



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



Building an African Gold Mining Powerhouse

**Africa Down Under
September 2010**

www.chalicegold.com

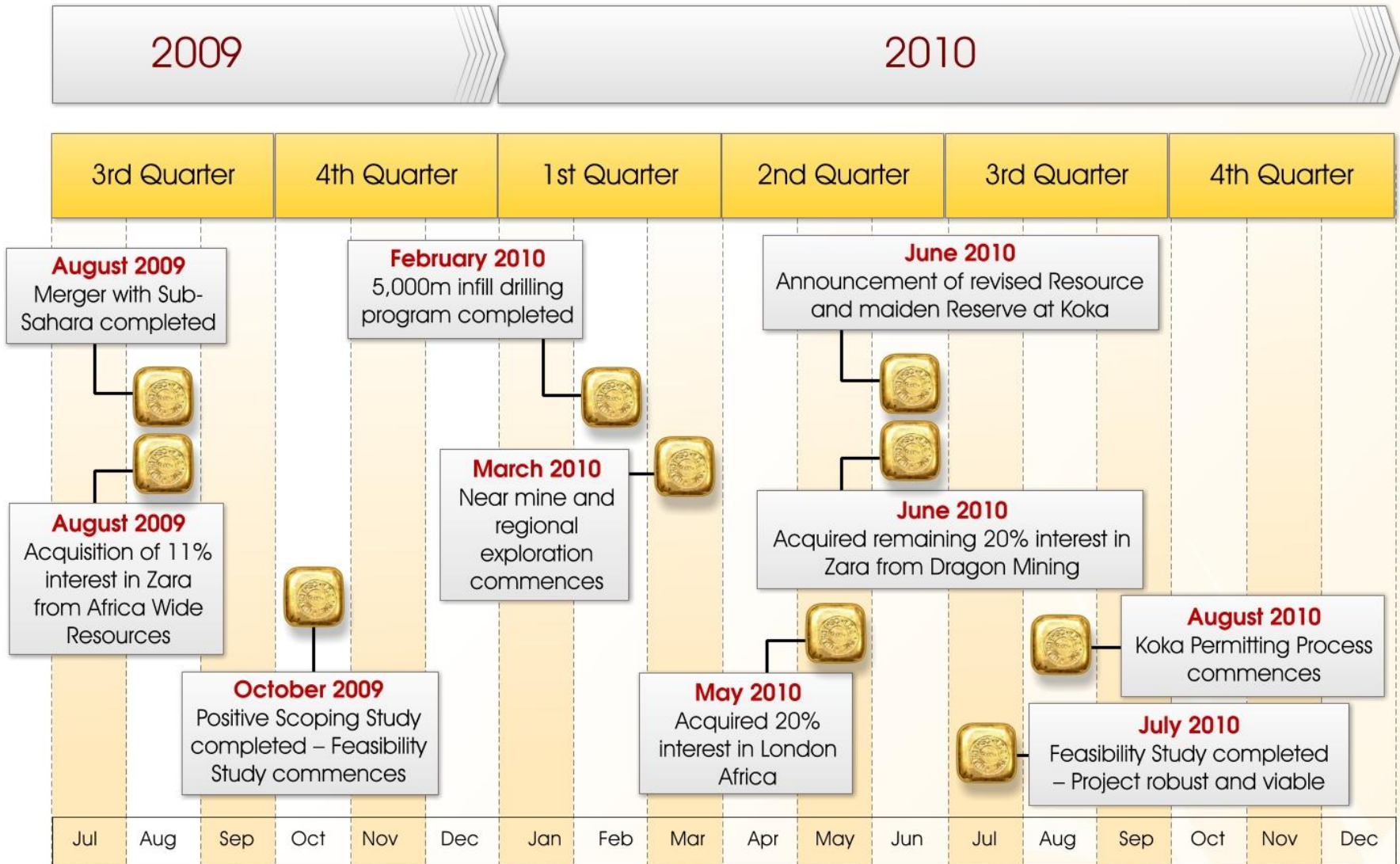
Disclaimer and Competent Persons Statement

- 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

- Emerging African gold company – Zara Project, Eritrea
- Open pit - 760,000oz Ore Reserve @ 5.1g/t Au
- Average production: 104,000oz pa from Koka Gold Deposit
- US\$338/oz cash operating costs
- Mine development targeted to commence in 2011
- Outstanding near-mine exploration upside in 6km long mine corridor
- Major regional exploration programs underway including drilling, geophysics and geochemistry
- Substantial regional ground position
- New key player in the world-class Arabian-Nubian Shield

What Have We Achieved?



Where is Eritrea?

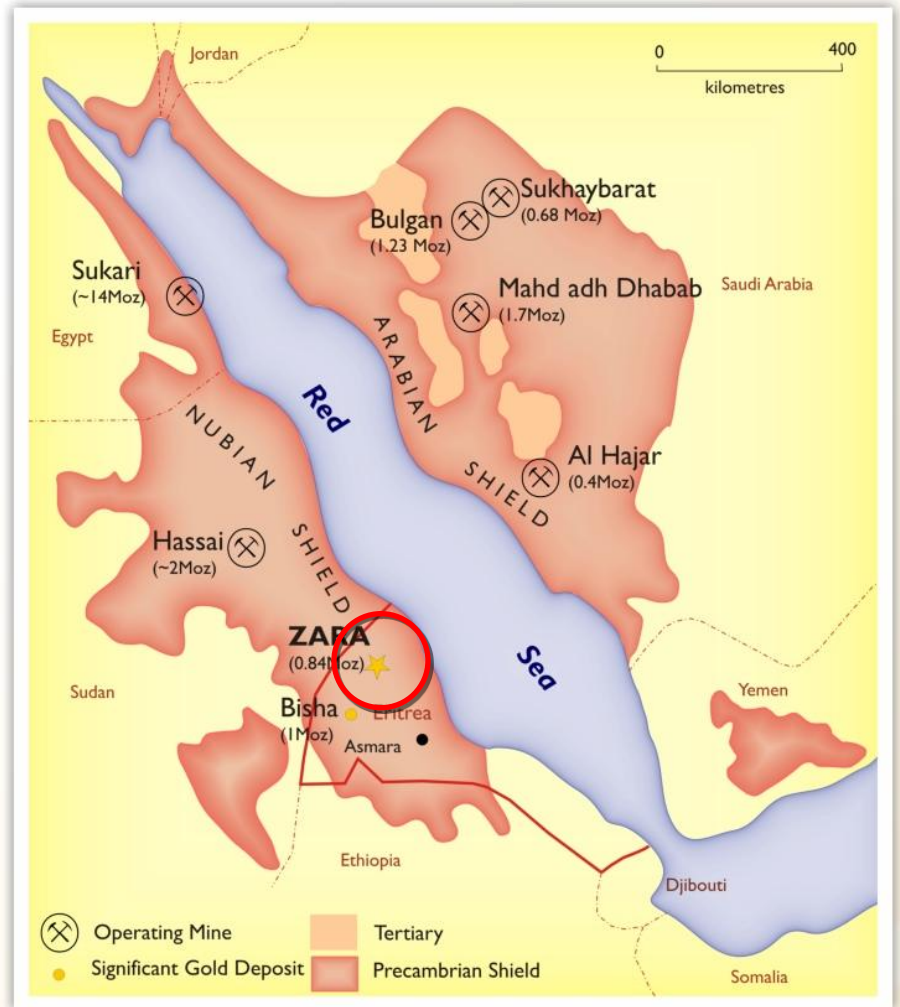
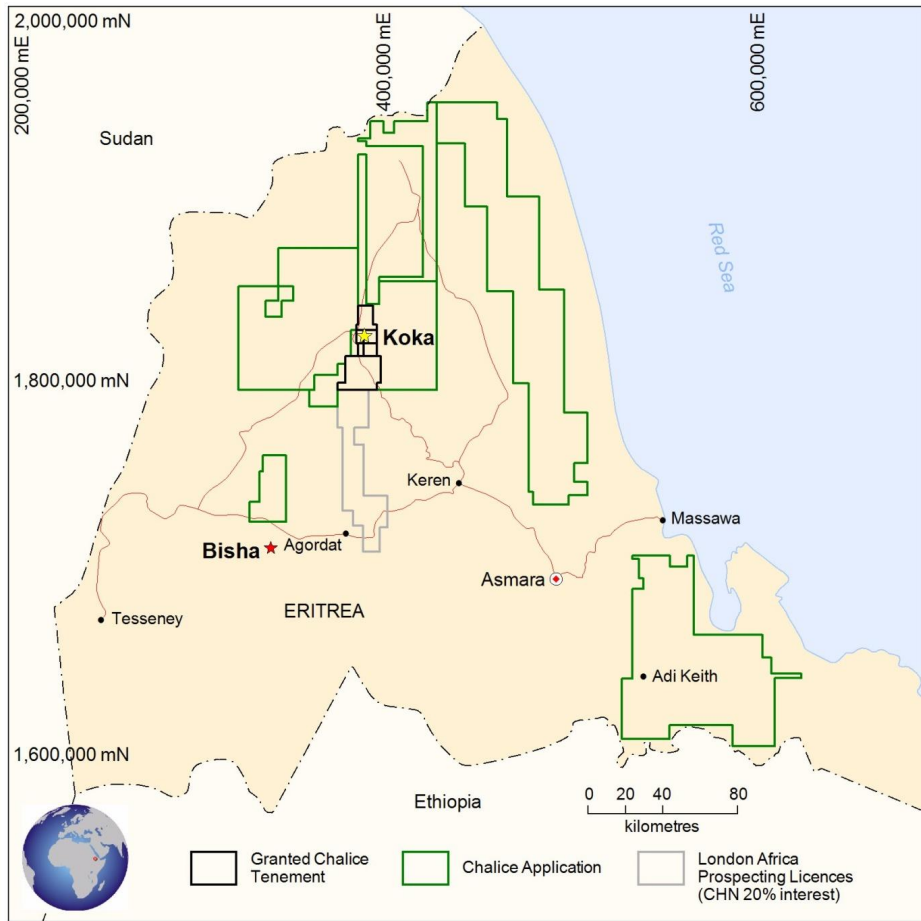


The Arabian Nubian Shield

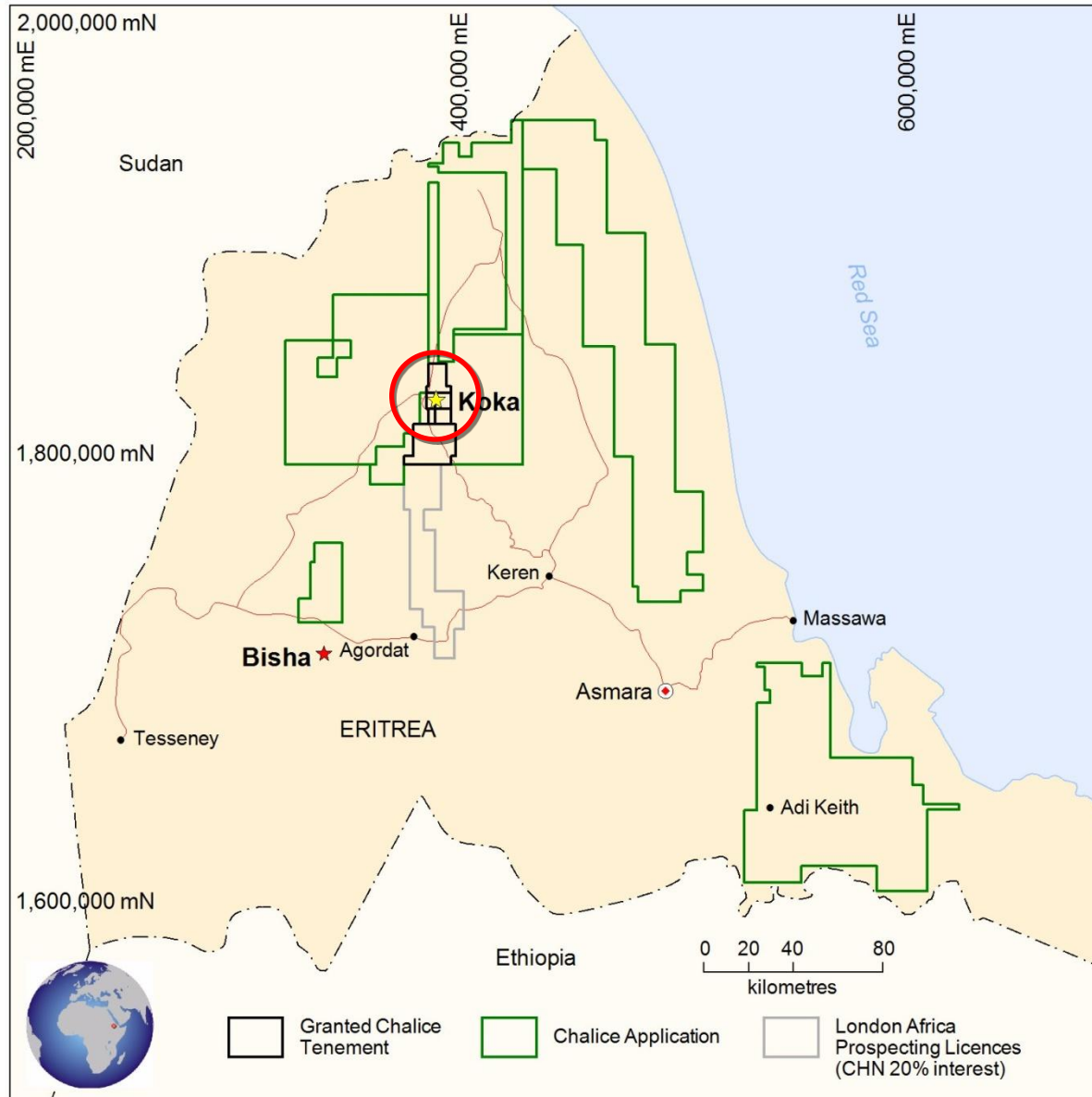
- Zara Project is located within southern Arabian-Nubian Shield – the exciting new place to be
- AN Shield gold endowment +20Moz – numerous deposits and mines dating back to ancient times
- Minimal modern exploration
- New world-class projects being developed:
 - *14Moz Sukari Gold Mine (Egypt) – in production (Centamin)*
 - *Bisha Gold & Base Metal Mine (Eritrea), 1Moz gold, 750Mlbs copper, 1Blbs zinc, 9Moz silver – under construction (Nevsun)*



Zara Project Location



Koka – Outstanding Returns, Outstanding Potential



Koka – Outstanding Returns, Outstanding Potential

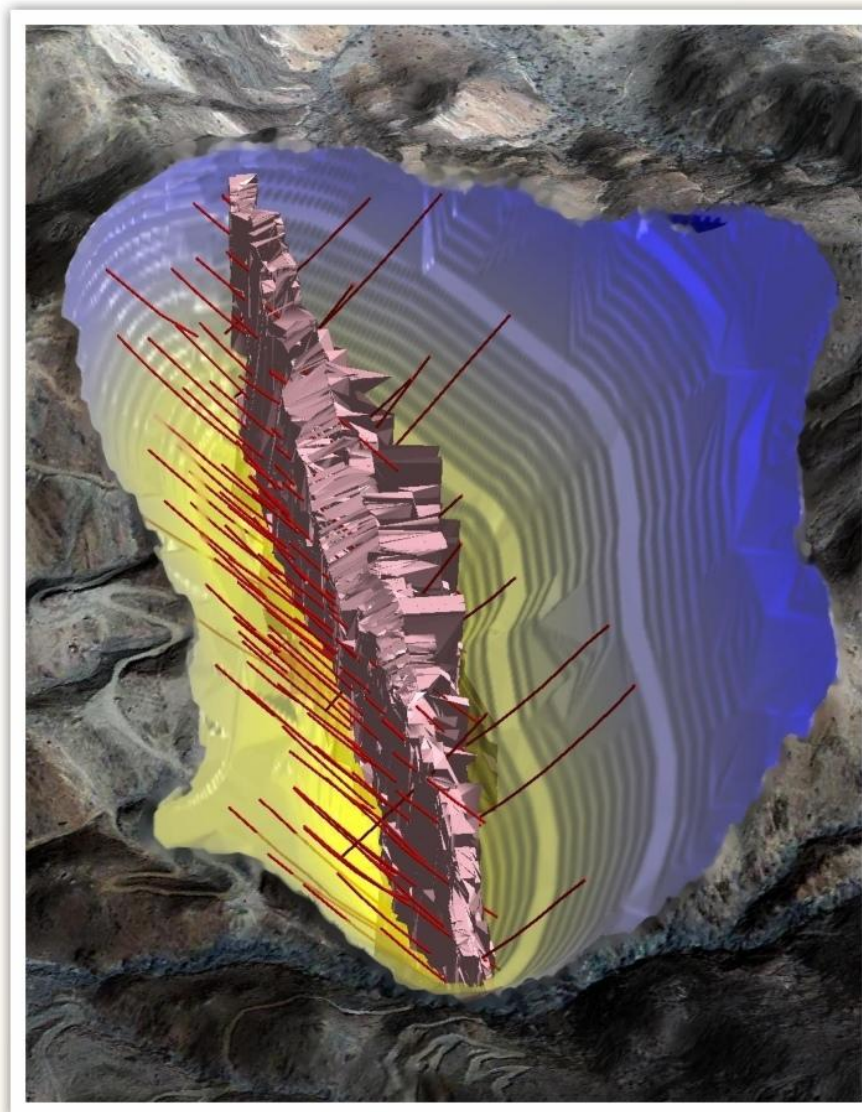
Average gold production	~104,000 oz per annum
Life of mine	~ 7 years
Total capital costs	US\$122 million
Total cash costs	US\$338 per oz
Total gold mined	760,000 oz
Gold recoveries	96.2%
Gold produced	720,000 oz
Plant capacity	Ca. 700,000 tpa
Open pit strip ratio	10.4
Life of Mine EBITDA (@US\$1200)	US\$589M
Payback period (@US\$1200)	2.1 years



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	5.1	760,0005.1	760,000



Chalice – Exceptional Exploration Upside



Near Mine:

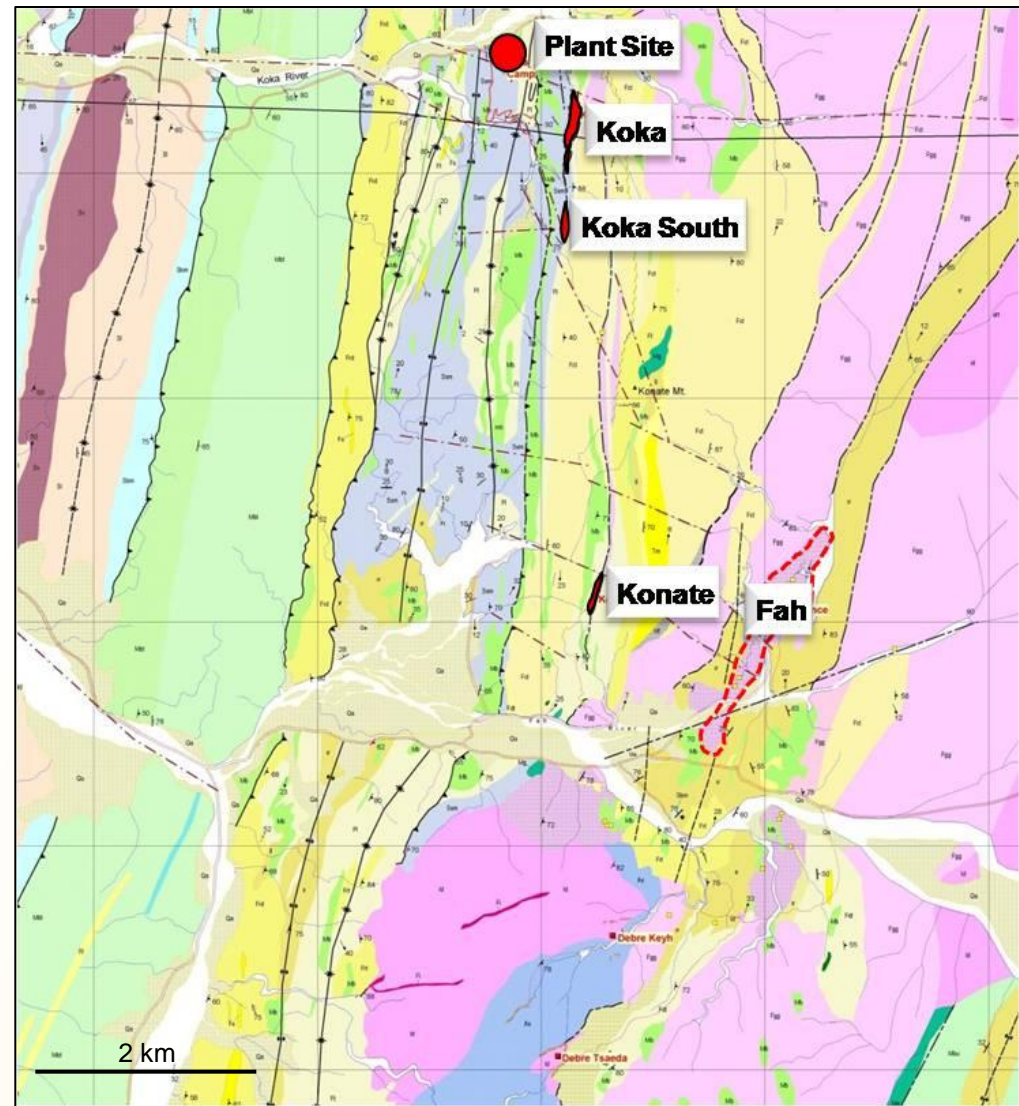
- Intensive exploration underway within highly prospective 6km long **Koka-Konate corridor**

Regional:

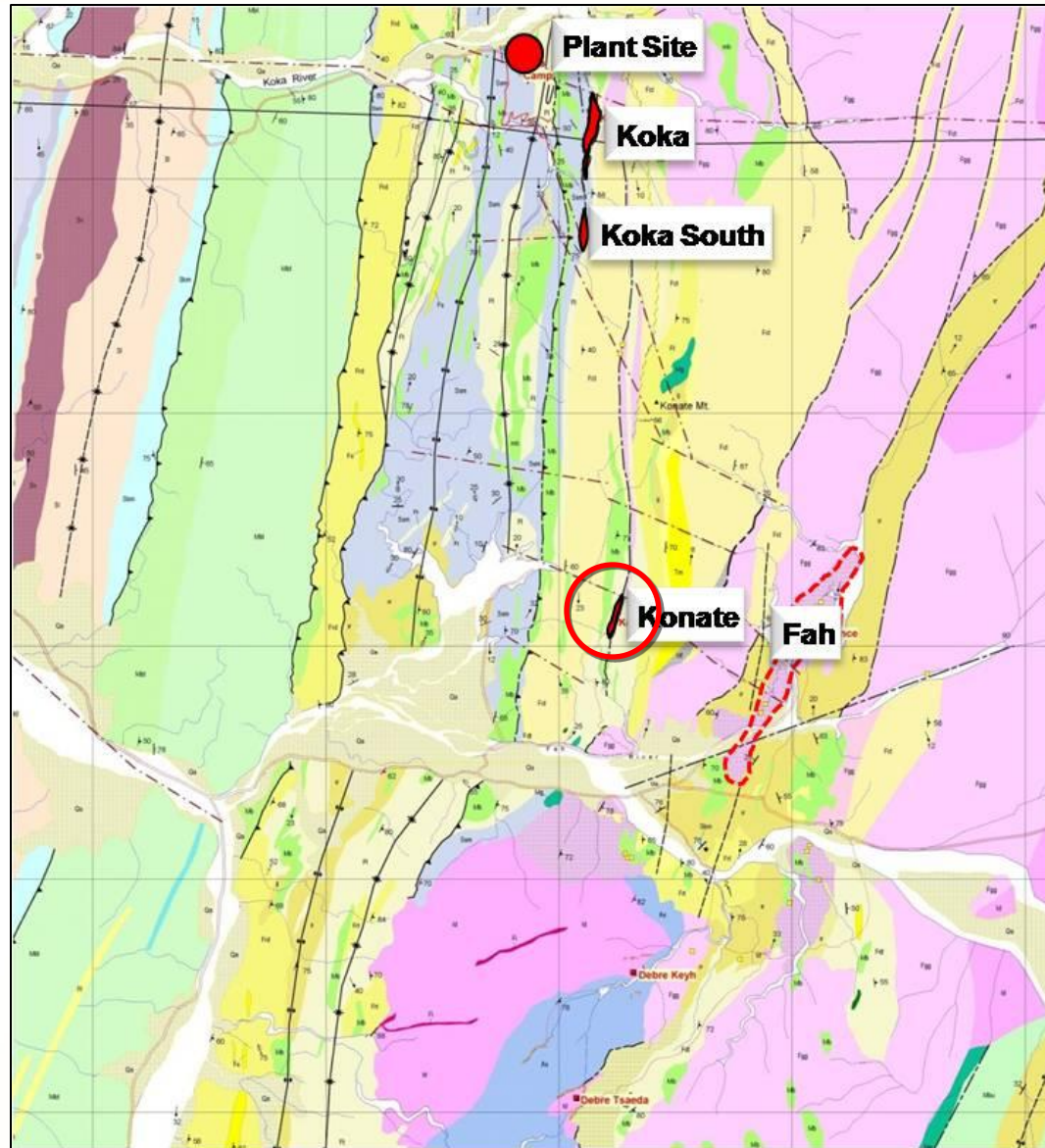
- ~20,000 sq km of highly prospective tenements & applications in Eritrea
- **Stream BLEG sampling** north-west of Koka reveals potential for mineralisation over 10km strike
- **Regional airborne radiometric & magnetic survey** planned for Q4 – 12,700 line km

Near-Mine Targets

- Multiple structures with alteration and artisanal workings:
 - *Konate – artisanal workings on quartz stockwork – drilling in progress*
 - *Koka South – untested IP resistivity target*
 - *Fah – extensive quartz stockwork within 4 km x 0.8 km alteration zone – drilling planned*
- Deep penetration 3D IP survey to cover 6 x 1.5 km corridor
- All within trucking distance of Koka plant

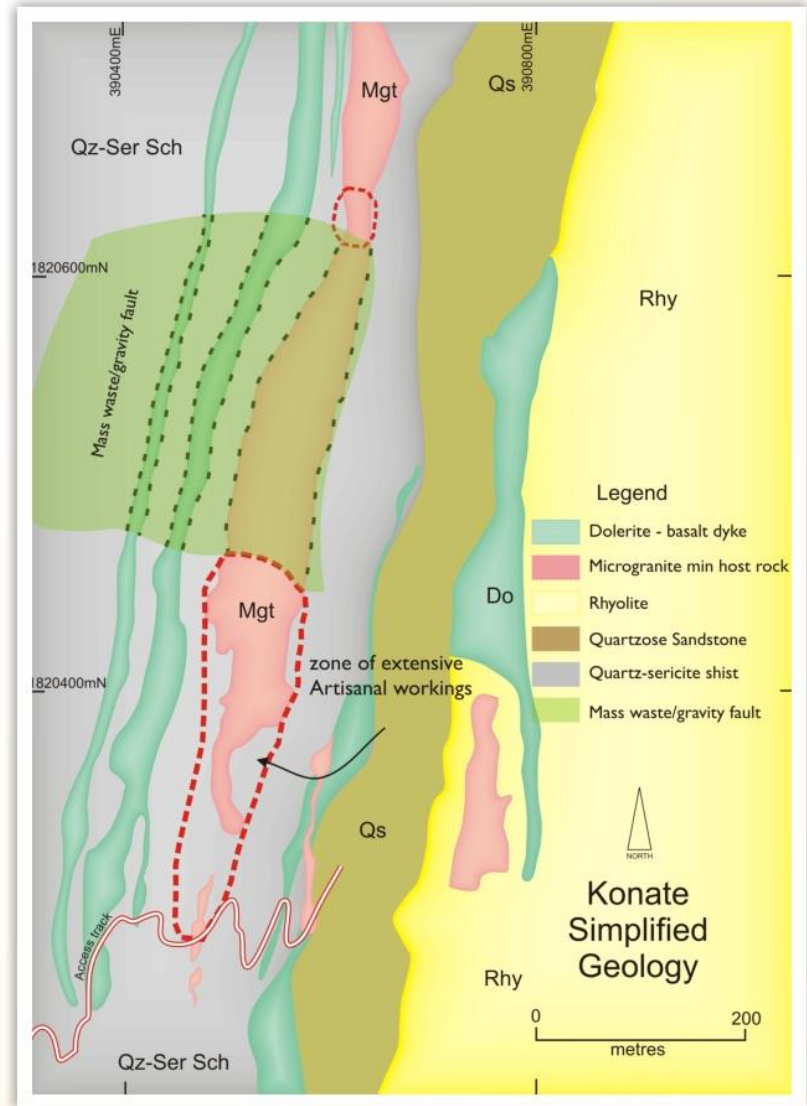


Konate



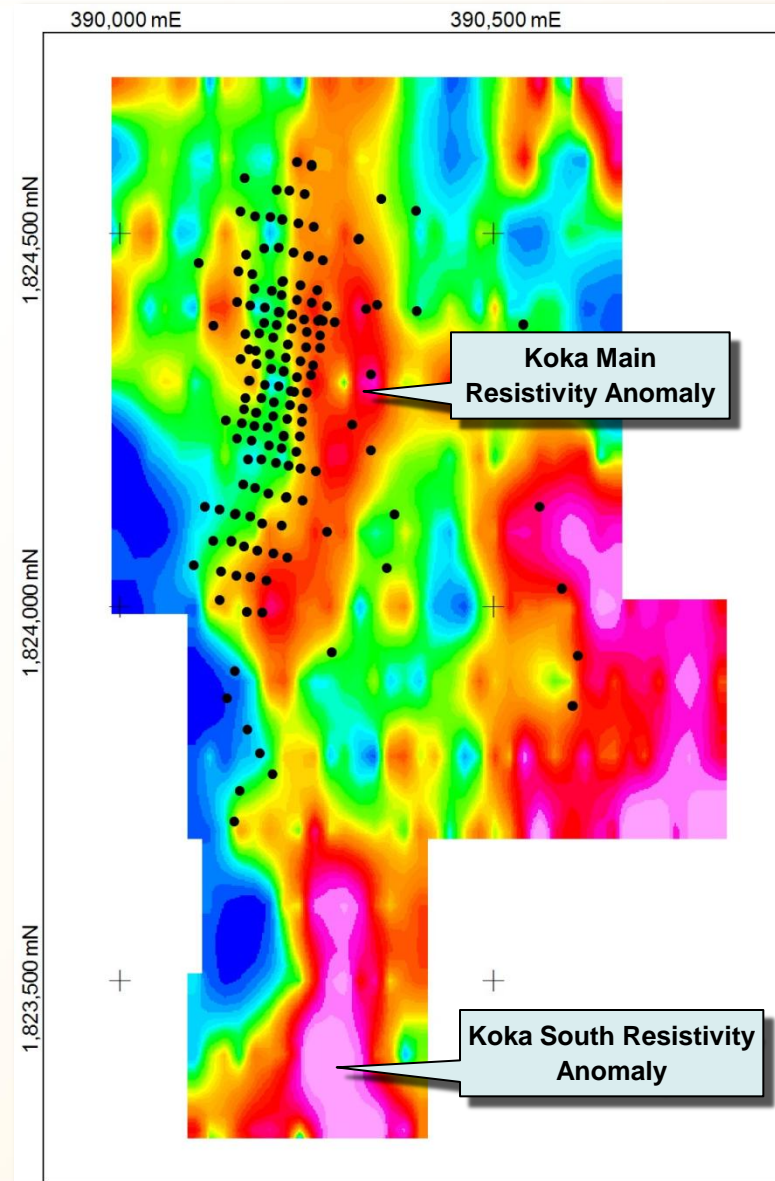
Konate

- Zone of intensive artisanal workings 5km south of Koka:
 - *Koka-style quartz vein stockwork in silica-sericite altered microgranite*
- Diamond drilling underway
- Significant quartz veining with sulphides intersected
- Assays pending



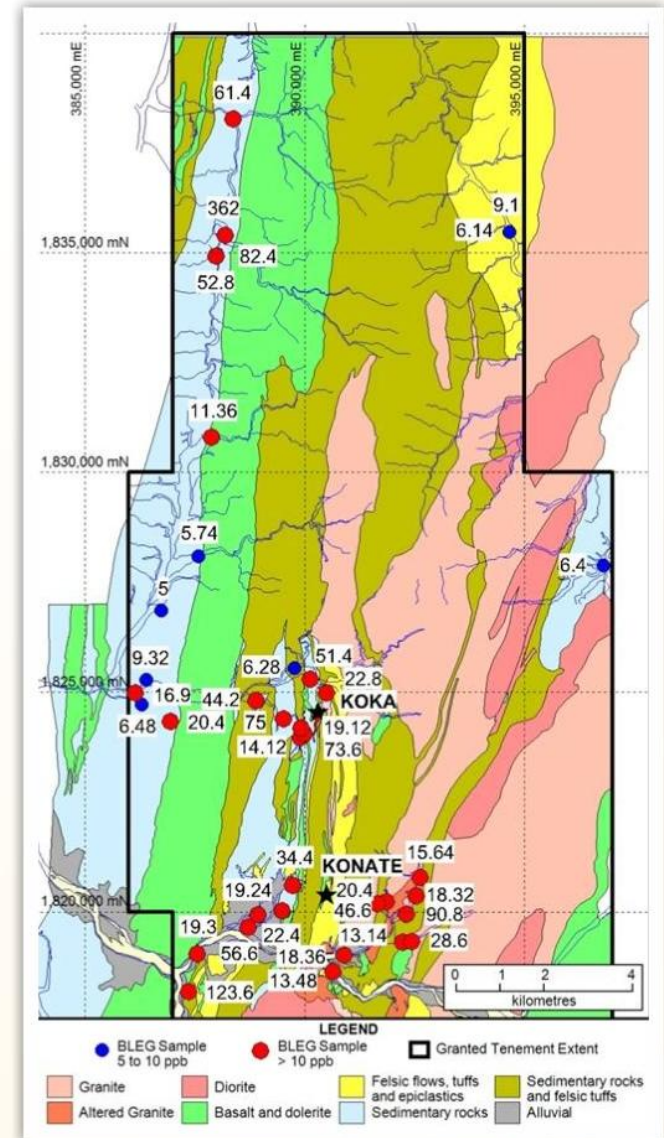
Koka South Gradient IP Resistivity Anomaly

- Strong IP resistivity anomaly identified 200-500m south of Koka
- Koka-style alteration system open to south
- Main anomaly remains untested
- 3D IP planned before further drilling



Regional Geochemical Sampling

- First pass BLEG drainage geochemistry completed
- Results reveal numerous high-order anomalies on Zara and Zara North properties
- Follow up sampling underway to determine sources of anomalies



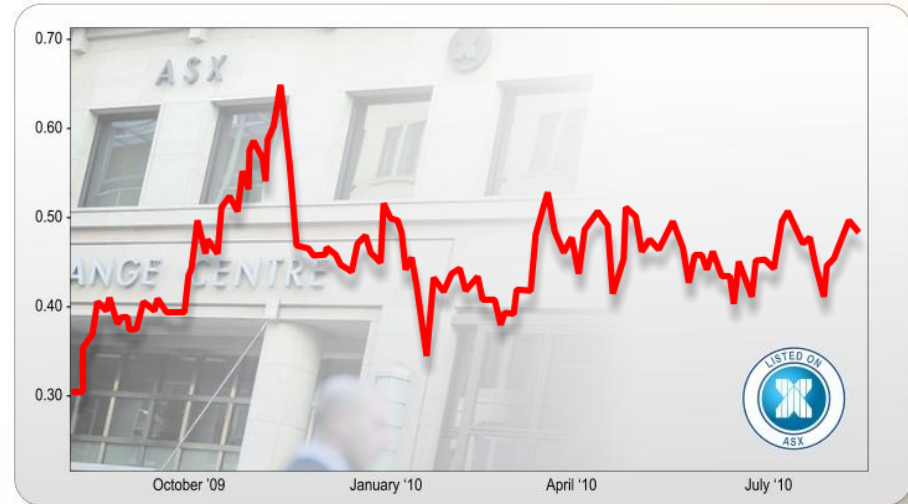
Corporate Snapshot

Board

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

Senior Management

- Steven Chadwick *Project Studies Manager*
- Richard Hacker *CFO*
- Dr Harry Wilhelmij *Exploration Manager*
- Dr Brett Davis *Chief Geologist*
- Yohannes Samuel *Administration Eritrea*

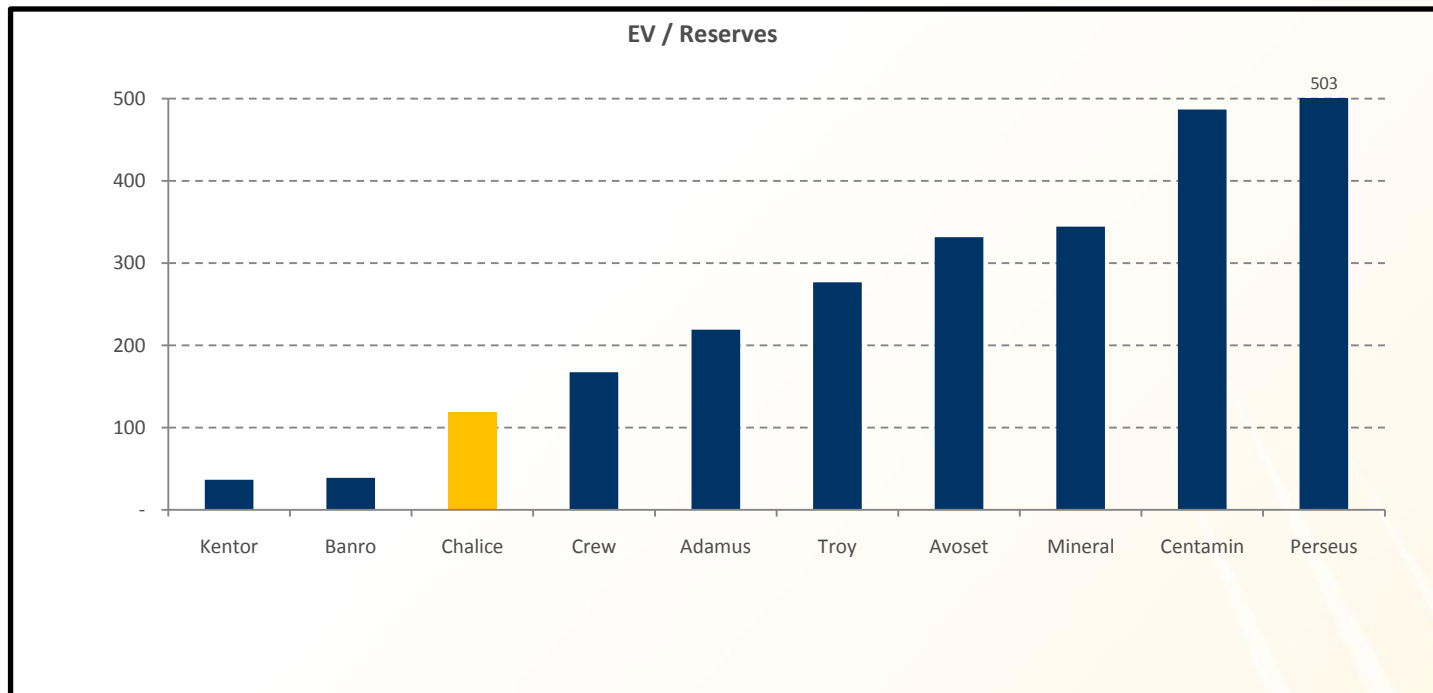


Capital Structure

(adj. for rights issue)

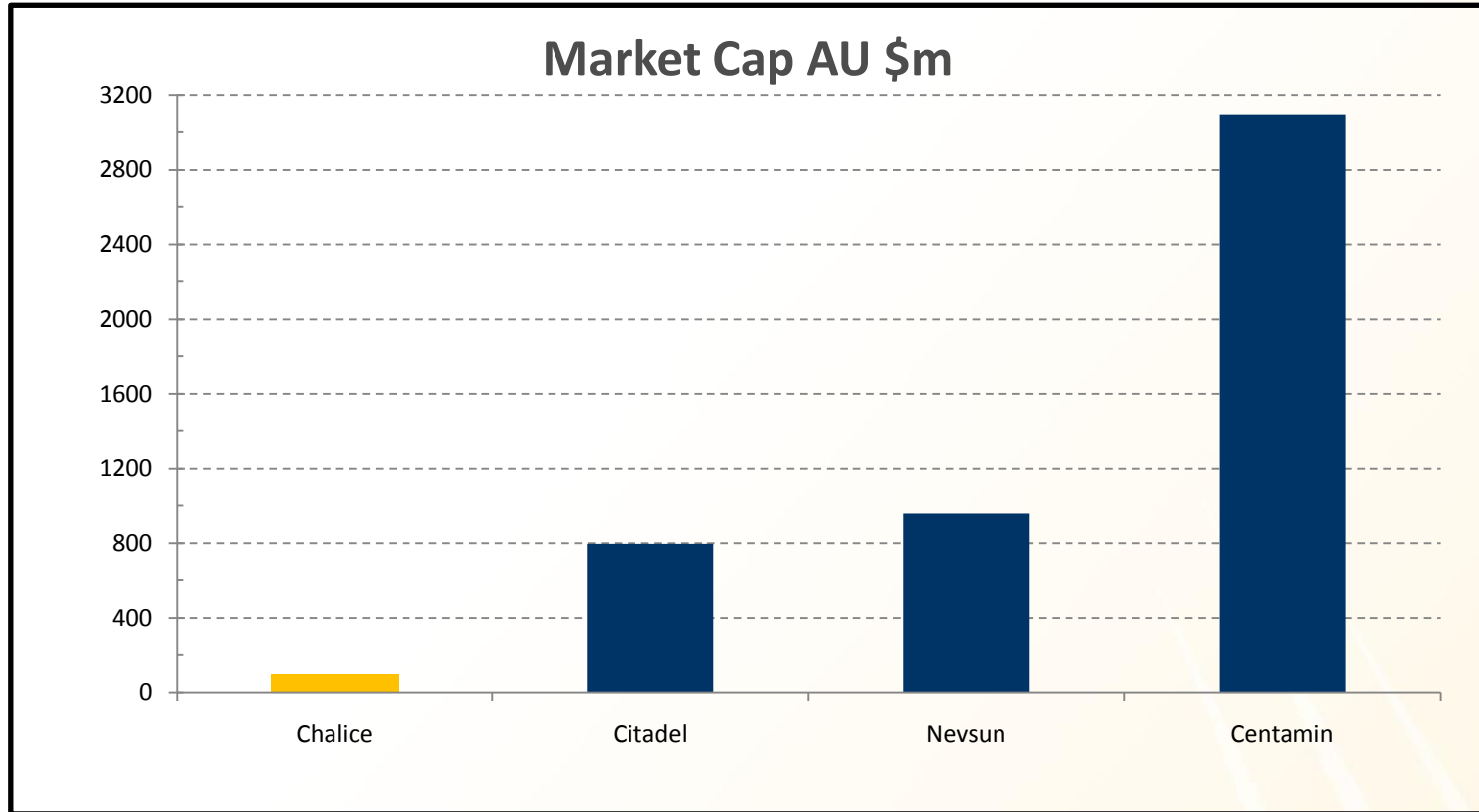
- Shares on Issue - 211M
- Options on Issue – 13.075M
- Cash – A\$16M

Comparative Valuations



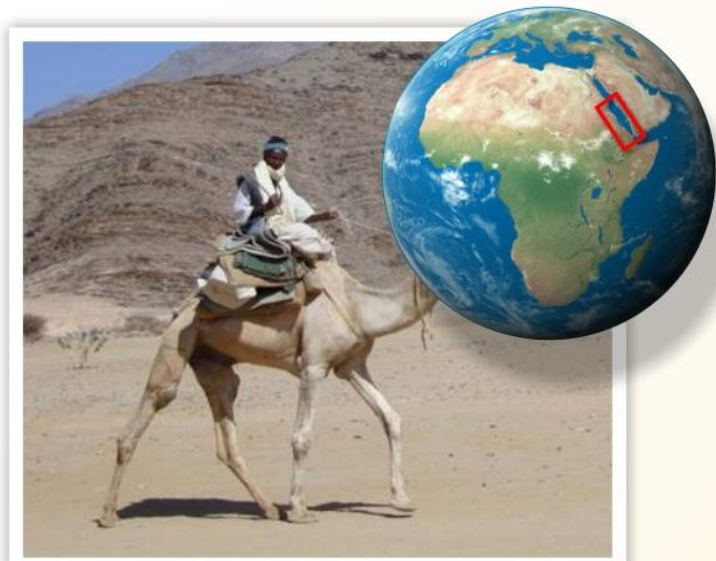
1. Based on fully diluted shares of 222 million (post capital raising and options exercise) and adjusted cash balances (post capital raising and options exercise)

Arabian-Nubian Shield Gold Companies



Summary

- Koka Gold Deposit:
 - *Strong economics*
 - *Low technical risk*
 - *Permitting process commenced*
- Aggressive exploration programs underway to expand resource base
- Extensive ground position in highly prospective gold & base metal province
- TSX Listing imminent





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