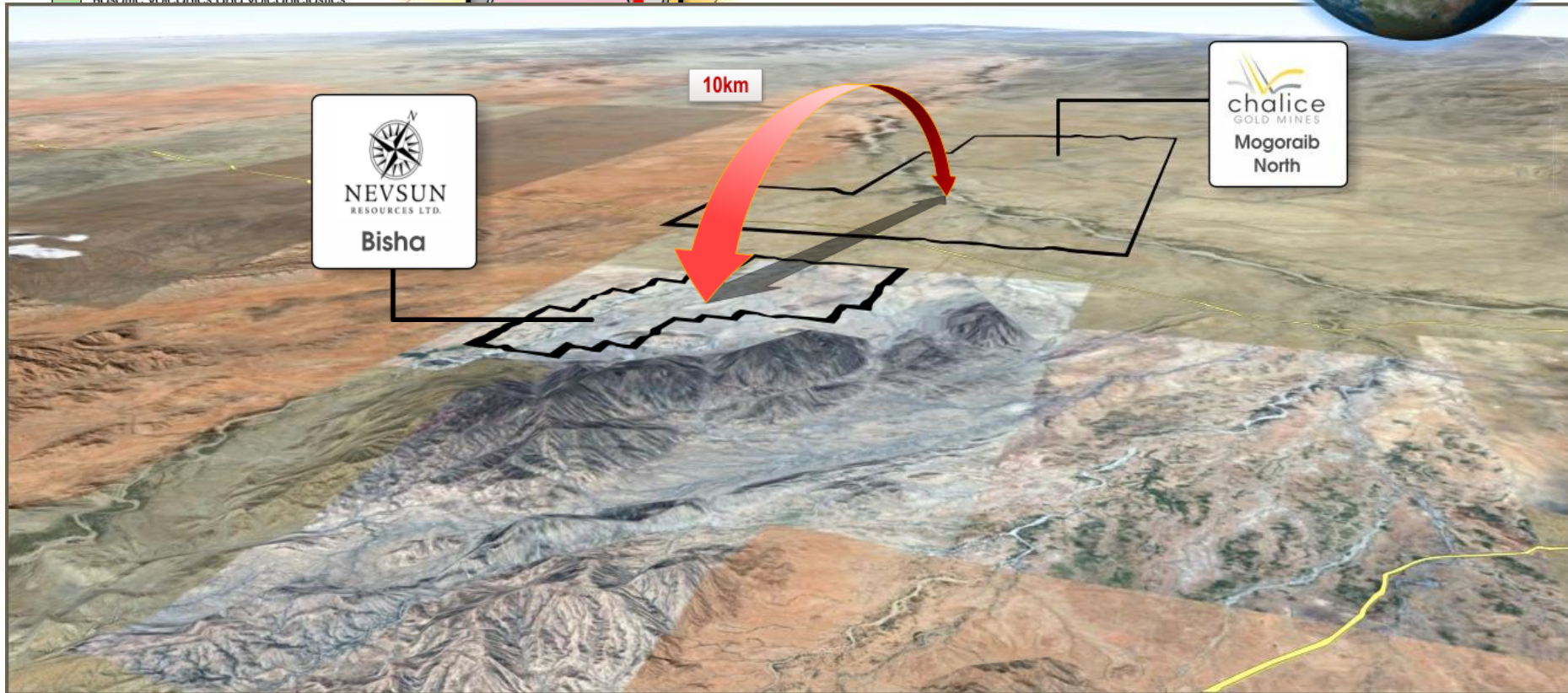
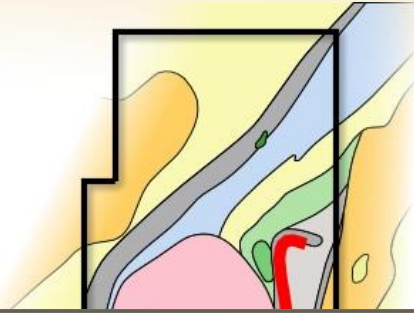
- Favourable Geology
  - Granite-greenstone style geology
  - Properties straddle deep crustal-scale regional structure – ‘gold fairway’
- Multiple gold targets
  - Koka South
  - Debre Tsaeda
  - Konate-Alidar
  - Debre Konate
- Gold+base metal VMS targets
  - VTEM conductors on Mogoraib North



# Mogoraib North: On the Doorstep of a Giant

*555 sq km tenement secured in early 2011 – immediately north of Bisha Mine*

- VMS Prospect
- ▬ VMS Trend
- Granite, granodiorite, granophyre
- Gabbro, diorite
- Gneissic granite, syenite
- Felsic volcanics, volcaniclastics, arkoses and derived mica shists
- Felsic intrusives
- Andesitic volcanics and volcaniclastics
- Basaltic volcanics and volcaniclastics

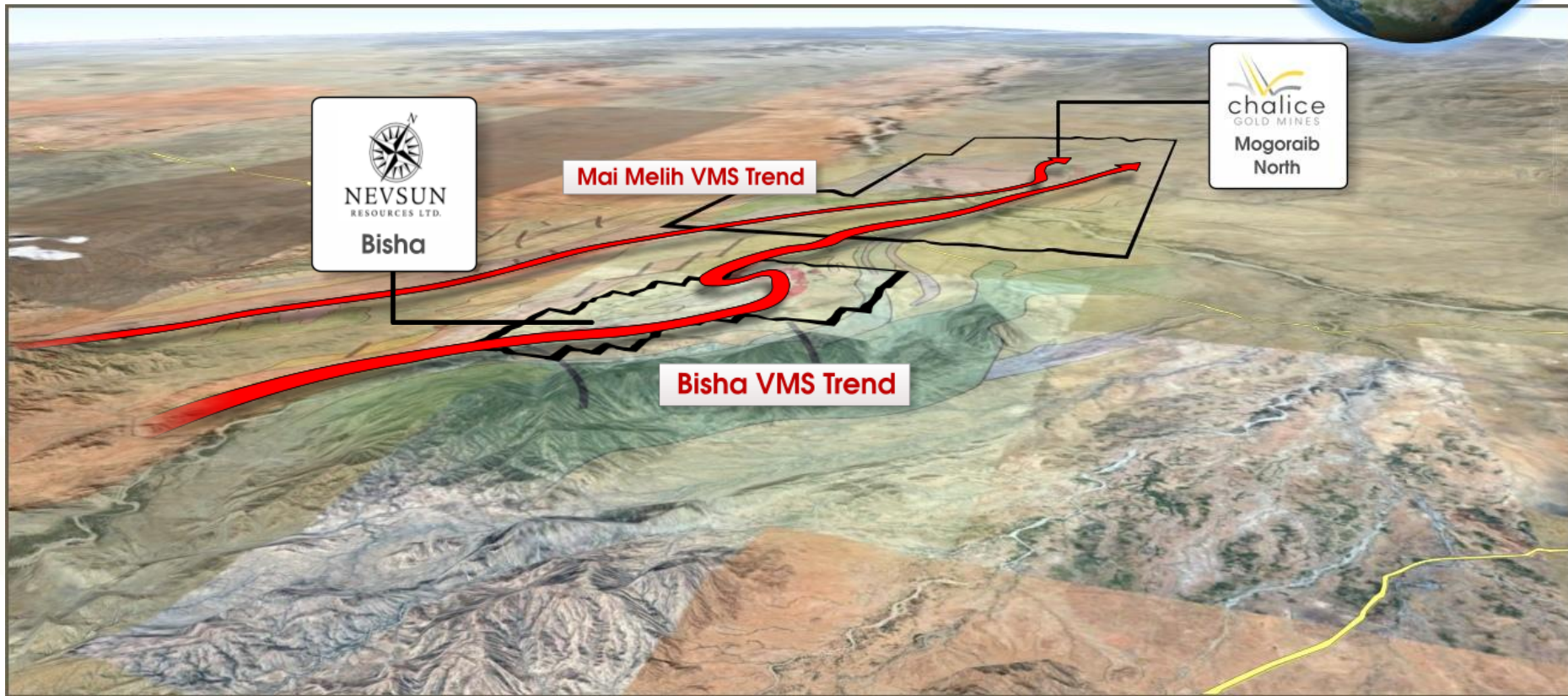


Fedada Ketan



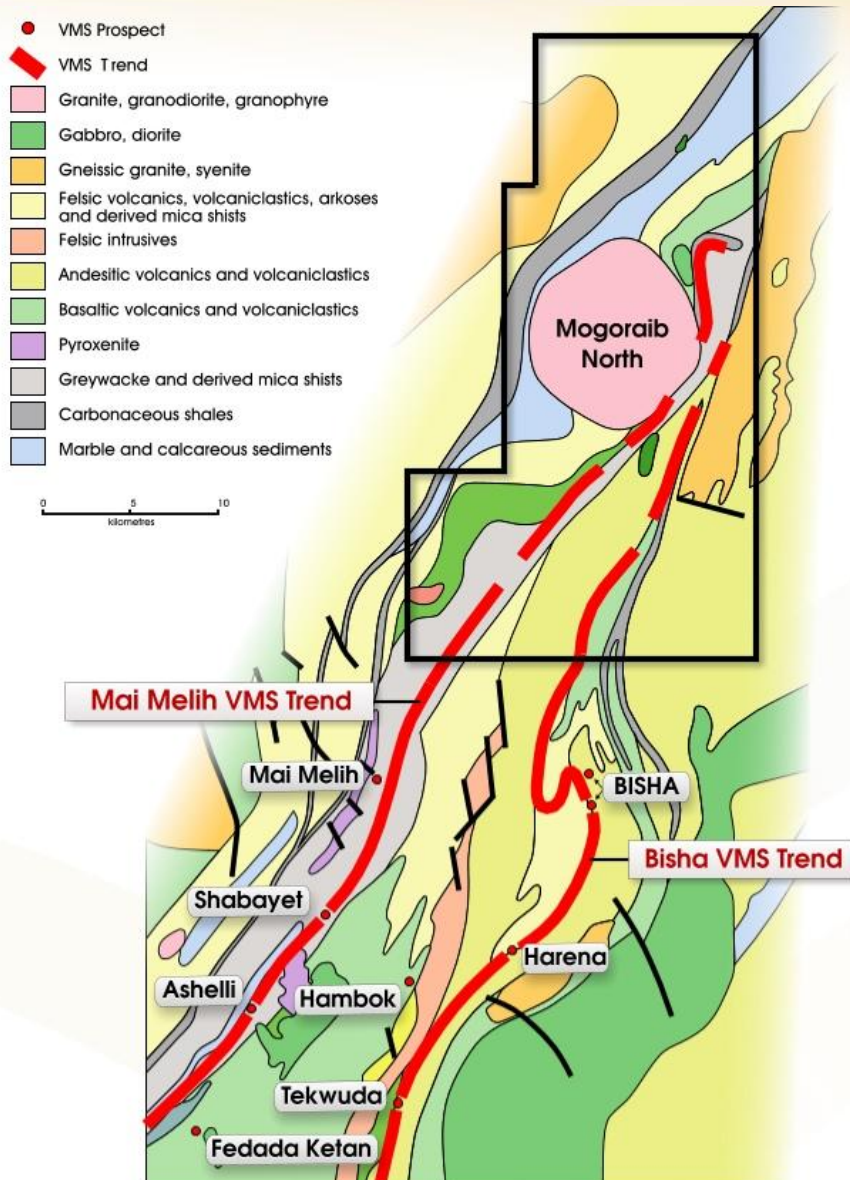
# Mogoraib North: On the Doorstep of a Giant

*On the doorstep of one of the world's premier new VMS mines*



# Mogoraib North Exploration Licence

*Primary target polymetallic VMS but gold potential as well*

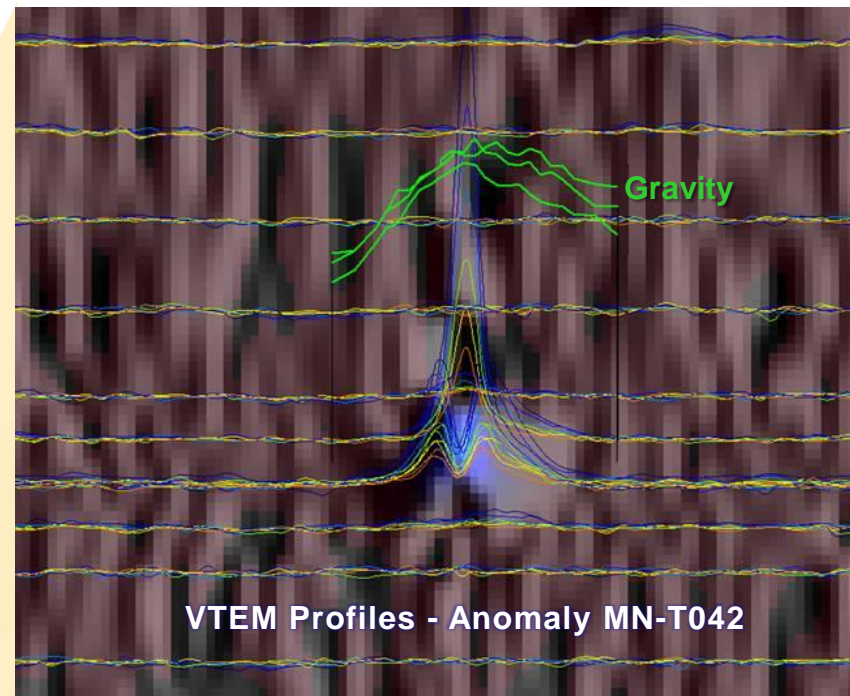
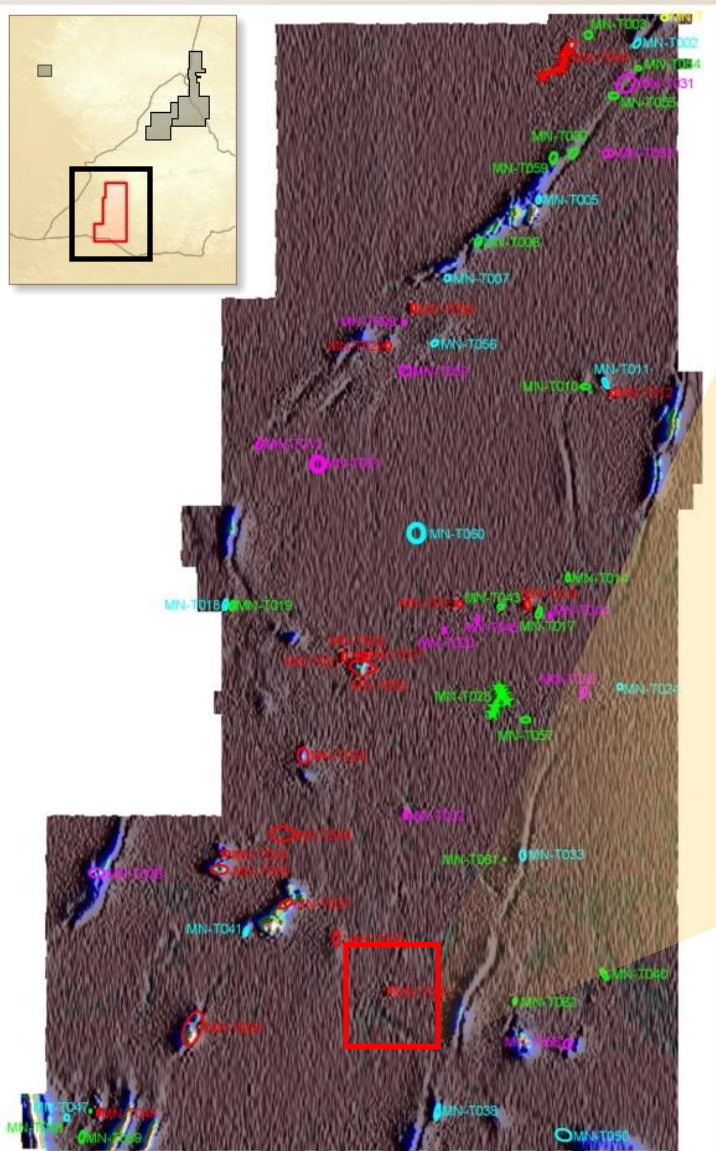


- VTEM survey completed mid-2011 ~3825 line kilometres
- Numerous bedrock conductor targets identified - possible VHMS
- Follow-up ground geophysics and soil geochem used to refine targets
- Drilling planned for early 2012
- Gold potential along Elababu Shear Zone



# Mogoraib North VTEM Anomalies

*Looking for bedrock conductors with coincident gravity anomalies*



# Summary: A New Chapter Begins

*Cash, Exploration Potential, Opportunity*

- Divestment of Zara Project targeted for completion by mid-year
- Potential war-chest of US\$90-95M following completion of SFECO and ENAMCO transactions
- Cash-backing post-completion = 36-38cps
- Drilling high-quality VMS targets at Mogoraib North
- Hunt for new opportunities already underway



# Analyst Coverage

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## Chalice: A new chapter begins

- ***Cash:*** Sale of Eritrean gold asset for net \$S\$90-95M
- ***Today's opportunity:*** Drilling world-class VMS field
- ***Tomorrow's potential:*** Seeking world-class projects

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