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## TRANSACTION SETTLEMENTS

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Chalice Gold Mines Limited (Chalice) advises that it has received \$250,000 from Atlas Iron Limited (Atlas Iron) and 2 million De Grey Mining Limited (De Grey) shares and options following initial completion under certain option and joint venture agreements.

Chalice now has cash at bank of approximately \$9.6M. A further \$0.8M of Avoca Resources Limited shares is due to be received in February 2009 upon completion of tranche 2 of the sale of the Company's Chalice and Higginsville Gold Project to Avoca.

### **Option Agreement with Atlas Iron Limited**

Pursuant to an option agreement under which Atlas Iron can acquire the iron ore rights at Chalice's Yandearra Project, Chalice has received an initial payment of \$250,000 following completion of a formal agreement between the parties.

Atlas Iron must then make a further payment of \$1,000,000 in cash or Atlas Iron shares (valued at a 5 day VWAP) should it exercise its option to purchase the iron ore rights. The option expires no later than 12 months after the date of the formal agreement.

### **Joint Venture Agreement with De Grey Mining Limited**

Under a joint venture agreement to explore for gold and base metals at the Yandearra Project with De Grey, Chalice has received an initial payment comprising the issue of 2 million shares and 2 million unlisted, 3 year, 20 cent options, following the execution of the formal joint venture agreement between the two parties.

Under the joint venture, De Grey must spend \$1,670,000 over 5 years to earn an interest of 80%.

Tim Goyder  
Executive Chairman

8 January 2008