

ASX ANNOUNCEMENT

Eritrea Regional Joint Venture



Chalice Gold Mines Limited ABN 47 116 648 956

6 September 2010

Chalice Gold Mines Limited (ASX: CHN) advises that it has informed Newmont Mining Corporation that Chalice will not proceed with a planned regional joint venture agreement in Eritrea.

The proposed JV, which was outlined in an ASX announcement on July 23, 2010, remained subject to formal documentation, which has not been completed.

Following the current fully underwritten rights issue Chalice will have cash of ~\$16 million and therefore the Board has decided it would be in shareholders' best interests if Chalice explored the highly prospective tenements in its own right. The tenements are currently under application.

A handwritten signature in blue ink, appearing to read "Tim Goyder", with a long horizontal stroke extending to the right.

TIM GOYDER
Executive Chairman

For further information, please contact:

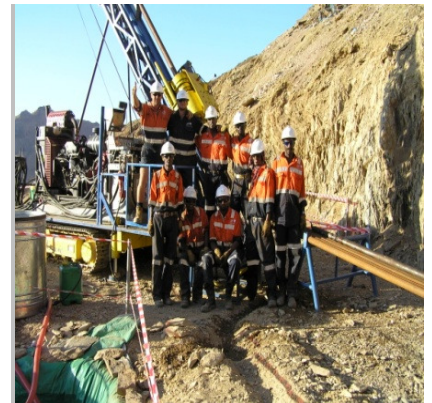
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INVESTMENT HIGHLIGHTS

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

Feasibility Study completed:

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

Drilling at near mine Konate Prospect in progress

Large unexplored ground position in the Arabian Nubian Shield

www.chalicegold.com