

ASX Announcement

21 November 2011

Board of Directors composition and withdrawal of Resolutions

Chalice Gold Mines Limited (**ASX:CHN**)(**TSX:CXN**) advises its Directors have been considering the composition of its Board as the Company moves to development of its Zara Gold Project in Eritrea and following execution of the Mining Agreement with the Government of Eritrea.

These considerations have taken account of the need for an appropriate balance between independent and non-independent directors and general governance practices. As the Company goes forward the Directors consider there is a need to address this balance.

Amongst the resolutions proposed at the Company's AGM (to be held Tuesday 22 November 2011) were resolutions for the re-election of Michael Griffiths (previously an executive director) and Juan Jeffery, the Chief Operating Officer of the Company. To maintain an appropriate balance of independent and non-independent directors, Resolutions 3 and 4 respectively for the re-election of Messrs Griffiths and Jeffery will be withdrawn with both directors stepping down. The Company will then seek to further address its Board composition and the need to attract independent directors.

It should be noted that Mr Jeffery will remain the Chief Operating Officer of the Company principally responsible for the development of the Zara Project and Mr Griffiths will consult to the Company from time to time in relation to its Eritrean Gold Projects.

Mr. Griffiths was previously the Managing Director of Sub Sahara Resources which merged with Chalice in 2008 and has been instrumental in the development of the Eritrean project. His contribution to the Company and the project has been considerable and Chalice recognises and thanks him for this.



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