
SALE OF AVOCA RESOURCES LIMITED SHARES

Chalice Gold Mines Limited (Chalice Gold or the Company) advises that it has sold 3.5 million Avoca Resources Limited (Avoca) shares for net proceeds of \$6.9 million.

Following the sale, Chalice Gold will hold approximately \$8.9 million of cash, together with 2 million \$1.79, 3-year unlisted Avoca options. The Company will also hold the right to receive a further \$0.84 million of Avoca shares upon completion of certain tenement registration matters associated with the sale of tenements to the south of the Chalice Gold Mine.

In addition to this treasury position, Chalice Gold continues to hold:

- the large Yandearra gold project in the West Pilbara, which has reported anomalous uranium and gold in recent rock chip sampling (announced 20 July 2007);
- the Gnaweeda project in the Murchison where Teck Cominco is earning a 70% joint venture interest; and
- the Wilga gold project in the Laverton Tectonic Zone.

Chalice Gold Mines Executive Chairman Andrew Bantock said:

"The sale of this first tranche of Avoca shares effectively recapitalises the Company and reduces prudential risk through exposure to a large, single, listed investment. Having said that, we look forward to the continuing success of Avoca, in whom we retain an interest through options and future share issues receivable under Tranche 2 of our Chalice and Higginsville Sale Agreement.

With this strong treasury position, we will continue to explore at our three gold projects and look for new opportunities."



Andrew Bantock
Executive Chairman
24 September 2007