

Investment in London Africa Ltd



Chalice Gold Mines Limited ABN 47 116 648 956

29 December 2009

CHALICE GOLD MINES LIMITED (ASX:CHN) has agreed to invest in the United Kingdom based London Africa Limited ("**London Africa**") which holds a number of prospecting licences in Eritrea.

Chalice will subscribe for 1.6M shares in London Africa at 12.5p per share for GBP200,000 (A\$358,000) which will give Chalice an 11.8% interest in the Company. The funds will be applied to a work program currently being undertaken and managed by London Africa.

The London Africa tenements cover 1,562 square kilometres in the prospective Akordat-Orata area in Eritrea.

A handwritten signature in blue ink that reads "Tim Goyder".

TIM GOYDER
Executive Chairman



INVESTMENT HIGHLIGHTS

High grade gold deposit
(944,000 oz @ 5.8 g/t)

Scoping study completed

Feasibility study by Mid-2010

Medium term production
potential

Large underexplored ground
position with potential for
discovery of additional
resources

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