



CHALICE
GOLD MINES LIMITED

Eastern Goldfields

- Higginsville
- Chalice

West Pilbara

- Yandeearra

Murchison

- Gnaweeda

CAPITAL STRUCTURE

Issued Capital:

Shares	72,800,000
Options	6,075,000

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Chalice, Higginsville Drilling

31 May 2006

First results from Chalice Gold Mines Limited's (Chalice Gold Mines or Company) drilling program have been received.

Chalice Gold Mines is undertaking 31,000 metres of drilling in its first year post IPO, comprising 13,000 metres of RC/diamond drilling and 18,000 metres of RAB/aircore drilling, at its Chalice, Higginsville and Yandeearra projects.

At the Chalice Gold Mine, three holes have been drilled so far. These comprise a shallower hole to test extensions to the Deeps 2 system and two deeper holes to test extensions to the Deeps 3 system.

Results received from the shallow hole confirm continuity of gold mineralisation in both the Main Lode and middle ultramafic (MUM) lode positions, with the MUM Lode in particular reporting high grade intercepts, including 3.4m @ 4.27 g/t Au and 3m @ 6.4 g/t Au.

Results from CHR005, the first of the deeper holes, indicate the Main Lode continuing at depth below Deeps 3. CHR005 reported 2m @ 10.58 g/t Au including 1m @ 18.42 g/t Au.

At Higginsville, the first 1,000 metres of an initial 4,000 metre RC/diamond program have been drilled.

At Mitchell Basement North, this drilling intersected extensive gabbro with moderate zones of sulphide alteration and discrete veining, interpreted to be structurally similar to the host stratigraphy for Avoca's Trident ore body, 5 km to the north. At Mitchell Basement South, best intercepts include 3m @ 6.18 g/t from 41 metres at CHRC003, hosted in Tertiary palaeochannel material.

RC/diamond drilling has commenced at the Poseidon Footwall prospect, which lies directly to the south along strike from Trident. Three east-west oriented traverses of four 200m+ deep RC holes are being undertaken to provide stratigraphic coverage across the interpreted footwall position of the Poseidon Thrust. Completion is anticipated mid-June 2006, with results anticipated in the month following

Executive Chairman Andrew Bantock said: "We are encouraged by these initial results in an active program over the coming year. We have two drill rigs underway in some of the most exciting areas in the Eastern Goldfields, with a further 10,000 metres of drilling to ramp up at Yandeearra in the West Pilbara from next month."

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DRILLING SUMMARY

Chalice

Results have been received for BCRD003, drilled to test an open position between the historical open pit gold mine and the Deeps 3 resource and CHRD005, the first of two holes testing the Deeps 4 target.

BCRD003 tested both Main and MUM lode positions (Figure 1) in the mine sequence 40m to the south of BCRD002. Previous drilling (BCRD002, drilled in 2005) testing this position reported encouraging intercepts in both the Main Lode and MUM Lode positions. The position of the two holes and historical intercepts are plotted in long sections in Figures 2 and 3 (Main Lode and MUM Lode respectively). Significant new assay results are listed in Table 1.

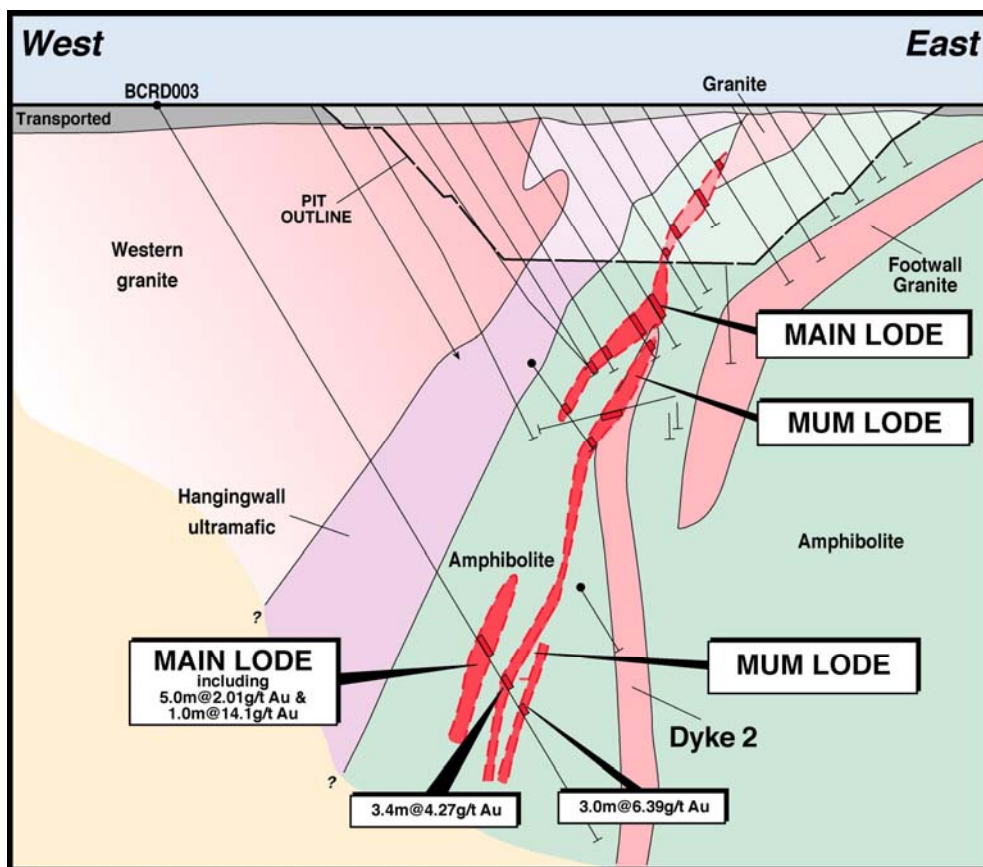


Figure 1 : Section 6478940mN, showing BCRD003 and Main and MUM Lode Intersections

Table 1

Significant Intersections, Chalice Deeps

Hole No.	Depth From	Depth To	Interval	Grade g/t Au	Comment
BCRD003	344	349	5	2.01	Main Lode
and	354	355.9	1.9	1.33	Main Lode
and	362	363	1	14.1	Main Lode
BCRD003	369.6	376	6.4	2.86	MUM Lode
incl.	369.6	373	3.4	4.27	MUM Lode
and	383	386	3	6.39	MUM Lode
and	476.5	479.53	3	1.14	Footwall Lode
CHR005	565	567	2	10.58	Main Lode
incl.	566	567	1	18.42	Main Lode

Based on 1 g/t Au lower cut off, minimum 1m internal waste. Results based on 50g Fire Assay/AAS analysis of orientated, ½ NQ2 core.
Reported intervals are downhole widths. True widths are estimated to be approximately 80% of the downhole interval.

The results indicate there is good continuity of mineralisation in both the Main Lode and MUM Lode positions, with the MUM Lode in particular reporting high grade intercepts that correlate with previous high grade intersections (BCRD002, 4.0m @ 5.73g/t Au in the MUM Lode).

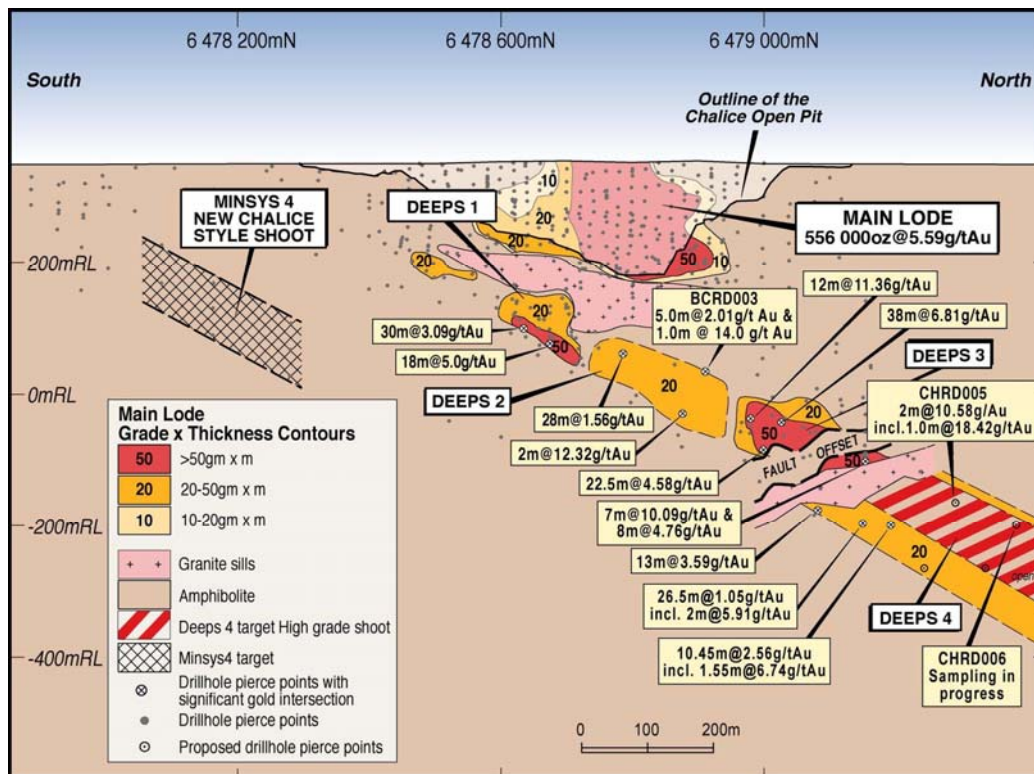


Figure 2 : Long Section of the Main Lode, showing intercept points for BCRD003 and CHR005

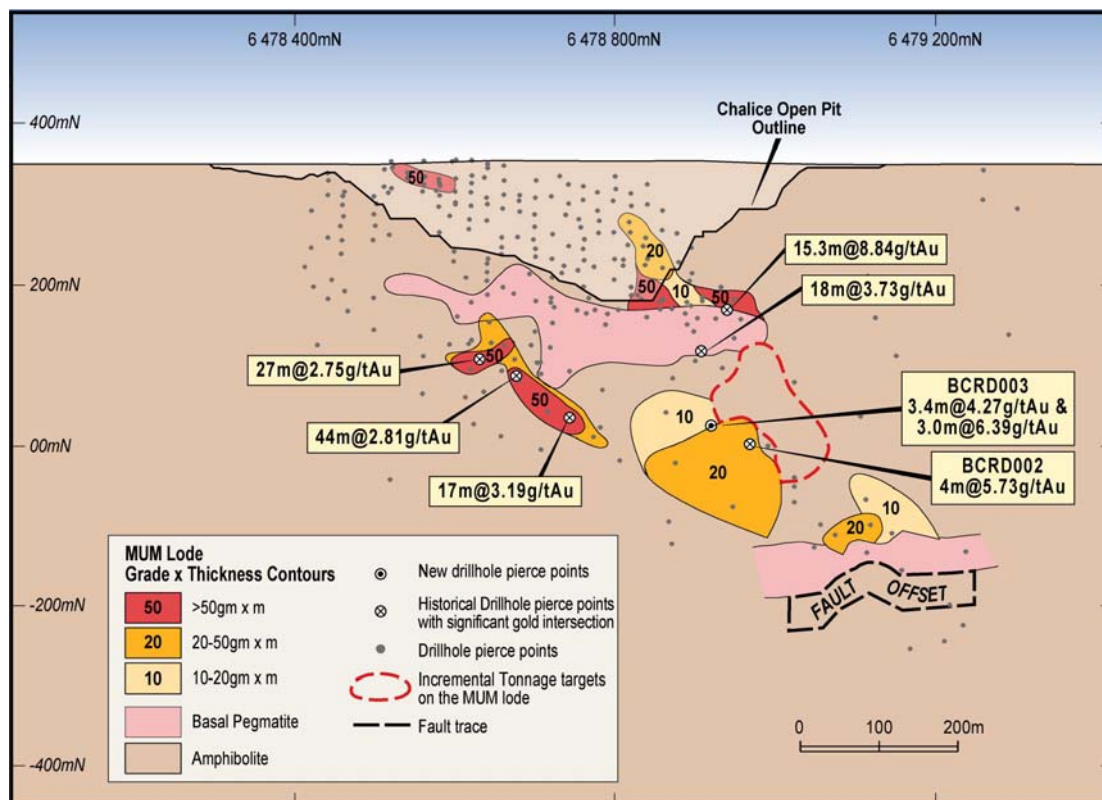


Figure 3 : Long Section of the MUM Load, showing intercept points for BCRD003

Deeps 4

Previous drilling completed by the company confirmed that the Chalice mineralised system extends at depth below the granite sill where previously it was believed to have been terminated. Two additional drill holes were proposed to test the strike extent of the mineralised zone (Figure 2).

CHRD005 reported a narrow high grade intercept of 2m @ 10.54 g/t Au from the Main Lode (Figure 2). The intersection confirms the continuity of the Main Lode horizon in the Deeps 4 target position.

Sampling of the second hole, CHRD006, is underway. No assay results are available at this stage.

Higginsville

To date, a total of 6 RC drill holes for 1,080m have been completed as part of a 19 hole program testing 3 high priority targets, namely Mitchell Basement North, Mitchell Basement South and Poseidon Footwall (Figure 4). The area covers the region containing the southern extensions of the controlling structure and host stratigraphy to Avoca’s Trident prospect.

Results from a recently completed multi-element geochemical survey, sampling spoil from historical drilling, has identified anomalism coincident with the inferred trace of the Poseidon Thrust (Figure 4). Additional drilling will now be undertaken to further investigate this new target.

At **Mitchell Basement South**, a best result of 3m @ 6.18 g/t Au from 41m was recorded in hole CHRC003 (Figure 4). This result is from the base of transported cover and suggests a deepening of the palaeosurface in close proximity to the western flank of the historically mined Mitchell pit.

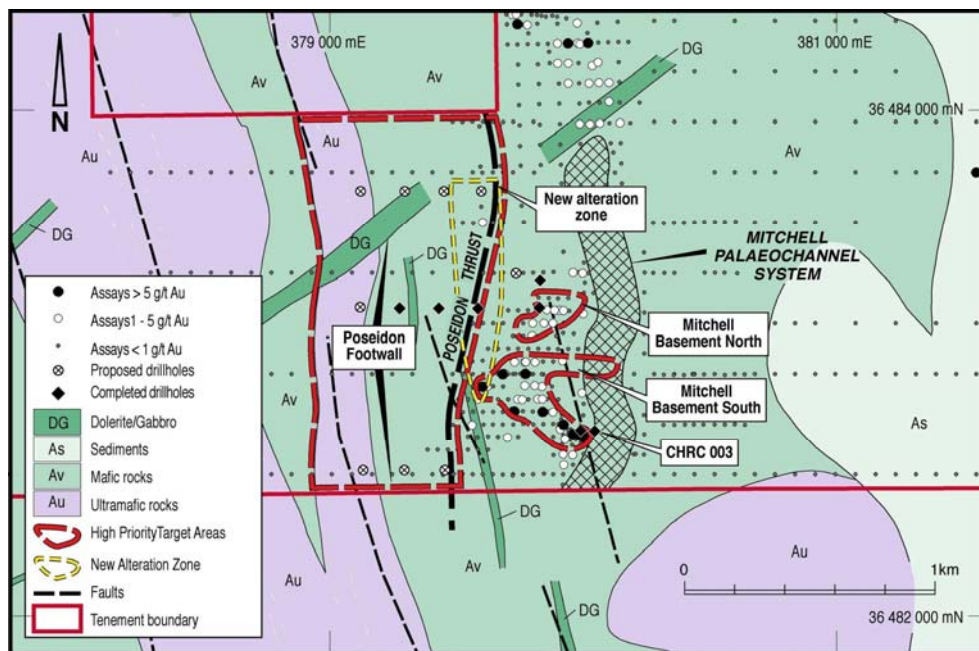


Figure 4 : Poseidon Footwall and Mitchell Basement targets, showing drilling to date and newly defined alteration zone.

At **Mitchell Basement North** drilling intersected gabbro with moderate zones of biotite-pyrite alteration and discrete veining. These intersections sit on the eastern margin of the alteration envelope outlined in the multi-element geochemical sampling, and further drilling to the west is proposed.

At **Poseidon Footwall**, RC drilling has commenced. The Poseidon Footwall Prospect comprises a covered geological target, with the potential for Trident-style mineralisation hosted in gabbroic rocks in the footwall of the Poseidon Thrust. Three, east-west orientated traverses of four 200m+ deep RC holes each are being undertaken to provide coverage across the interpreted footwall position of the Poseidon thrust in the central portion of the tenement area. No results are available at this stage with completion anticipated mid June 2006.

Regionally, plans are advanced for a geophysical SAM survey, results of which will provide information to better constrain the geological understanding of the region as well as to identify further targets.

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



DRILLING SUMMARY

Results, Minerals Resources and Ore Reserves, and consents to the release of information in the form and context in which it appears here.