
CHALICE GOLD MINES RAISES \$4.4 MILLION

Fresh funds will strengthen cash position while feasibility study on Koka Gold Deposit is completed

Exploration on 600sqkm Zara Project can now be accelerated

Chalice Gold Mines Limited ("Chalice") advises that it has raised \$4,401,000 (before issue costs) to fund the ongoing development of the Zara Project in Eritrea through the placement of 16,300,000 shares at 27 cents per share ("the Placement").

The Placement, to institutional and sophisticated investors introduced by Southern Cross Equities as lead manager, will be made pursuant to the 15% allowance under the ASX Listing Rules and is scheduled to be completed on or around September 10, 2009.

The capital raising will increase Chalice's cash balance to approximately \$10.5 million. All costs and liabilities associated with the merger with Sub-Sahara Resources are now settled.

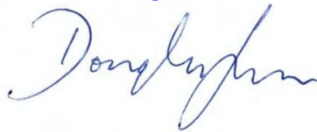
Dr. Doug Jones, the Managing Director of Chalice said:

"The Placement strengthens Chalice's balance sheet while it undertakes the scoping study for the Koka Gold Deposit, scheduled for completion by late October 2009, and the feasibility study, scheduled to be delivered in May 2010.

Importantly, it will also allow for a substantial program of exploration on the 615 square kilometre Zara Project where we have previously identified numerous gold targets for follow up and where we are already seeing encouraging additional prospectivity for both gold and base metals."

Chalice also advises that subject to shareholder approval at the Company's next General Meeting, it will issue Southern Cross Equities and Thomas Weisel Partners Canada Inc, one million unlisted share options each for providing ongoing services to the Company, including the share placement. These options will have an exercise price of 35 cents and expire two years from the date of issue.

For further information on the Zara Project and the Koka Gold Deposit please refer to our website at www.chalicegold.com.



DOUG JONES
Managing Director