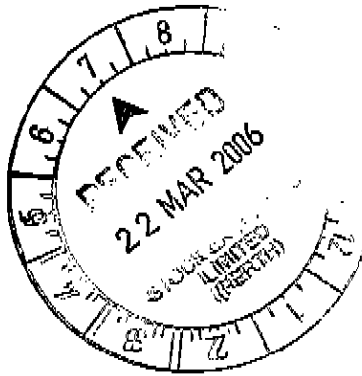




**CHALICE**  
GOLD MINES LIMITED

ACN 116 648 956



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21 March 2006

Australian Stock Exchange  
Exchange Plaza  
2 The Esplanade  
Perth WA 6000

Dear Sirs

**Chalice Gold Mines Limited Prospectus – Competent Person's Statement and Qualification of the Resource Statement**

**Section 3 of the Prospectus**

The information in Section 3 of the Chalice Gold Mines Limited Prospectus (dated 3rd February 2006) that relates to Exploration Results is based on information compiled by Mr John McIntyre, who is a member of the Australian Institute of Geoscientists. Mr McIntyre is a full time employee of Bullion Minerals Limited, parent company to Chalice Gold Mines Limited, and a director of Chalice Gold Mines Limited. Mr McIntyre has sufficient experience which is relevant to the style 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 Mineral Exploration Results, Mineral Resources and Ore Reserves' (the JORC code). Mr McIntyre consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Chalice Resource Statement**

**Background**

Exploration by Resolute showed that mineralisation continues beneath the historically mined Chalice Gold Mine open pit, and down plunge in the so-called "Deeps" shoots. JORC compliant Measured Resources of 300,000 tonnes at a grade of 3.3 g/t Au and Indicated Resources of 70,000 tonnes at the same grade containing a combined 39,200 ounces gold were estimated beneath the final pit limits to a depth of around 200 metres, whilst Inferred Resources of 1.2 million tonnes at a grade of 3.2 g/t Au containing 123,500 ounces gold were outlined in the Deeps 1 and Deeps 3 positions to a depth of about 500 metres. An underground mining pre-feasibility study in 1998 identified potentially mineable resources of 457,000 tonnes at a grade of 5.29 g/t Au above a cut-off grade of 3.0 g/t Au containing 77,500 ounces gold. The study assumed mechanised mining of the ore and treating it at the Chalice mill (which was removed in 2002), but concluded that either or both of higher grades or a much larger tonnage would be necessary for profitable development. Although the current gold price is much higher than that assumed for the study (A\$475/ounce), the capital required to establish underground access and to re-establish a mill on site, or

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the additional costs which would be incurred for trucking to a third party mill for toll treatment, would probably still render development of the existing known mineralisation uneconomic. Therefore, the discovery of further economically viable mineralisation in close proximity to, or down plunge of, the existing resource is required to make the existing resource economic. As outlined in the prospectus, there is the reasonable likelihood of further discovery of significant mineralisation in both proximal positions and down plunge of the resource calculated by Resolute.

#### **Qualification of the Resource Statement**

Under the 2004 Edition of the JORC Code portions of a deposit that do not have reasonable prospects for eventual economic extraction must not be included in Mineral Resources. Therefore, the historical JORC compliant Resource statement for Chalice, quoted by Resolute Mining Limited in their 2003 Annual Report (outlined above), has been qualified with the following statement:

"This classification under the 'Australasian Code for Reporting of Mineral Exploration Results, Mineral Resources and Ore Reserves' (the JORC code) relies on the material assumption that further mineralisation of significant grade and width be discovered in close proximity to, or down plunge of, the existing resources. Should no further mineralisation be discovered, the company may need to reassess the status of the historically quoted resources as JORC compliant, under the requirement of the JORC Code that Resources must have reasonable prospects for eventual economic extraction".

The information outlined above that relates Mineral Resources is based on information compiled by Mr McIntyre, who is a member of the Australian Institute of Geoscientists. Mr McIntyre is a full time employee of Bullion Minerals Limited, parent company to Chalice Gold Mines Limited, and a director of Chalice Gold Mines Limited. Mr McIntyre has sufficient experience which is relevant to the style 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 Mineral Exploration Results, Mineral Resources and Ore Reserves' (the JORC code). Mr McIntyre consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Yours faithfully



JOHN MCINTYRE  
Executive Director