Prairie Downs Metals Limited

ABN 23 008 677 852 ASX: PDZ
Level 19 St Martins Tower - 44 St Georges Terrace Perth WA 6000
GPO Box 2519 Perth WA 6001
t +618 9225 5755 · f +618 9225 4599 · w prairiedownsmetals.com.au

ASX RELEASE **16 October 2008**

Exploration Update

The directors of Prairie Downs Metals Limited ("**Prairie**" or "**the Company**") are pleased to provide an update on the current exploration activities being undertaken at the Prairie Downs Base Metal Project ("**Project**").

COSTEAN SEVEN PROSPECT

Assay results received from the recent first drill program at Costean Seven have confirmed the existence of mineralisation derived from diamond drilling near surface. All holes were mineralized to varying degrees with respect to copper, lead, zinc and silver. Mineralisation is zoned. Intermittent narrow intersections variably graded up to 19.5% Pb, 0.9% Cu, 7.6% Zn and 245ppm Ag. Schedule one attached to this release details the most significant drill results to date at Costean Seven.

These results demonstrate the continuation of base metals mineralisation over 3.7 kilometres.

VANADIUM MINERALISATION

Earlier in the year the Company undertook a detailed mapping program at the Project to provide geotechnical data and to gain a better understanding of the geology. Initial analysis using a Niton XL3T handheld XRF machine indicated the existence of significant vanadium mineralisation in association with barite. Analysis of surface samples collected has been completed which confirms the existence of vanadium mineralisation yielding grades greater than 1% V_2O_5 over 3.7 kilometres of strike length.

Grades greater than 1% are rarely achieved in a mining scenario. Windimurra mine produced vanadium at an average grade of 0.46% vanadium. Other Australian projects at an advanced stage include Barrambie (Reed Resources 0.8% V_2O_5), Balla Balla (Aurox Resources 0.65% V_2O_5 and 45% Fe) and Bigrlyl (Energy Metals Ltd 0.19% V_2O_5 and 0.17% U_3O_8).

Internationally, production from from the Bushveld Complex averages 1.5% V_2O_5 from many operations held by Xstrata and Highveld steel. This constitutes approximately 45% of world production. Mount Kachkanar, Gusevogorsk and Pervoural'sk in Russia, contain approximately 0.5% V_2O_5 and are operated by Nizhny Tagil Iron and Steel Works and the Chusovskoy Metallurgical Works. Largo Resources in Brazil reports production from a reserve grading 1.35% V_2O_5.

Vanadium enriched carbonitised volcaniclastics and a barite unit are unconformably juxtaposed with Zn/Pb/Ag mineralisation, in veins hosted by mafic intrusives and volcanics. The carbonistised volcaniclastics and barite cap, outcrop over approximately 4 kilometres. Vandium grades above detection limits (>1%), as proffered by an independent laboratory (ALS Laboratory). Absolute vanadium concentrations are not reportable due to the specialised nature of the samples and very high grade. At this stage preliminary investigations suggest the vanadium to be extractible by conventional methods. Preliminary and independent mineralogical analysis by "Roger Townend and Associates", described samples as mottramite and vanadinite (both of which are vanadium ore minerals) in spatial association with copper minerals such as chalcocite, malachite, covellite, bornite, digenite and chalcopyrite, in addition to barite (see Schedule two attached).

In view of the high grades encountered in the preliminary work described above, the Company has commissioned a mineralogical study in relation to vanadium, and is investigating metallurgical studies.

RESOURCE DRILLING

A multi-purpose drill rig has recently completed pre-collars targeting depth and strike extensions to the current 4.7 million tonne zinc resource. A total of 25 pre-collars have been now been completed to be followed by diamond tails. Initial results are expected in mid-late November.

The primary objective of the current drill program is to increase the high grade resource to underpin at least five years of high grade production. Once this initial program of drilling has been completed, the exploration focus will initially concentrate on further assessment of the various copper, vanadium, zinc and lead zones, which includes Costean Seven and Kerr's Find, and cover a strike length of some 5 kilometres.

For further information contact:
Alec Pismiris
Director/Company Secretary
Prairie Downs Metals Limited
Tel: (+6 18) 9225 5755
www.prairiedownsmetals.com.au

Information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Luke Kerr who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Kerr has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kerr consents to the inclusion in this report of the statements based on their information in the form and context in which it appears.

Prairie Downs Metals
Limited

ABN 23 008 677 852 ASX: PDZ
Level 19 St Martins Tower - 44 St Georges Terrace Perth WA 6000
GPO Box 2519 Perth WA 6001
t +618 9225 5755 · f +618 9225 4599 · w prairiedownsmetals.com.au

Schedule One

Costean Seven
Significant Intersections

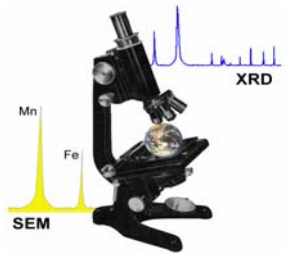
Zinc / Lead

Hole ID	East	North	Dip	Azi.		From (m)	To (m)	Int (m)	Zinc %	Lead %
PDD307	731178	7376359	-60	60		0.0	5.2	5.2	1.41	0.02
						6.2	7.4	1.2	1.51	0.07
PDD308	731179	7376359	-60	59		0.6	4.1	3.5	4.77	0.14
PDD309	731145	7376559	-.60	59		6.1	12.8	6.7	0.79	0.02
PDD310	730934	7376559	-64	32		12.5	14.1	1.6	1.02	7.34
						15.4	16.6	1.2	0.08	5.21
						20.0	22.7	2.7	1.62	6.25
						22.7	30.4	7.7	0.11	1.99
PDD311	730905	7376532	-60	41		77.1	79.3	2.2	0.02	2.88

Copper / Silver

Hole ID	East	North	Dip	Azi.		From (m)	To (m)	Int (m)	Copper %	Silver ppm
PDD307	731178	7376359	-60	60		6.2	7.4	1.2	1.11	-
PDD308	731179	7376359	-60	59		0.6	6.6	6.0		19.2
					INCL	2.2	6.6	4.4	0.61	
						21.3	21.9	0.6	0.26	-
						72.7	73.2	0.5	0.11	-
						78.5	79.0	0.5	0.14	-
PDD309	731145	7376559	-.60	59		19.8	21.9	2.1	0.20	
						21.0	21.9	0.9		8.7
PDD310	730934	7376559	-64	32		12.5	14.1	1.6		51.1
					INCL	12.5	12.7	0.2	0.51	
						15.4	16.0	0.6	-	42.3
						19.7	22.2	2.5		16.7
					INCL	19.7	20.0	0.3	0.46	
						38.0	39.0	1.0	0.11	-
PDD312	730980	7376542	-64	32		75.0	76.0	1.0	0.16	-

Schedule 2



Roger Townend and Associates
Consulting Mineralogists

Unit 4, 40 Irvine Drive, Malaga Western Australia 6062
Phone: (08) 9248 1674 Fax: (08) 9248 1502
email: rogertownend@westnet.com.au

Luke Kerr 24-6-2008
Prairie Downs Metals Ltd,
44 St Georges Terrace,
Perth
Western Australia

Our REF 22297

Your ref. PDZ 171

Preparation of two polished sections of two mineralised rock samples and optical / SEM examination.

Roger Townend

SAMPLE A

ROCK SPECIMEN part oxidised copper ore specimen

POLISHED SLAB

ORES	DOMINANT
GOETHITE	DOMINANT
MALACHITE	MINOR
CHALCOCITE	MINOR
MOTTRAMITE	ACCESSORY
COVELLITE	ACCESSORY
CHALCOPYRITE	ACCESSORY
DIGENITE	ACCESSORY
HEMATITE	ACCESSORY
PYRITE	TRACE
GANGUE	
SILICA	MAJOR
BARITE	TRACE

The rock is classified as a PART SILICIFIED AND FERRUGINISED COPPER GOSSAN.

Sulphides dominantly (pyrite) or mainly (copper sulphides) are largely oxidised to goethite and mineral salts.

Copper sulphide is locally well preserved with chalcocite occasionally quite coarse grains set in goethite/malachite, plus it also occurs as fines. Fine covellite may be associated. Rarely there is coarse digenite/chalcopyrite of 100 micron dimensions. Otherwise digenite occurs locally as fines with covellite in malachite.

Pyrite was only once detected as the core to goethite pseudomorph. Goethite pseudomorphs of euhedral pyrite are common. Goethite otherwise is present as more open boxworks probably ex copper sulphides including chalcopyrite.

Malachite is locally prominent in the goethite and on margins with quartz.

Mottramite Pb(CuZn) VO4(OH) was identified by SEM as occasional small masses associated with goethite. See SEM image.

The silica,?quartz occurs as veins and as low copper mineralised areas separate from the goethite.

SAMPLE B

ROCK SPECIMEN part oxidised copper ore

POLISHED SLAB

ORES	DOMINANT
GOETHITE	MAJOR
CHALCOCITE	MAJOR
MALACHITE	MAJOR
COVELLITE	MINOR
BORNITE	MINOR
BAILEYCHLORE	MINOR
MOTTRAMITE	ACCESSORY
DIGENITE	ACCESSORY
CHALCOPYRITE	ACCESSORY
HEMATITE	ACCESSORY
GALENA	TRACE
GANGUE	
QUARTZ	MAJOR
BARITE	TRACE

Classified as a PART SILICIFIED AND FERRUGINISED COPPER ZINC GOSSAN.

The sample contains some primary copper sulphides. These are chalcopyrite and bornite. Bornite is prominent as 200-300 micron single equant masses either rimmed by digenite or chalcopyrite/covellite, set in malachite/goethite. Rarely chalcopyrite reaches 100 microns with subordinate bornite and digenite.

Chalcocite is the dominant copper ore, locally prominent as areas of angular grains to 200 microns set in malachite/goethite matrix. There may be marginal fine covellite present. Uncommonly covellite is locally dominant in malachite. No pyrite was detected. Galena was found as rare fines in silica near goethite margins. Fine barite was also present.

Much of the goethite/haematite occurs as aggregates of a fine lamellae nature. There are local coarse subhedral goethite masses probably ex pyrite. Coarse open boxworks of goethite also occur probably ex copper sulphides. There are local concentrations of subhedral fine hematites

Mottramite was detected as disseminated 50-100 micron particles associated with goethite boxworks and quartz. See SEM image. This shows goethite boxworks ex pyrite and chalcopyrite, with white mottramite attachments.

An SEM scan also detected almost monomineralic masses to 3 mm of a zinc rich chlorite (baileychlore). See SEM image, with a 3 mm area crossed by fine goethite veinlets. (Note that this rare form of chlorite was first described from the Red Dome deposit at Chillagoe, Queensland)

Malachite is common through the goethite and at silica margins.

Silica?quartz is prominent as poorly mineralised veins and patches.