

Quarterly Report **for the period ended 30 June 2008**

Chalice Gold Mines Limited (Chalice Gold Mines or the Company) reports on activity for the quarter ended 30 June 2008:

Gnaweeda Gold Project

- Teck Cominco (Teck) has previously advised that it intends to continue exploration at the Gnaweeda Gold Project under the second stage earn-in provisions of its joint venture agreement. Teck Cominco has the right to earn a further 19% interest in the project, to an overall 70% interest, by increasing its total project spend to \$1.5 million. Teck advises that it has spent approximately \$1.0M to 30 June 2008, and has recently funded the exercise of an option to acquire tenements within the Gnaweeda Project area, from a third party, for \$100,000.
- Teck has advised that it will undertake further RC and diamond drilling at the Turnberry and St Anne's Prospects commencing in the next quarter to:
 - test the extent of known mineralisation following high-grade results achieved in the previous RC drilling program; and
 - provide important structural information about the system to aid understanding of controls on mineralisation for future targeting of thicker high-grade zones.
- The proposed program will include:
 - 5 holes comprising RC pre-collars with diamond tails at Turnberry, for an estimated total of 1500 metres; and
 - 1 diamond tail on a pre-existing RC hole (GNRC010) at St Anne's to properly test the target zone (below 150 metres).

Yandearra Gold Project

- De Grey Mining Limited (De Grey) is spending up to \$1.67 million over 3 years to earn 80% of rights to all minerals other than iron ore and uranium, over a number of tenements in the east of Chalice Gold Mines' Yandearra Gold Project.
- De Grey has reported that new gold and base metal targets were generated during the quarter at Yandearra from geological reconnaissance programs. Follow-up reconnaissance is now underway, aimed at defining targets for drilling late this year.

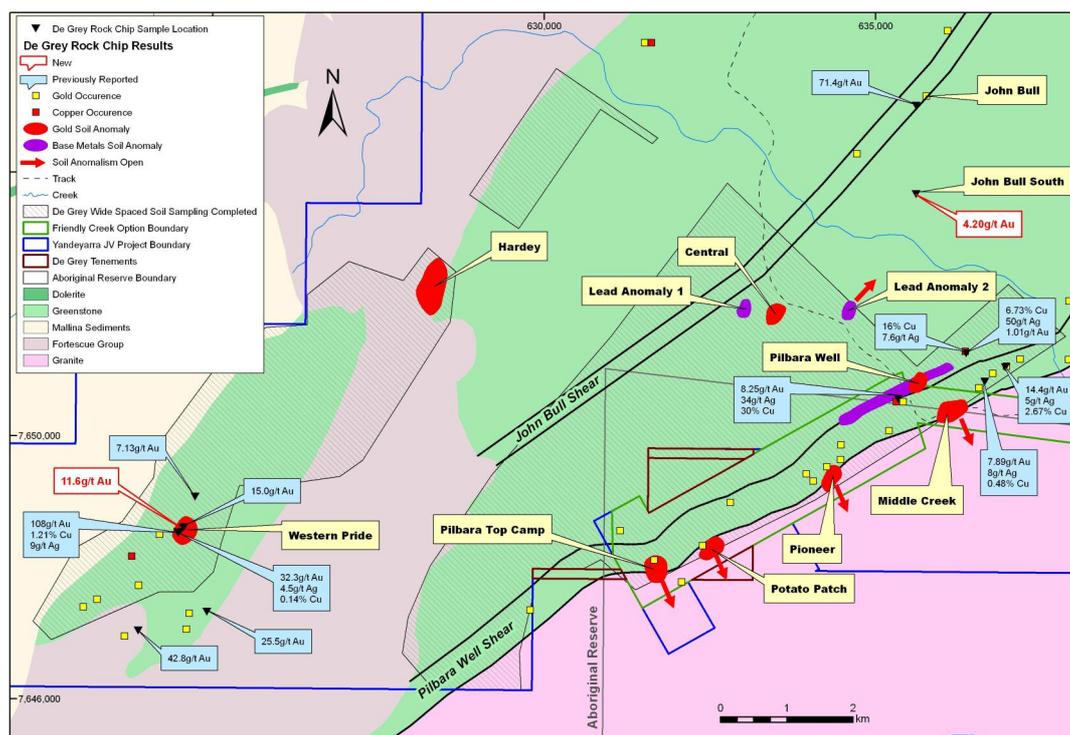


Figure 1: Location of gold and base metal soil anomalies, extent of soil survey and De Grey rock sampling results in the Yandearra Joint Venture. Note the area within the 'Friendly Creek Option Boundary' is not part of the Yandearra Joint Venture and Chalice Gold Mines has no interest in these tenements.

Soil Sampling Survey

An initial multi-element soil sampling program was completed at Yandearra during the quarter.

Table 1: Gold and base metals targets defined by soil geochemistry, Yandearra Project, June 2008

Anomaly	Anomalous Metal	Highest Value	Background Value	Comments
Pilbara Well	Gold	200ppb gold	40ppb gold	Gold anomalism on outcropping leached saprolite coincident with base metal anomalism
Western Pride	Gold	269ppb gold	40ppb gold	Previously reported rock sampling returned up to 108g/t gold. Additional quartz-sulphide vein located this quarter – new rock sample result of 11.6g/t gold.
Hardey	Gold	859ppb gold	40ppb gold	Anomaly covers an 800m x 200m area at >100ppb gold. 43 new rock samples returned up to 0.41g/t gold.
Central	Gold	416ppb gold	40ppb gold	Single line gold anomaly of 3 samples >120ppb gold. Rock samples of pyritic vein quartz in ultramafic collected, results awaited.
Pilbara Well	Lead, zinc, copper, silver	180ppm Pb, 206ppm Zn, 253ppm Cu, 0.5g/t Ag	25ppm Pb, 90ppm Zn, 90ppm Cu, 0.1g/t Ag	Multi-element anomalism on 3 consecutive 400m spaced sample traverses. Siliceous gossan returned 1.48g/t silver and 26g/t silver.
Lead Anomaly 1*	Lead, silver, antimony, barium & mercury	375ppm Pb, 37ppm Sb, 1,260ppm Ba	25ppm Pb, 2ppm Sb, 300ppm Ba	'VMS' geochemical signature in an area of felsic volcanics and ultramafic rocks.
Lead Anomaly 2	Lead, zinc, copper	595ppm Pb, 368ppm Zn, 124ppm Cu	25ppm Pb, 90ppm Zn, 90ppm Cu	Sample of pyritic felsic volcanic returned 835ppm lead and 794ppm zinc. Soil anomalism open along strike to east.

* Reported previously by De Grey

In-fill soil sampling is now in progress to better define the extent of these soil anomalies.

Follow-up field inspection of these anomalies is also underway with some rock chip sample results received (Table 2). Drilling programs will be designed to test high priority targets once all results have been received.

Table 2: Reconnaissance Rock Sampling Results – Yandeearra Gold Project >1.00g/t gold or 1% copper

Project	Sample ID	East	North	Gold g/t	Copper %	Silver g/t	Prospect
Yandeearra	550301	624,528	7,648,575	11.6	0.04	3	Pride NNE Extended
	550094	637,604	7,657,544	1.24	0	0	Arizona
	550406	636,891	7,656,453	1.21	0	0	
	550359	635,612	7,653,662	4.20	0.01	1	John Bull South

Note: Samples are surface in situ rocks. Coordinates are MGA zone 50. Analyses are by Ultra Trace Laboratories Perth using an Aqua Regia digest and Inductively Coupled Plasma (ICP) Mass or Optical Emission Spectrometry finish.

Stream Sediment Sampling

A substantial stream sediment sampling program has commenced over a 13km strike length of complex folded and faulted Cleaverville Chert in the north east of the Yandeearra Project area. This area has not previously been systematically explored and is regarded by De Grey as prospective for hydrothermal gold mineralisation.

During the quarter, 117 samples were collected over a 5km x 3km area with all assays awaited. The program is continuing and will be completed in the next quarter.

Corporate

As at 30 June 2008 the Company had \$10 million of cash at bank following the exercise of 2 million options held in Avoca Resources Limited, with subsequent on-market disposal of the shares received.

The information in this report that relates to Exploration Results is based on information compiled by Mr Roger Thompson, a full-time employee of Chalice Gold Mines Limited, who is a Member of the Australian Institute of Geoscientists. Mr Thompson 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.



Andrew Bantock
Executive Chairman

31 July 2008