

Chalice Gold Announces Private Share Placement to Raise \$9.1 million

Chalice Gold Mines Limited ABN 47 116 648 956

24 March 2010

Chalice Gold Mines Ltd ('CHN') announces that it has agreed to place 21,613,080 shares at \$0.42 per share to raise approximately \$9.1 million before issue costs (the 'Placement').

Of the funds raised, \$7.8 million will be used to exercise the option to purchase the remaining 20% interest in the Zara Gold Project in Eritrea from Dragon Mining Ltd (ASX: DRA) as announced to the ASX on 3 March 2010. The balance will be used for working capital.

The Placement comprises a non-brokered component of approximately 11.6 million shares to CHN's major shareholder Franklin Resources Inc. with a further 10 million shares being placed by Southern Cross Equities Ltd to institutional and sophisticated investors. The Placement will be made pursuant to the 15% allowance under ASX Listing Rules and is scheduled to be completed on or around 28 May 2010.

The Company is extremely pleased with the strong level of investor support for the Placement in the current market environment.



TIM GOYDER
Executive Chairman

The shares will be issued without a prospectus and by way of private placement in the United States on a private placement basis pursuant to exemptions from the registration requirements of the U.S. Securities Act of 1933, as amended and Australia pursuant to applicable exemptions.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States or any other jurisdiction outside of Australia, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Shares offered have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act and applicable state securities laws.



INVESTMENT HIGHLIGHTS

Scoping study completed

Feasibility study by Mid-2010

Medium term production potential

Large underexplored ground position with potential for discovery of additional resources

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