

ASX Announcement

20 May 2011

## Chalice Gold Announces Private Share Placement

Chalice Gold Mines Ltd ('CHN') announces that it has agreed to place 32,000,000 shares at \$0.30 per share to raise approximately \$9.6 million before issue costs (the 'Placement').

The funds raised from the Placement will be used for further exploration and development of Chalice's projects in Eritrea and for general working capital purposes in the ordinary course of business.

The Placement received strong support and was effected through Southern Cross Equities Ltd to institutional and sophisticated investors and made pursuant to the 15% allowance under ASX Listing Rules. Southern Cross Equities Ltd has received commitments for the Placement which is scheduled to be completed on or around 26 May 2011.

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. No securities are to be issued to investors in the USA or Canada. 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

High grade Indicated gold Resource (840,000 oz @ 5.3 g/t gold)

Mine permitting commenced

- Low cash costs of \$338/oz
- 7 year mine life at >100,000 oz average production per year

Large unexplored ground position in the Arabian Nubian Shield

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