ENCOURAGING RESULTS OBTAINED FROM IP SURVEY AT KOKA

NEW IP ANOMALY IDENTIFIED BELOW THE 840,000oz KOKA DEPOSIT

11 November 2010

Chalice Gold Mines Limited ABN 47 116 648 956

Highlights:

- **New "Koka-like" signatures already identified by a recently commenced deep penetration 3D IP survey over the Koka-Konate corridor**
- **Significant IP resistivity target identified below the 840,000oz Koka Deposit providing a priority drilling opportunity for early 2011**
- **Strong IP resistivity target identified below the Koka East prospect**
- **Strong IP chargeability anomalies identified west of Koka Deposit**

Chalice Gold Mines (ASX: **CHN**) is pleased to report that encouraging early results have been received from a recently commenced IP survey over its flagship 840,000oz Koka Gold Deposit.

The state-of-the-art 3D deep-penetration Induced Polarisation (IP) survey covers an area of 15km^2 within the highly prospective 6km long Koka-Konate corridor (see Figure 1).

The survey, which is designed to reveal new targets with the potential to host repeats of the Koka mineralisation, has already yielded some attractive targets, including resistivity anomalies below the currently defined Koka deposit and a second in an undrilled area under the Koka East trend. Resistivity anomalies are often associated with silicification that is associated with gold mineralisation.

In addition, the survey identified a large area of chargeability anomalies west of the Koka deposit that, while currently unexplained, could represent sulphide mineralisation.

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**

Permitting process commenced

Large unexplored ground position in the Arabian Nubian Shield

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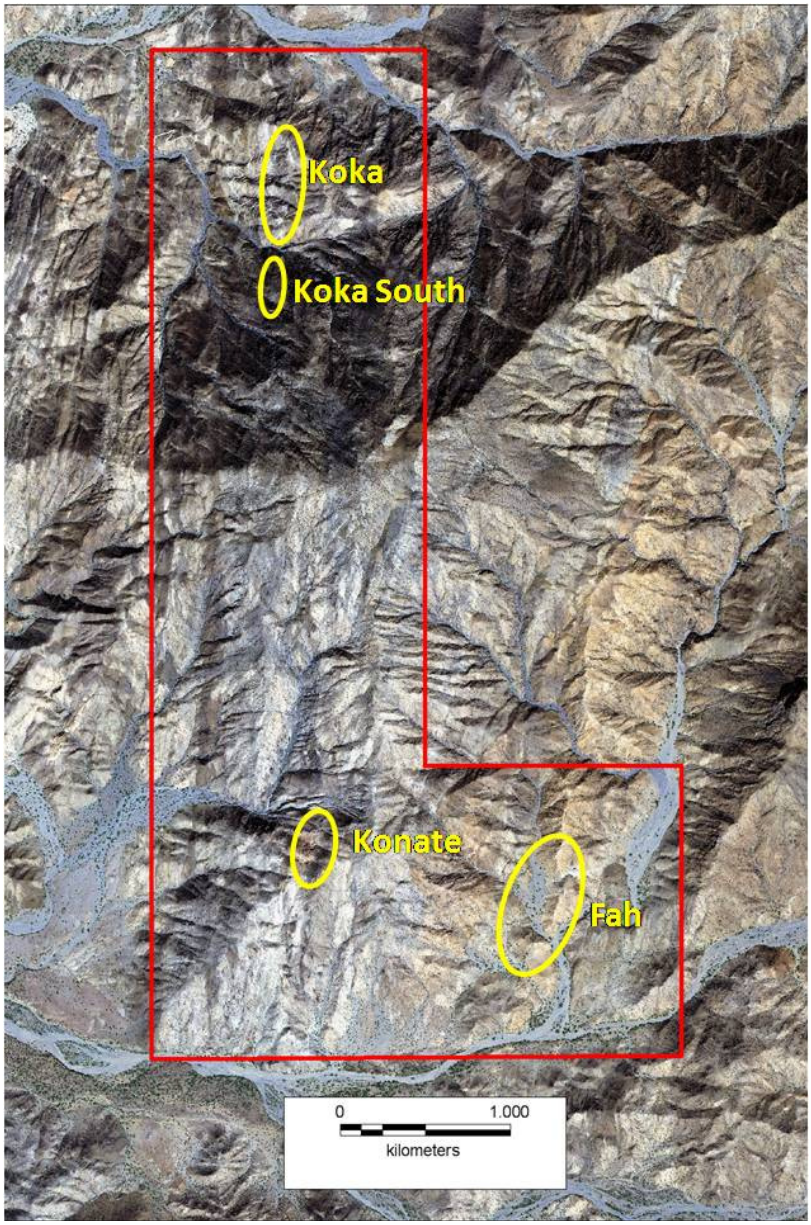

Figure 1: IP survey, Koka-Konate-Fah 'Corridor'

The survey comprises 26 double offset dipole-dipole arrays covering an area of approximately 15km^2 (7.5km x 2km) with 64 Rx channels being read at 50m spacings to provide high resolution data to depths potentially exceeding 500 metres.

Analysis of initial results from the first four arrays of the survey indicates that good quality data is being produced with penetration to a depth of at least 600 metres being achieved.

Two very strong resistive zones are defined in the data, one at depth beneath the Koka deposit and another at depth on the Koka East trend (see Figure 2).

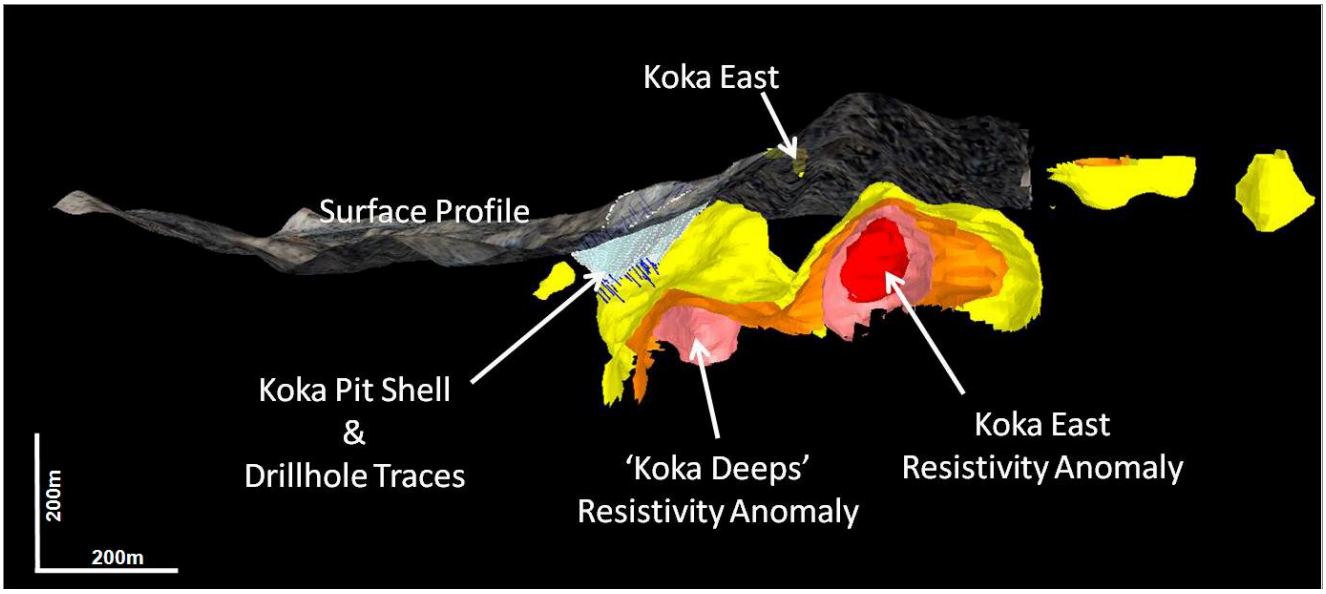

Figure 2: IP resistivity Anomalies – Koka and Koka East (looking north)

Previous shallow-penetration IP surveys conducted at Koka identified a strong resistivity anomaly which is believed to reflect the strong silicification associated with mineralisation. This signature continues and redevelops strongly at depth, potentially reflecting further silicification and mineralisation. The anomalous zone extends for in excess of 600 metres along strike, is open to the south and at depth and has core cross-sectional dimensions of greater than 100 x 100 metres. This zone lies beneath existing drill coverage and constitutes a priority target for exploration.

Koka East lies ~80 metres into the hangingwall of Koka and at surface consists of Koka-style quartz stockwork mineralisation. Limited drilling of this zone earlier this year returned disappointing results (best intercept 1 metre grading 13.67 g/t Au) despite intense quartz veining and silicification being encountered in most holes. This appears to be reflected in a small IP resistivity anomaly evident in the current survey. The newly identified deep anomalous zone extends for in excess of 450 metres along strike, is open to the south and at depth and has core cross-sectional dimensions of greater than 100 x 100 metres. The anomaly lies north of the area previously drilled and is much stronger, implying that the silicification redevelops and intensifies at depth, providing a high priority drill target.

The survey has also identified a number of strong chargeability anomalies, mostly at depth to the west of Koka (see Figure 3). The origin of these anomalies is uncertain but they may reflect sulphide concentrations in sediments that lie to the west of the microgranite hosting the Koka mineralisation. The smaller, more discrete of these anomalies lies south along strike from known vein-hosted gold mineralisation in sediments at the Koka North prospect and hence could represent a strengthening of this mineralisation reflected in higher levels of chargeable sulphides.

These anomalies will also require drill testing in the New Year.

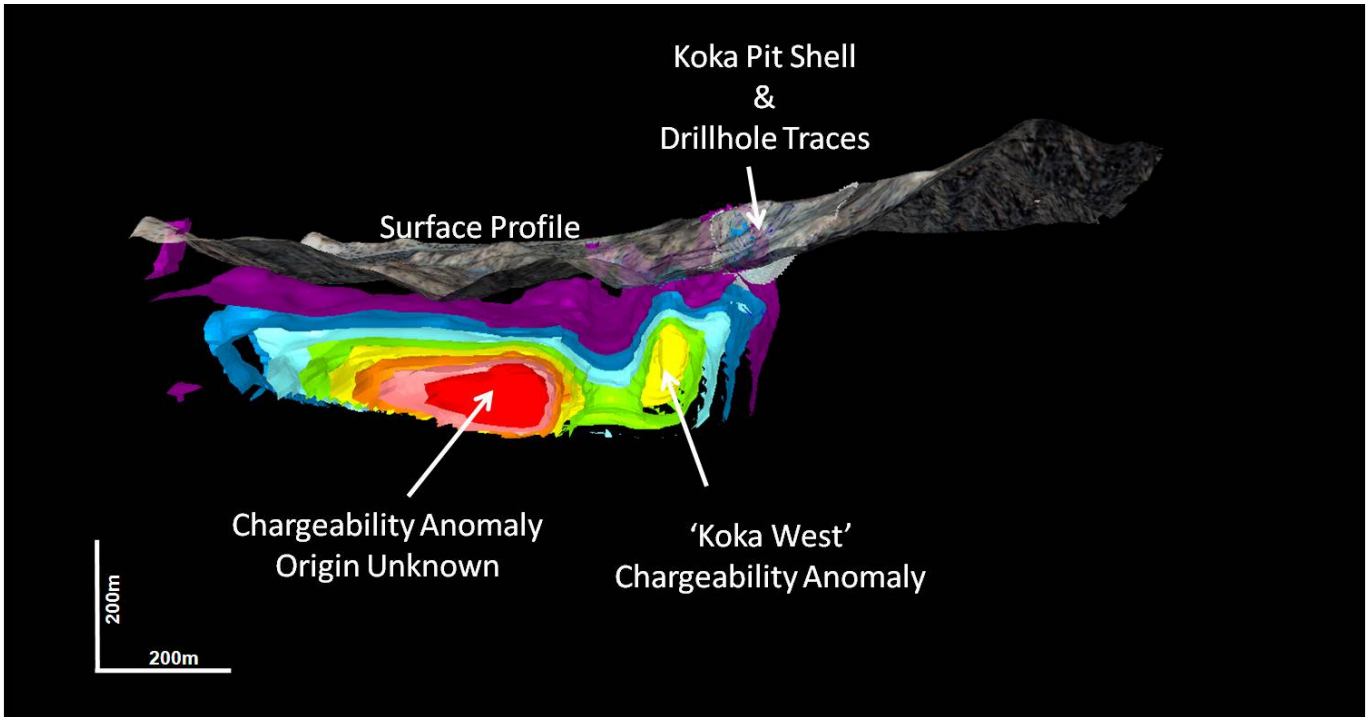

Figure 3: IP Chargeability Anomalies – Koka and Koka West (looking north)

The Company regards these encouraging results so early in the program as a strong validation of the use of this new generation of IP technology at Koka and is planning to commence drill testing at the earliest opportunity.

Doug Jones

Managing Director

11 November 2010

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr Doug Jones, a full-time employee and Director of Chalice Gold Mines Limited, who is a Member of the Australasian Institute of Mining and Metallurgy and is a Chartered Professional Geologist. Dr Jones 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.

The Mineral Resource estimate was prepared by Mr. John Tyrrell who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Tyrrell is a full time employee of AMC and has sufficient experience in gold resource estimation to act as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)'. Mr. Tyrrell consents to the inclusion of this information in the form and context in which it appears.

The information in this statement of Ore Reserves is based on information compiled by Mr David Lee who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of AMC. Mr Lee has sufficient relevant experience to be a Competent Person as defined in the JORC Code. Mr Lee consents to the inclusion of this information in the form and context in which it appears.

The information in this report that relates to Geophysical Surveys is based on information provided by Southern Geoscience Consultants under the direction of Mr Bill Peters, Managing Director of SGC and, who is a Fellow of the Australasian Institute of Mining and Metallurgy and is a Chartered Professional Geologist. Mr Peters 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.