



**CHALICE**  
GOLD MINES LIMITED

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Australian Stock Exchange  
Exchange Plaza  
2 The Esplanade  
Perth WA 6000

Dear Sirs

The Company advises the following update on activities:

### **Yandearra Project**

Chalice Gold Mines Limited advises that it has received formal notification from De Grey Mining Limited (De Grey) of its withdrawal from the Yandearra Project in the West Pilbara. Under the joint venture agreement, De Grey was to spend \$1.67 million to earn up to 80% of the rights to gold and base metals. De Grey has spent in excess of \$600,000 on the project, which exceeded their minimum commitment of \$417,000 under the joint venture agreement.

Under a separate agreement, Atlas Iron Limited (which has an option to acquire 100% of the iron ore rights for \$1 million – subject to a 30% claw-back provision) is continuing a regional exploration program to investigate the iron ore potential of the project. Having undertaken helicopter reconnaissance and rock chip sampling, where several surface samples were collected with values returning 55 to 60 % iron, a number of potential direct shipping ore and magnetite targets have been identified. Further exploration is proposed in the upcoming field season.

Following the notification of withdrawal by De Grey, the Yandearra tenements will be rationalised with the retention of prospective gold, base metal and iron ore targets.

### **Sale of Avoca Resources Shares**

As announced on 12 February 2009, the Company received 483,335 Avoca Resources Limited shares (ASX: AVO), being \$841,000 of tranche 2 consideration in full and final satisfaction for the sale of the Higginsville and Chalice Gold Project. The Company has subsequently disposed of all these shares for proceeds of \$897,000, realising a profit on sale of \$56,000.

Tim Goyder  
Executive Chairman

*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.*