
AGREEMENT TO ACQUIRE THE MOUNT OXIDE COPPER-COBALT PROJECT IN QUEENSLAND, AUSTRALIA

- **Chalice Gold Mines Limited has agreed to acquire a 100% interest in the Mount Oxide Copper-Cobalt Project in Queensland from Perilya Limited:**
 - **15.5 million tonne, 1.3% copper, 0.05% cobalt, 9 g/t silver JORC compliant Mineral Resource**
 - **203,000 tonnes of contained copper, 7750 tonnes cobalt, 4.2M oz silver.**
 - **recent drilling below the resource area confirms continuity of the system and higher copper grades at depth, reporting the following intercepts:**
 - **Hole 89: 22m @ 6.3% Cu; 19m @ 3.7% Cu; 31m @ 6.2% Cu and 23m @ 8.9% Cu**
 - **Hole 104: 17m @ 4.2% Cu; 32m @ 4.5% Cu (uncut) and 12m @ 15.3% Cu (uncut)**
 - **Hole 105: 8 m @ 0.9% Cu ; 13m @ 3.2%Cu; 13m @ 3.8% Cu and 16m @ 5.4% Cu**
- **The agreement includes an option to acquire Perilya's 50% interest in the Tampang Porphyry Copper-Gold Project in Sabah, Malaysia.**
- **Total purchase consideration of A\$25 million, to be satisfied by the issue of 200 million Chalice ordinary shares.**
- **Perilya Limited will, post completion, review its capital management requirements with a view to identifying the best way of maximising and returning value directly to Perilya shareholders from its shareholding in Chalice.**
- **The transaction is subject to satisfactory completion of mutual due diligence by 30 September 2008 and approval of Chalice shareholders at the Company's Annual General Meeting, to be held in November 2008.**

Agreement to Acquire Mount Oxide Copper-Cobalt Project

Chalice Gold Mines Limited ("CHN" or "the Company") advises that it has reached agreement with Perilya Limited ("Perilya") to acquire the Mount Oxide Copper-Cobalt Project in Queensland, Australia.

The Mount Oxide Project is located in the Mount Isa Region, Western Succession, which includes several major sediment-hosted breccia base metals deposits.

The Mount Oxide deposit was mined intermittently between 1920 and 1971 by way of a small open pit and underground operation to a depth of 90 metres, producing approximately 50,000 tonnes of ore at a grade of over 20% copper. The Project lies 25 km north of the existing Mount Gordon Mine operated by Aditya Birla Minerals Ltd (figure 1).

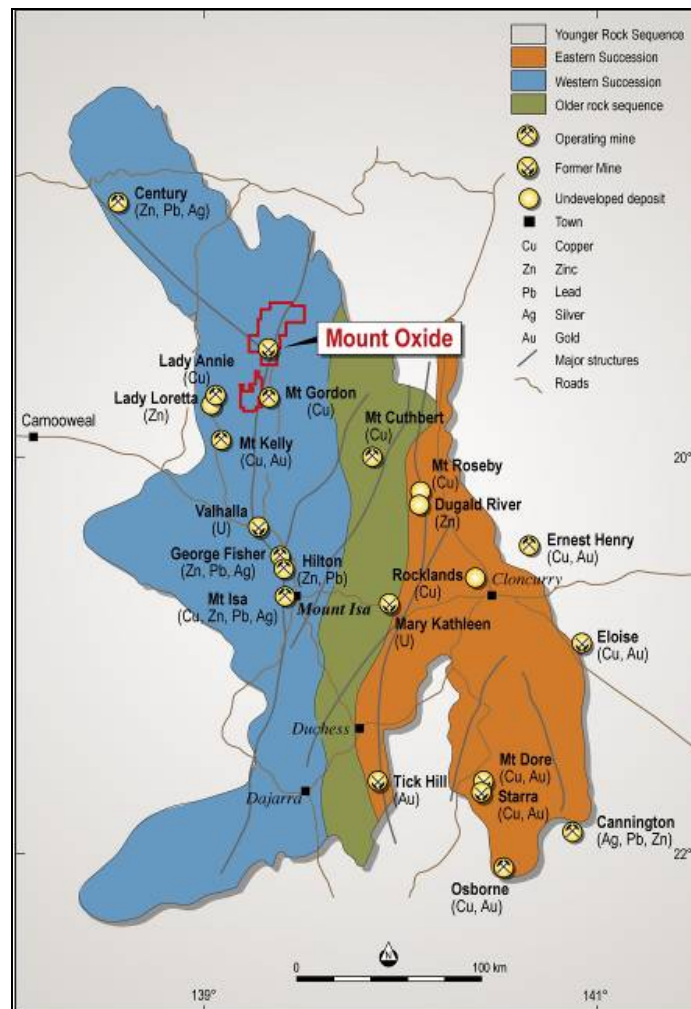


Figure 1: Mount Oxide Project location map

The Mount Oxide deposit is a chalcocite dominated system associated with strong silica-hematite alteration and copper mineralisation developed on the margin of the hematite core. The mineralisation is hosted in a sedimentary package associated with a strong structural corridor along the northeast trending Mount Oxide Fault and associated cross-cutting faults.

Following completion of a drilling program in November 2007, Perilya increased its JORC compliant Mineral Resource estimate at Mount Oxide by 80% in February 2008; to a total of 15.5 million tonnes at 1.3% copper, 0.05% cobalt and 9 g/t silver for 203,000 tonnes of contained copper, 7,750 tonnes of contained cobalt and 4.2 million ounces of silver at a 0.2% copper cutoff (see Table 1)

Classification	M Tonnes	Cu %	Co %	Ag g/t	Copper Contained (t)	Cobalt Contained (t)	Silver Contained (oz)
Indicated	9.8	1.6	0.05	12	154,000	5,200	3,430,000
Inferred	5.7	0.9	0.05	4	47,000	3,100	770,000
Stockpiles	0.3	0.7	-	-	2,000	-	-
Total	15.5	1.3	0.05	9	203,000	8,300	4,200,000

Table 1: Mount Oxide Mineral Resource Estimate at 0.2% Cu cut-off, as at 19 February 2008

Drilling re-commenced in April 2008 with over 11,500 metres completed to date in a program which is scheduled to continue through to November 2008, subject to climate.

Recent drilling has delivered impressive high grade hits including:

- Hole 89: 22 metres @ 6.3% copper from 258 metres; 19 metres @ 3.7% copper from 315 metres; 31 metres @ 6.2% copper from 346 metres and 23 metres @ 8.9% copper from 395 metres (see Figure 2);
- Hole 104: 17 metres @ 4.2% copper from 248 metres; 32 metres @ 4.5% copper (uncut) from 287 metres; 12 metres @ 15.3% copper (uncut) and 161 g/t silver from 345 metres; and
- Hole 105: 8 metres @ 0.9% copper from 256 metres; 13 metres @ 3.2% copper from 280 metres; 13 metres @ 3.8% copper from 297 metres; 16 metres @ 5.4% copper and 49 g/t silver from 329 metres (see Figure 3).

See also Appendices 2 and 3 of this announcement for further detail.

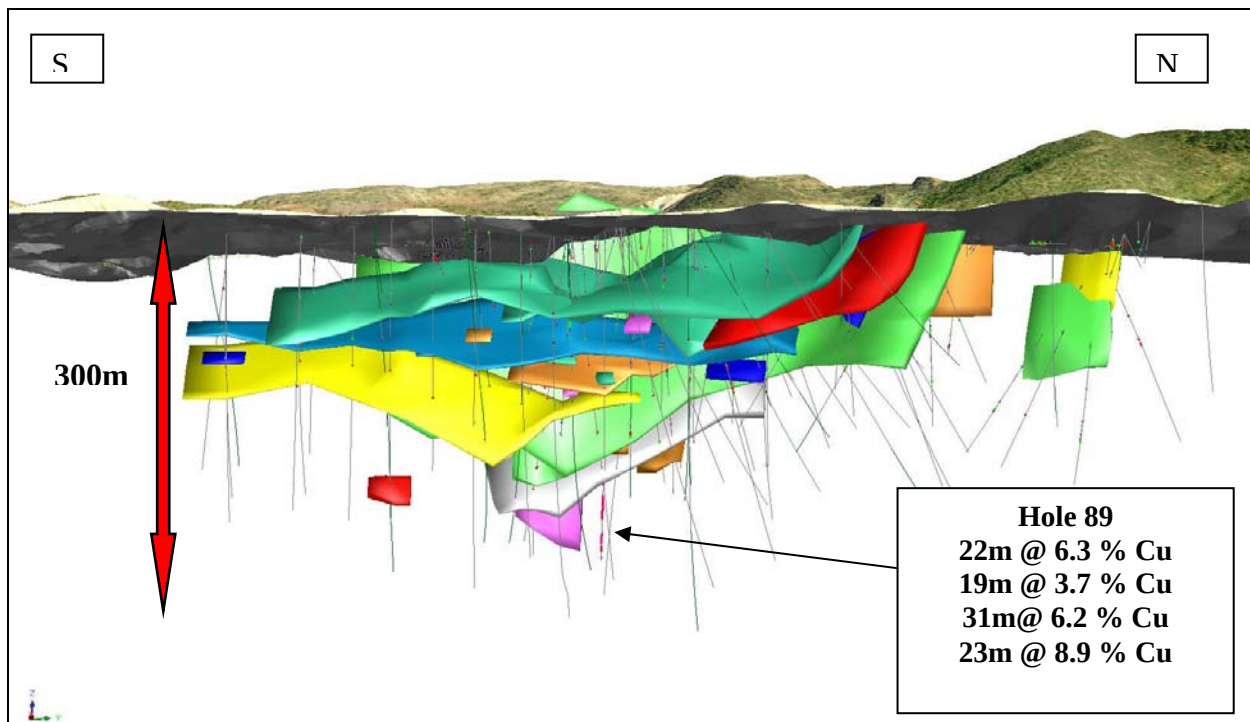


Figure 2: Mt Oxide Resource model looking west in 3d, demonstrating the location of hole 89 and the open potential at depth

Other results are awaited and the drill program is continuing at site with two diamond rigs currently working double shift.

CHN considers that this recent drilling success shows good continuity of mineralisation below the area of the current JORC compliant Mineral Resource, with high grade zones remaining open at depth. CHN is well funded with \$10 million cash at bank to progress this program and will operate the Mount Oxide Project with a strong focus on resource expansion and discovery. It is hoped that the above results and the results of the remainder of the 2008 drilling program can contribute to an increased Mineral Resource estimate in early 2009.

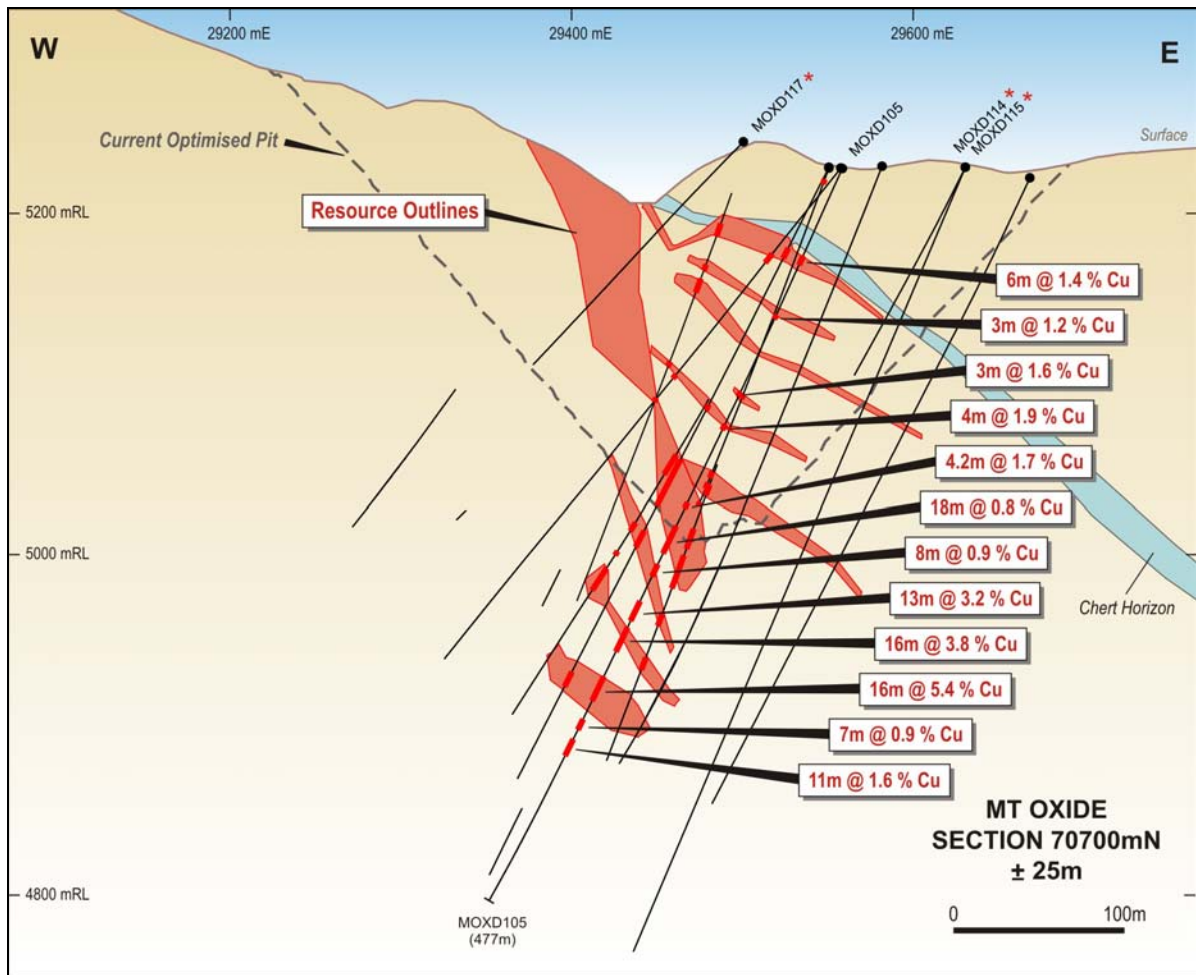


Figure 3: Mt Oxide Drill Section 70700mN, looking north and highlighting drill hole 105

The Mount Oxide Project comprises approximately 800km² of granted tenements and exploration permit applications, which include the major mineralised structural corridor in the region. The Project lies close to existing infrastructure in a world class copper province.

The acquisition includes a recently completed 40-man exploration camp, with positions to be offered to a number of Perilya's current geological and exploration team.

Perilya has recently reported encouraging initial metallurgical test work results on Mount Oxide samples including 90% copper recoveries, 50-60% cobalt recoveries and 75% silver recoveries for a range of economic grade samples tested.

Option to acquire Perilya's 50% interest in the Tampang Porphyry Copper-Gold Project

As part of the transaction, CHN will be granted an option to acquire 100% of Perilya Malaysia Sdn Bhd, which holds Perilya's 50% interest in the Tampang Porphyry Copper-Gold Project.

The Tampang Project lies in the northwest of the Malaysian State of Sabah on the island of Borneo, approximately 65km from the state capital of Kota Kinabalu, and comprises two prospecting licences totalling 327km². The Tampang Project is held by a 50:50 joint venture between Mamut Copper Mining Sdn Bhd (Mamut), a wholly owned subsidiary of Mega First Corporation, a publicly listed company in Malaysia, and Perilya Malaysia Sdn Bhd (a 100% owned subsidiary of Perilya Limited), with Perilya Malaysia Sdn Bhd acting as manager of the project.

Terms of Acquisition

CHN has executed a Heads of Agreement with Perilya in respect of the above transaction, the key terms of which are detailed in Appendix 1.

Comment

CHN Chairman Andrew Bantock said:

"We are delighted to have reached agreement with Perilya to acquire the Mount Oxide Project. We have, for some time, been seeking exposure to exploration projects that offer the potential for rapid resource growth and new discoveries.

We believe that Mount Oxide offers such potential from a starting position of over 200,000 tonnes of contained copper metal, a series of recent spectacular high grade intercepts below the known resource, and an under-explored 800km² regional exploration ground package interpreted to lie on a major mineralised structure.

We look forward to ongoing results from the current round of drilling, with two rigs operating around the clock through to November, subject to timing of the wet season.

Acquisition of an option over the Tampang Project potentially provides further value, subject to the future issue of the requisite exploration permits and operating licences.

We look forward to commencing a new growth period."



ANDREW BANTOCK
Chairman

11 September 2008

The information in this report that relates to mineral resources is based on information compiled by Mr David Price who is a full-time employee of Perilya Ltd and is a member of the Australian Institute of Mining and Metallurgy. Mr Price has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Price consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Bruce G D Hooper who is a full-time employee of Perilya Ltd and is a member of the Australian Institute of Geoscientists. Mr Hooper has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hooper consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

APPENDIX 1

KEY TERMS OF ACQUISITION OF THE MOUNT OXIDE PROJECT BY CHN

- CHN will acquire 100% of the issued capital of Mount Oxide Pty Ltd, which will be the 100% owner of the Mount Oxide Project (“the Transaction”).
- Consideration for the acquisition comprises the issue by CHN of 200 million ordinary shares to Perilya.
- Perilya will, post completion, review its capital management requirements with a view to identifying the best way of maximising and returning value directly to Perilya shareholders from its shareholding in CHN.
- The Transaction is subject to satisfactory completion of mutual due diligence by 30 September 2008 and requisite shareholder/regulatory approvals.
- CHN will seek shareholder approval for the Transaction as soon as practicable, expected to be at its Annual General Meeting to be held in November 2008. Upon approval, the Transaction shall be deemed effective from 30 September 2008.
- Perilya will fund the Mount Oxide and Tampang Projects through to the Completion Date (ie the date at which final settlement occurs, which is likely to be in November/December 2008).

Upon completion, such costs funded by Perilya in relation to the period after the Effective Date are to be repaid in cash.

- Perilya has agreed that for the period in which it holds CHN shares, other than for the following matters, it will not exercise votes over CHN shares in excess of 10% of the total issued share capital of CHN:
 - (i) an acquisition or disposal of an asset in excess of 10% of the net assets of CHN;
 - (ii) a disposal of CHN’s main undertaking;
 - (iii) any amendment to CHN’s constitution, return or variation of its capital or issue of shares exceeding 15% of its capital;
 - (iv) any other act or matter that would result in a change of control in CHN and whether directly or indirectly from that existing as at completion of the purchase of the Mount Oxide Project; or
 - (v) an application for winding-up or substantial reorganisation.
- CHN will acquire the existing Mount Oxide exploration camp and project equipment and will offer employment to nominated members of Perilya’s Mount Oxide Project exploration team.
- CHN will acquire the option to purchase Perilya Malaysia Sdn Bhd (a 100% owned subsidiary of Perilya), which holds Perilya’s 50% interest in the Tampang Porphyry Copper-Gold Project, for a period of three years from the Effective Date.
- Perilya will, from Completion, have the right to appoint two directors to the current board of CHN.
- The Transaction will be subject to representations and warranties typical of such sale and purchase agreements.
- The above is to be incorporated within a full agreement, containing terms and conditions expected of a transaction of this type, by the Effective Date.

APPENDIX 2

**EXTRACT OF MOUNT OXIDE RELATED INFORMATION FROM
PERILYA LIMITED'S PRESENTATION
TO THE DIGGERS AND DEALERS CONFERENCE**

4 AUGUST 2008

DIGGERS AND DEALERS 2008 (4 August 2008)

Bruce Hooper
General Manager - Exploration



Mount Oxide Copper and Cobalt Project



Mount Oxide historical Pit, looking South

Corporate

Broken Hill

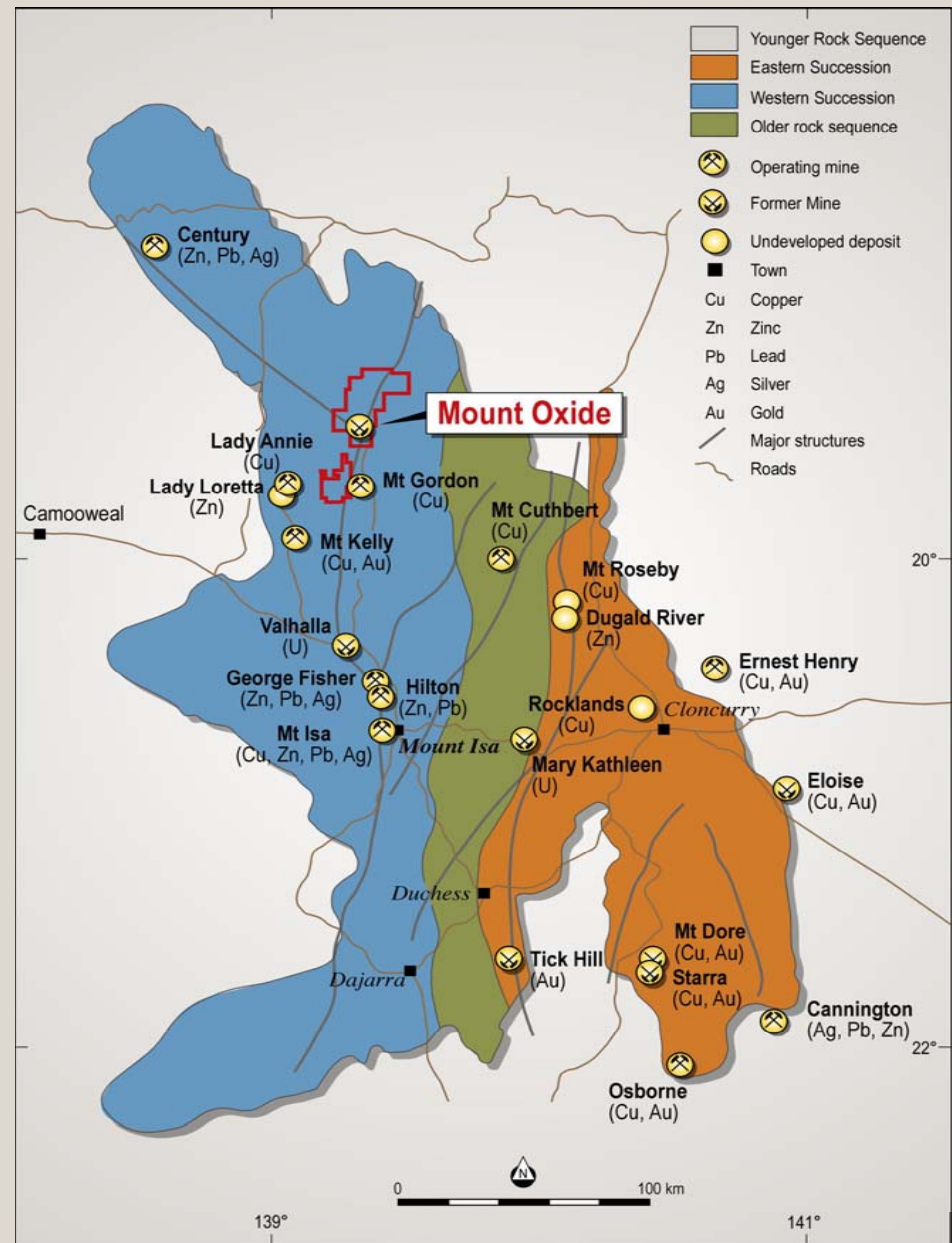
Flinders

Mount Oxide



Mount Oxide advanced copper project

- Mt Isa region
- Close to existing infrastructure
- Resource recently upgraded
- Significant new exploration results
- Exploration camp installed
- Infill & extensional drilling April – Dec 08
- Scoping Study completed June Qtr 2008
- Expressions of interest received to further development of the project
- Permitting advancing
- Feasibility Study June 2009



Mount Oxide

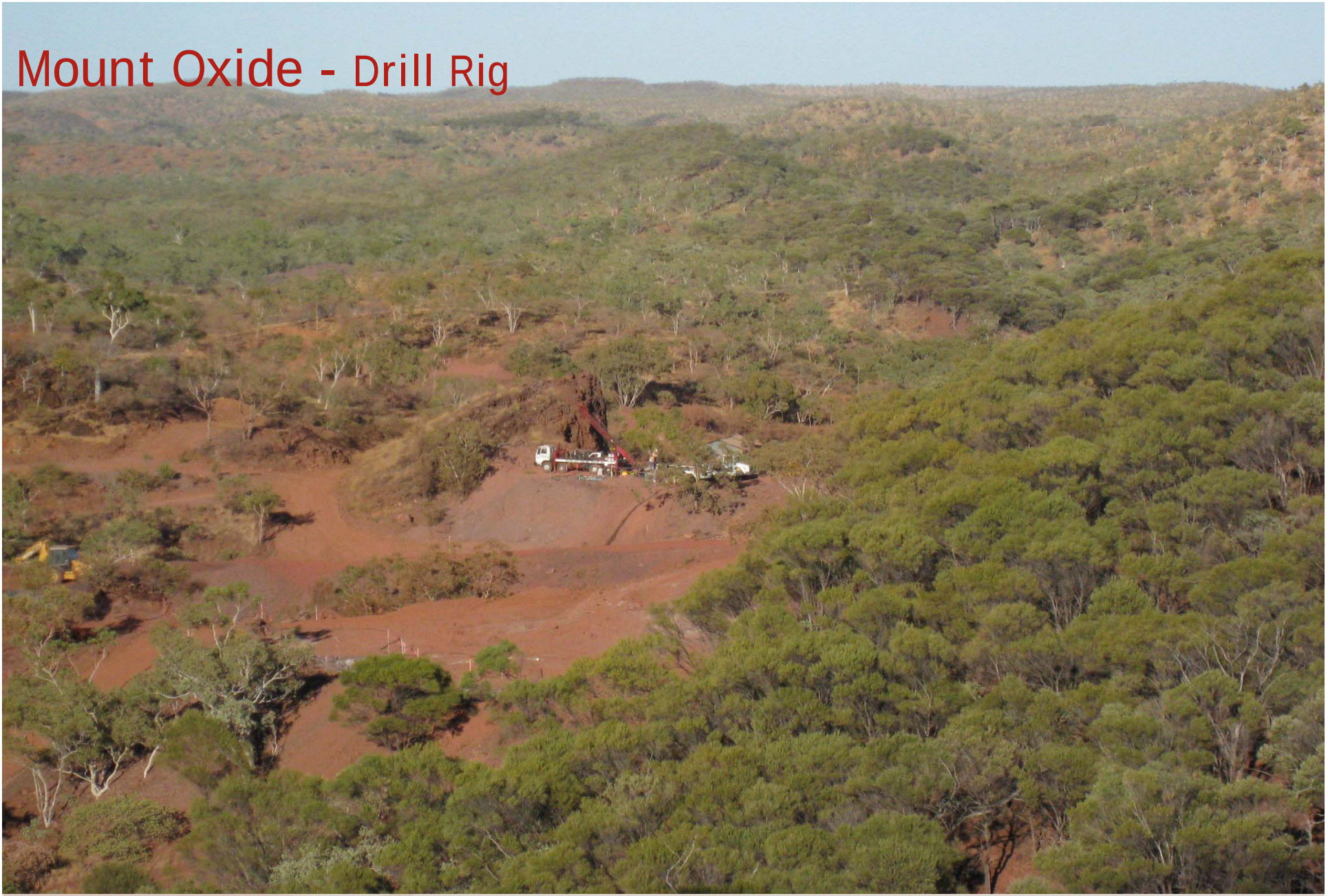
resource open in all directions

Table 1: Mount Oxide Mineral Resource Estimate at 0.2 % Cu cut off (As at 19 February 2008)

Classification	M Tonnes	Cu %	Co %	Ag g/t	Copper Contained t	Cobalt Contained t	Silver Contained oz
Indicated	9.8	1.6	0.05	12	154,000	5,200	3,430,000
Inferred	5.7	0.9	0.05	4	47,000	3,100	770,000
Stockpiles	0.3	0.7	-	-	2,000	-	-
Total	15.5	1.3	0.05	9	203,000	8,300	4,200,000

- 80% increase in contained copper
- 60% in Indicated Category
- Scoping study completed on metallurgy, geotechnical and economics
- Significant new explorations results outside the resource from current drilling program
- Potential bi-products

Mount Oxide - Drill Rig



Corporate

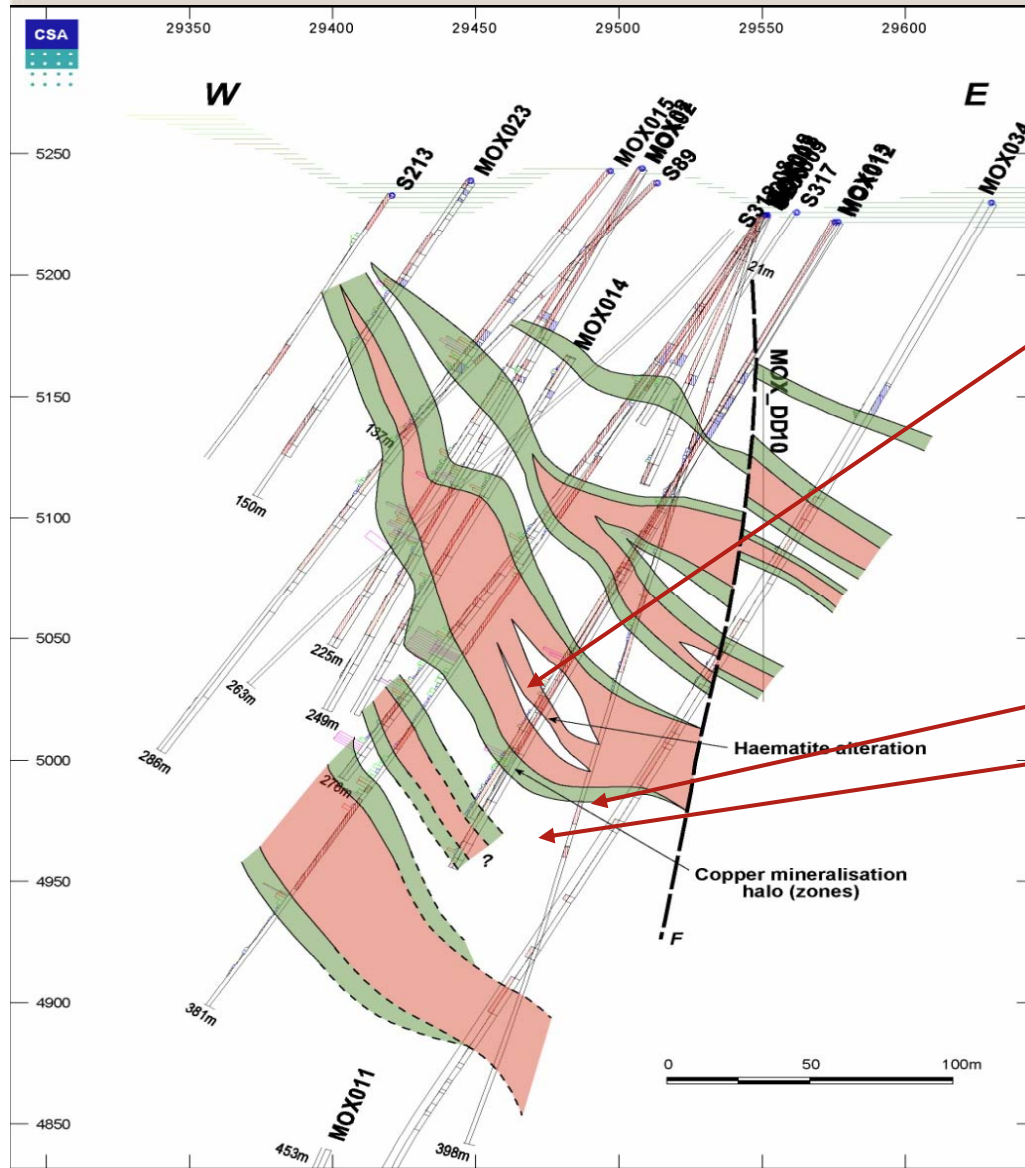
Broken Hill

Flinders

Mount Oxide



Mount Oxide - Schematic Mineralisation Model



Core Samples



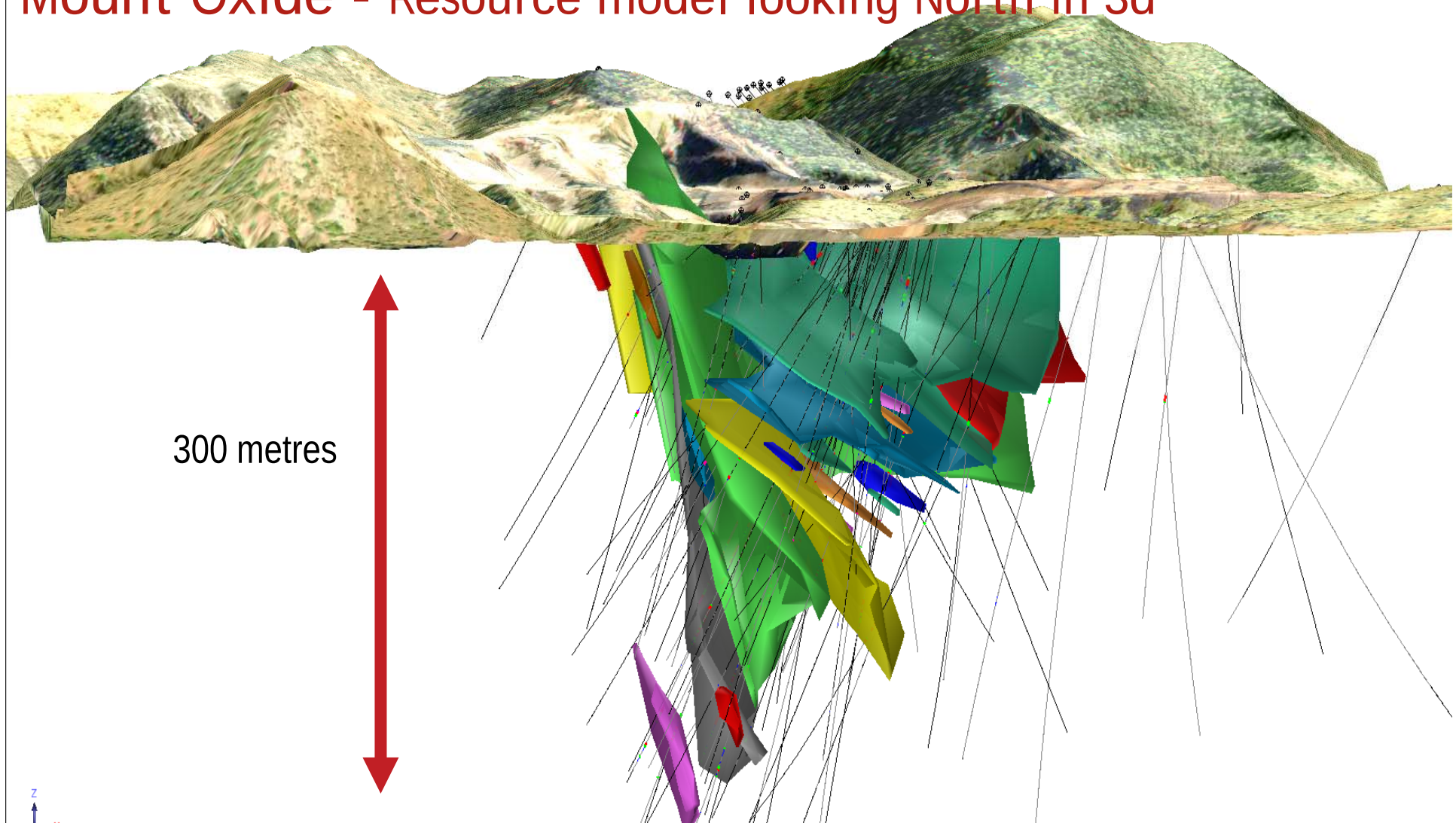
Corporate

Broken Hill

Flinders

Mount Oxide

Mount Oxide - Resource model looking North in 3d



Mount Oxide Resource model looking North in 3d, demonstrating the relationship of shallow and low angle stratigraphic mineralised lenses and vertical structures at depth

Corporate

Broken Hill

Flinders

Mount Oxide

perilya

Mount Oxide - Whittle Optimised Open Pit Scoping Study

Pit Shell - Feb 08

N

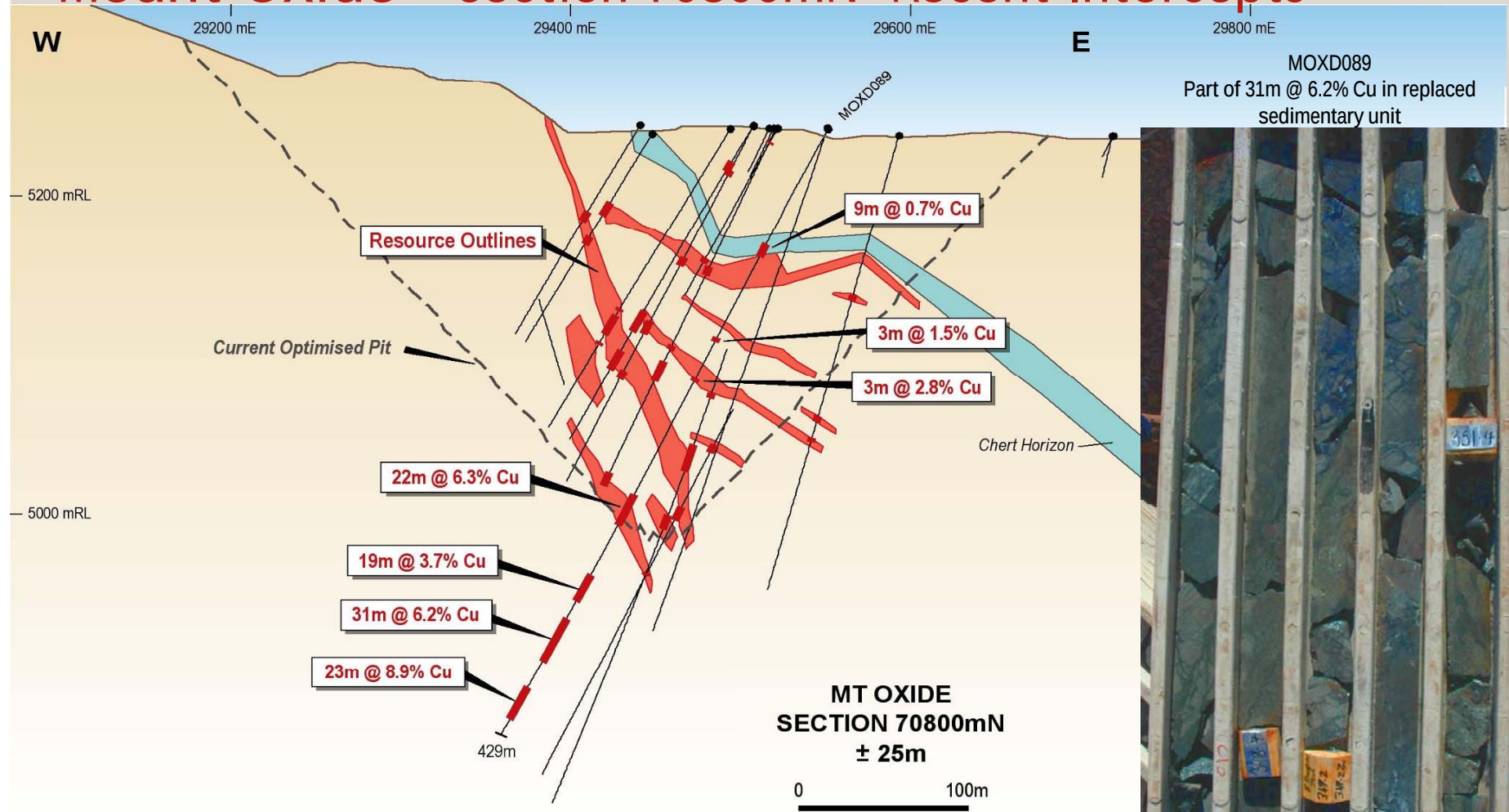
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Mt Oxide Pit

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Mount Oxide - Section 70800mN Recent Intercepts

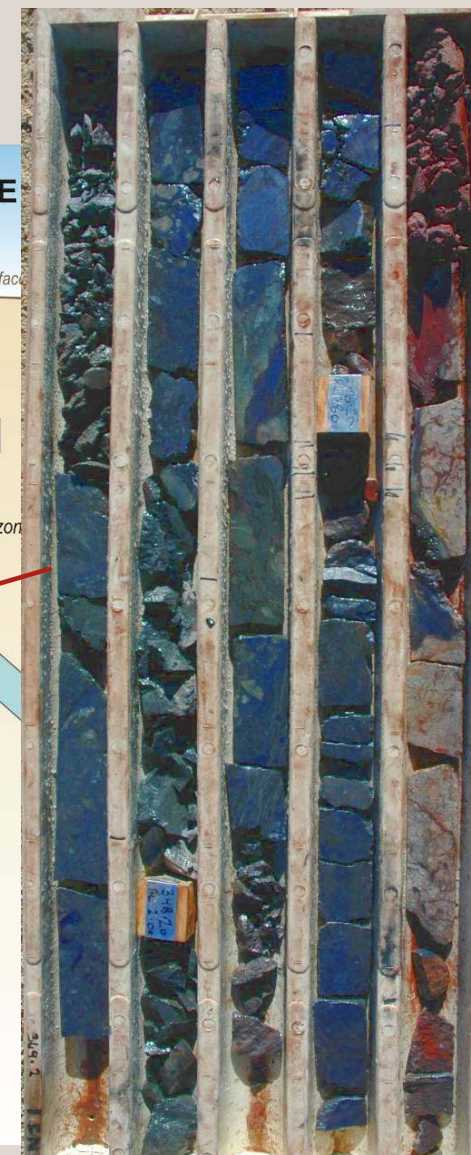
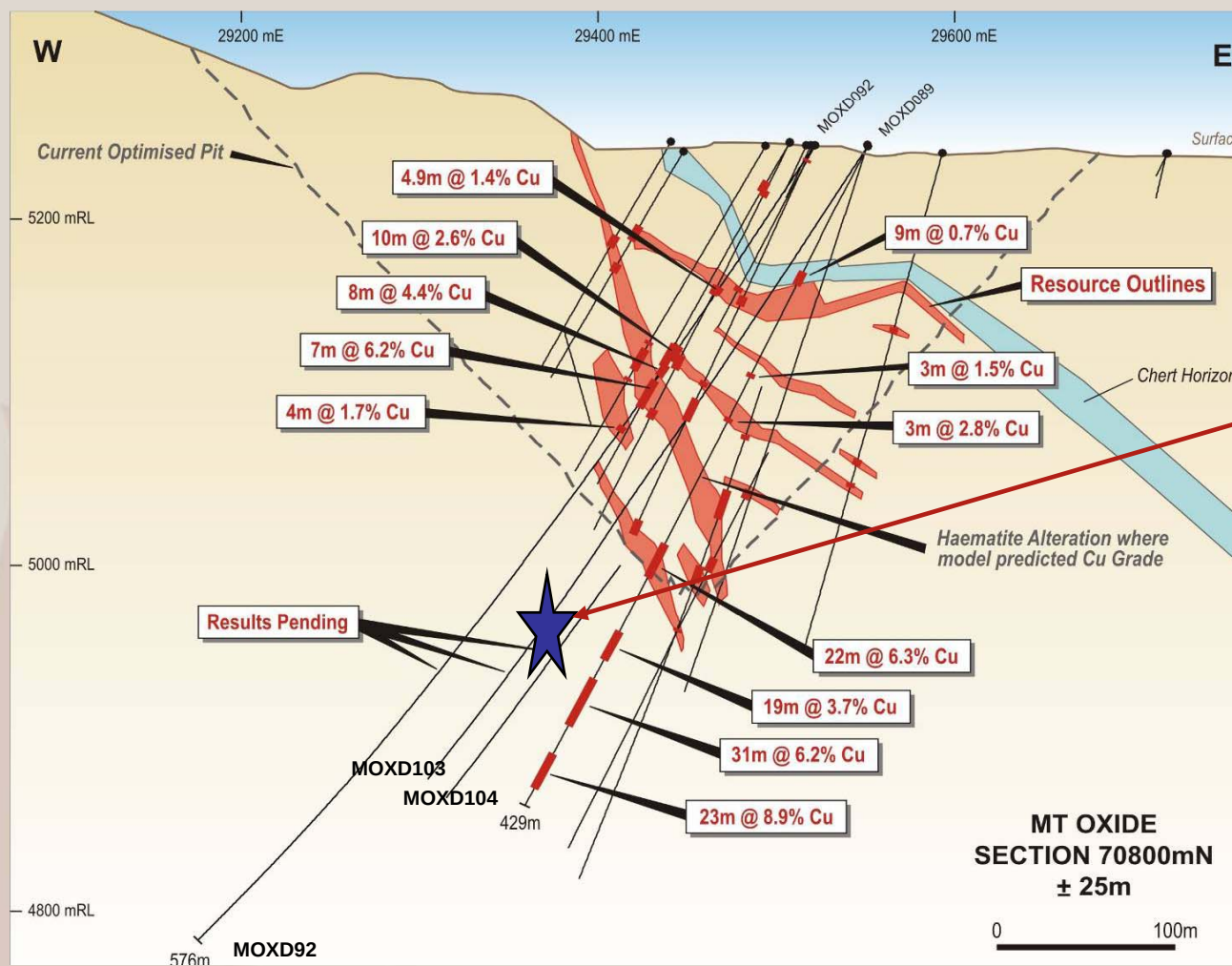


- Significant intercepts outside the existing resource.
- MOXD89 – 23m @ 8.9%, 31m @ 6.2% and 19m @ 3.7%
- New visual intercept in MOXD104 ~ 40m away. Results all pending. MOXD92 no significant mineralisation ~ 80m away.

Mount Oxide - Section 70800mN

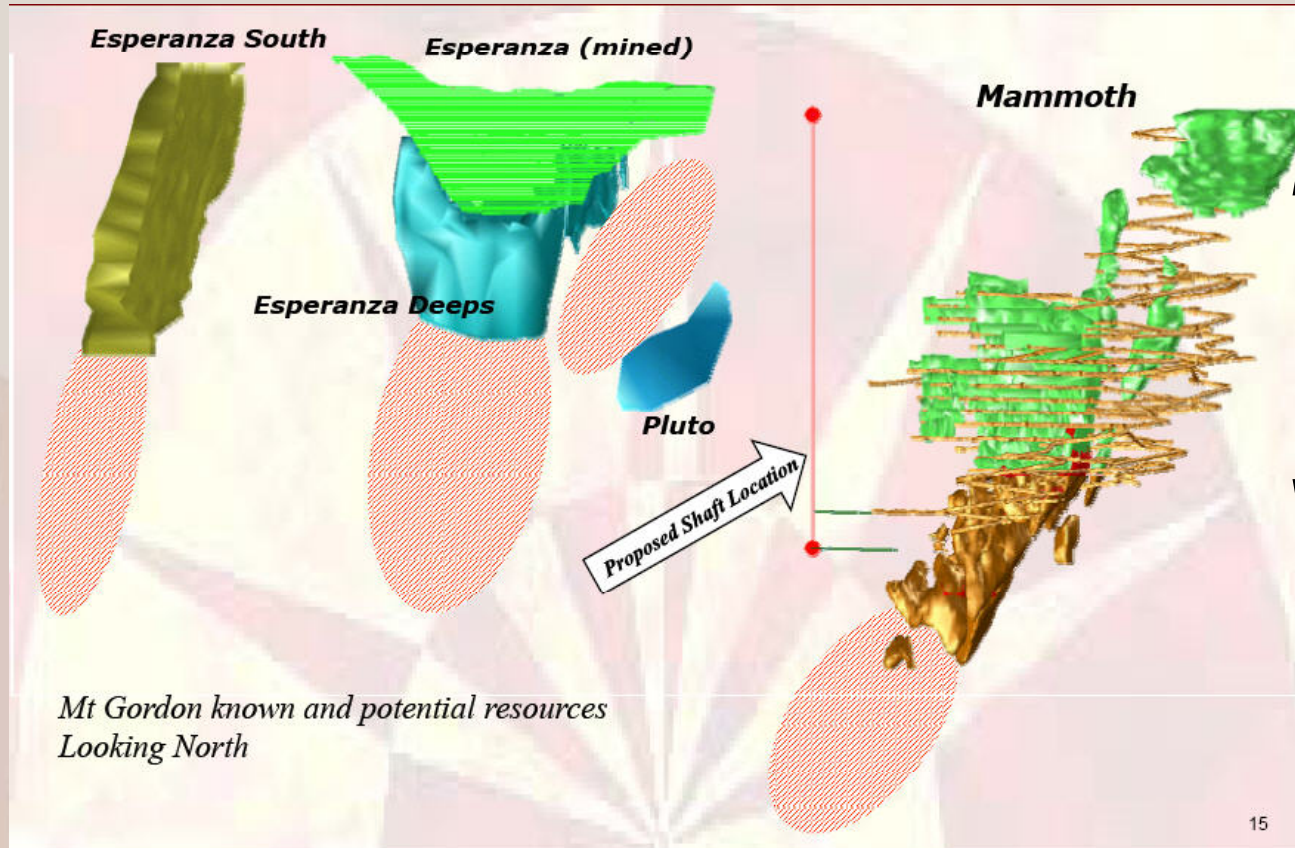
MOXD104 25m South of MOXD89

345.1 to 349.2m in hole MOXD104

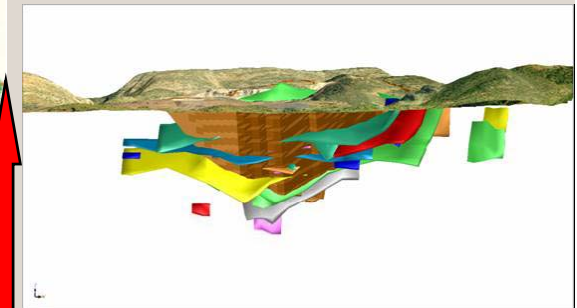


Deposit Comparisons - Similar Deposits in size and scale

Mt Gordon Mineralised Footprint



Mt Oxide

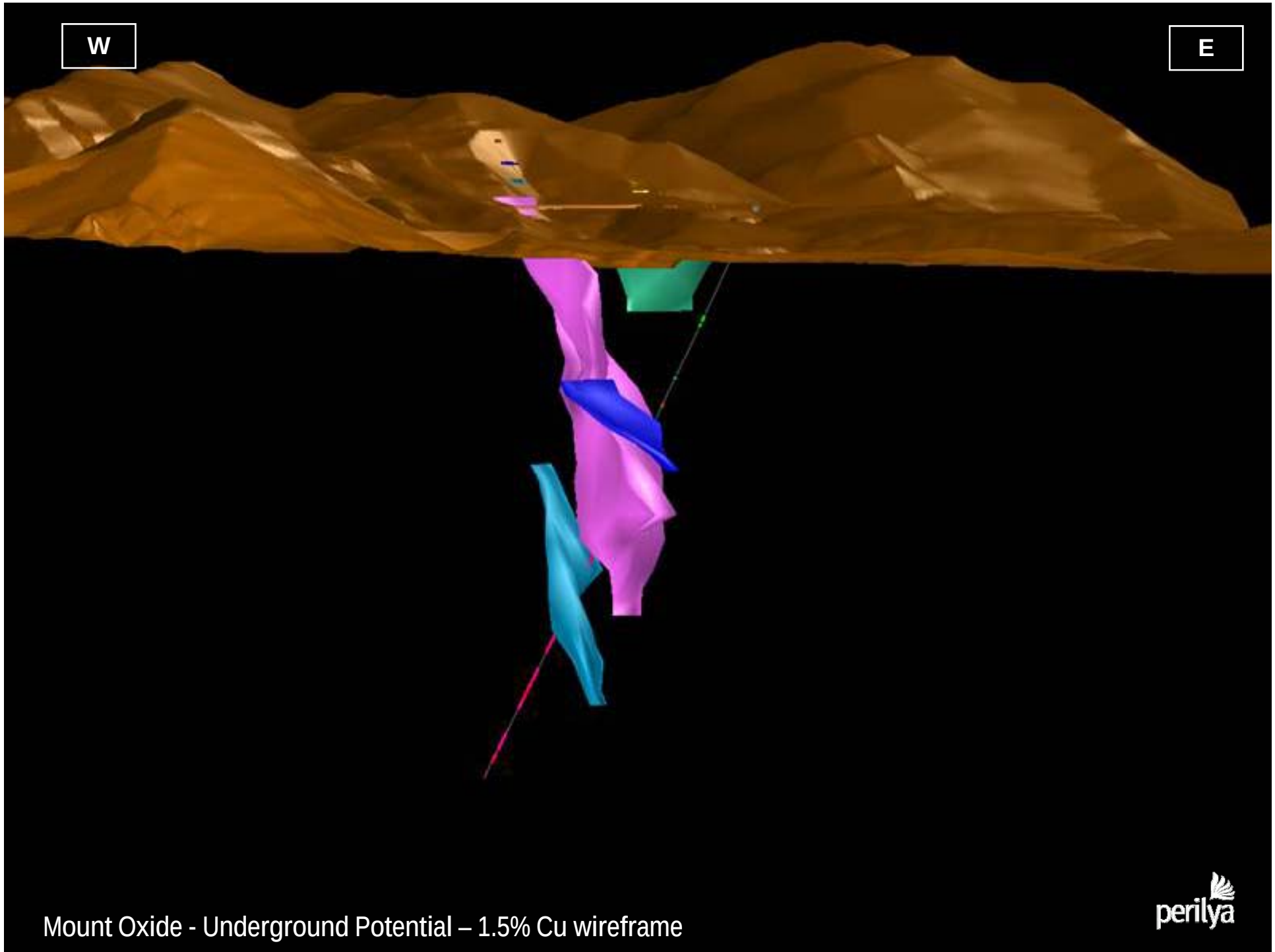


600m

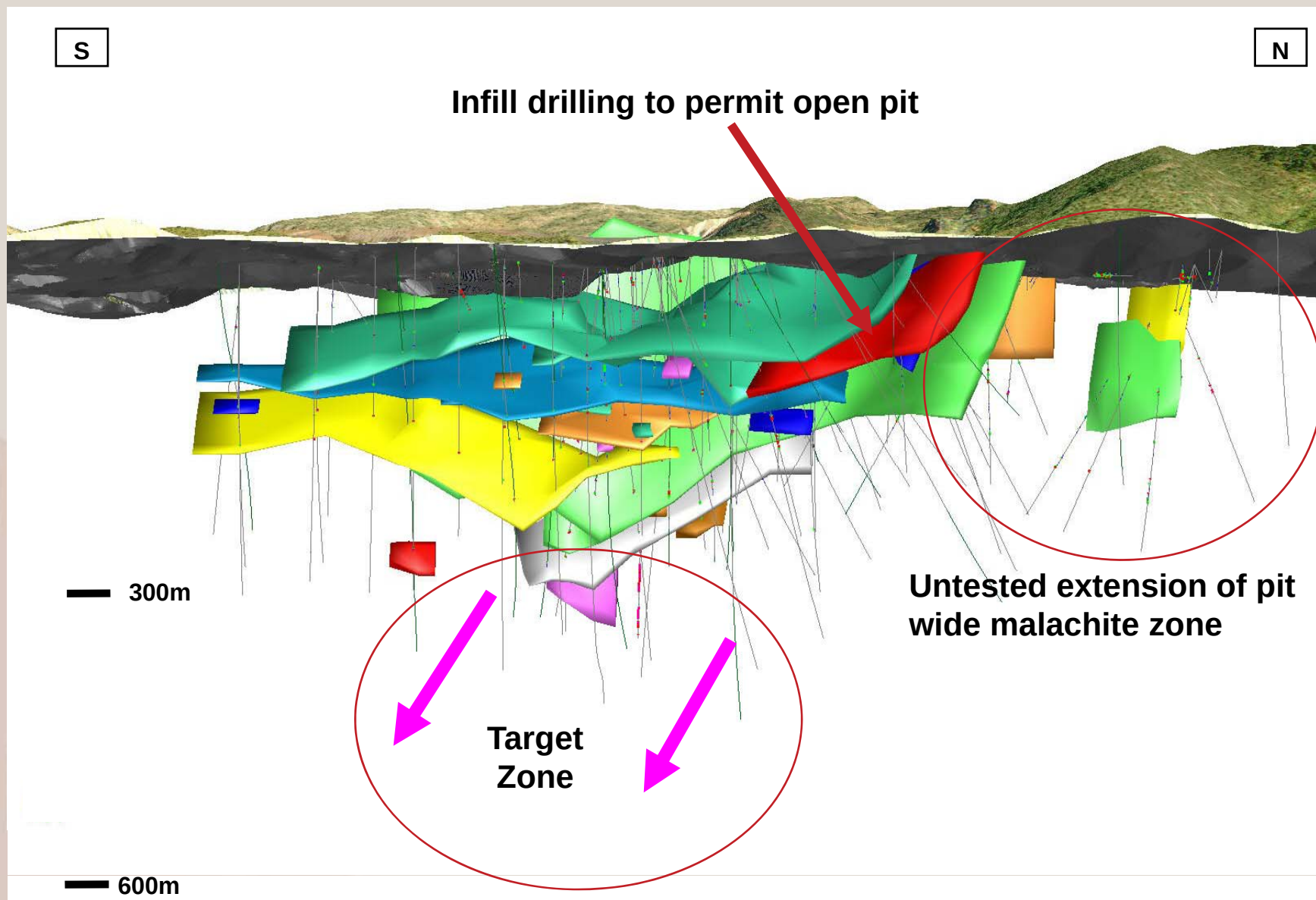
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E

Mount Oxide - Underground Potential – 1.5% Cu wireframe



Mount Oxide - Drilling Program up to December 2008



Mount Oxide - Untested Malachite Outcrop immediately NE of Resource



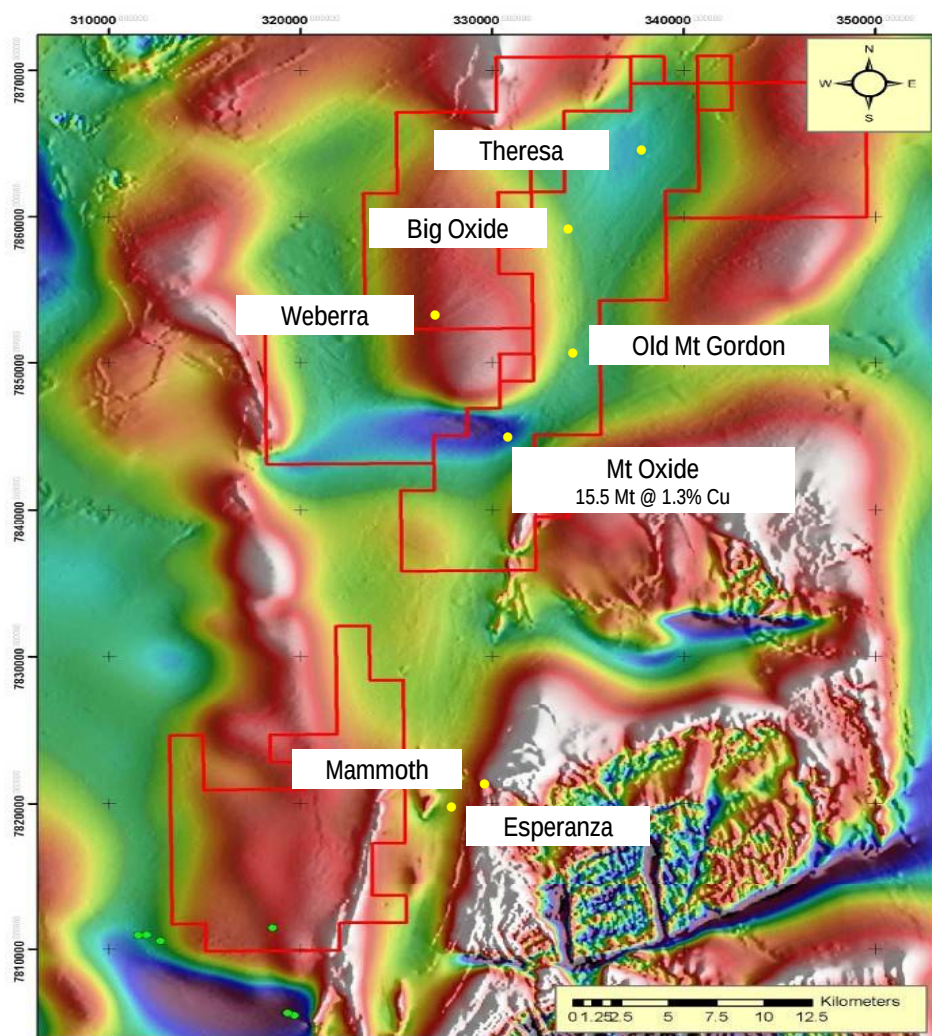
1m



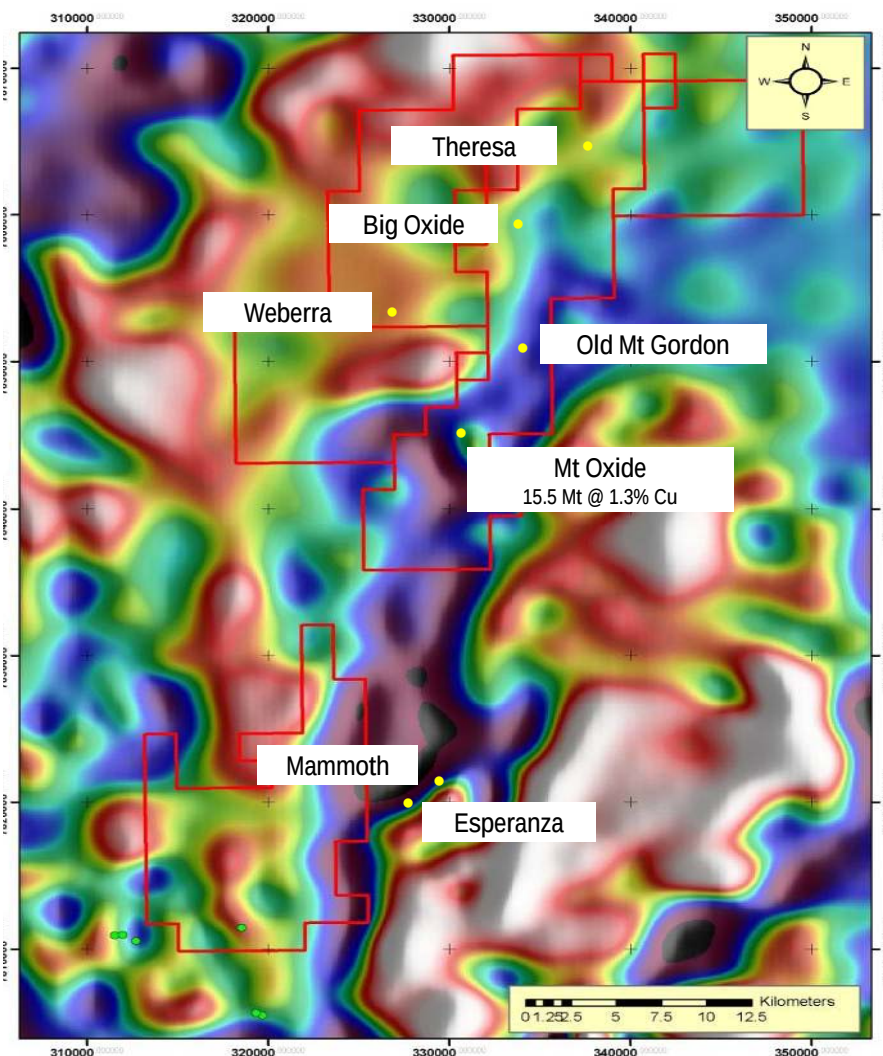
1m

20 cm

Mount Oxide - IOCG Targets – Magnetics and Gravity



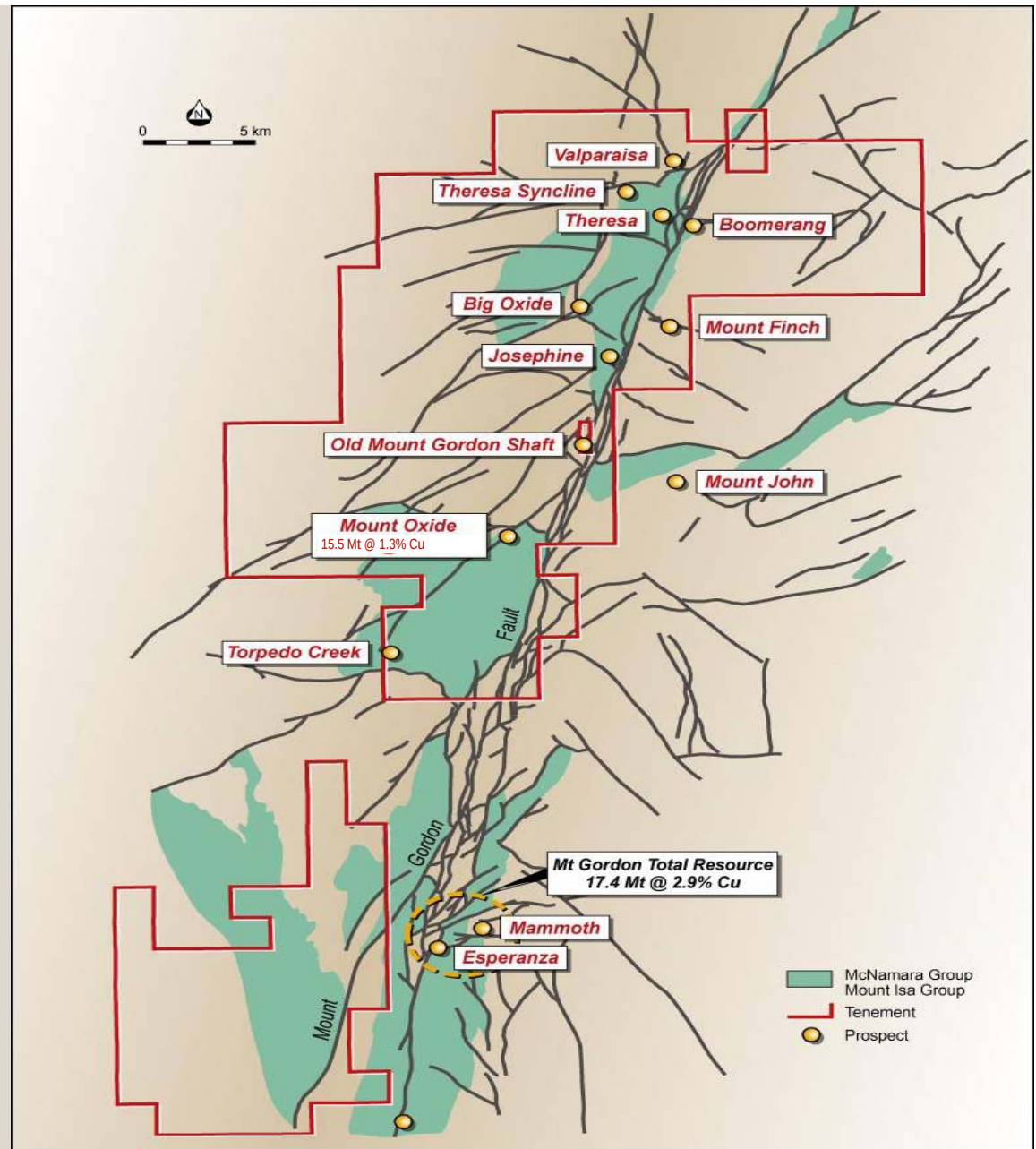
TMI Magnetics



Bouguer Gravity

Mount Oxide - Mount Isa copper province

- Excellent copper project.
- 203,000 t contained copper.
- Maximising value by rapid advancement.
- Assessing expressions of interest.
- Looking to exploit as optimally as possible.
- Spectacular drill results.
- Ongoing aggressive exploration.



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This presentation contains forward looking statements that are subject to risk factors associated with a mining business.

Where the company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward looking statements. Such risks include, but are not limited to metals price volatility, currency fluctuations, production performance, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, project delay or advancement, environmental risks, approvals and cost estimates, as well as political and operational risks in the countries and states in which we sell product to, shipping risks and governmental regulation and judicial outcomes.

The company does not undertake any obligation to release publicly any revisions to any forward looking statement to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

References to “Perilya” or “company” references to Perilya Limited (ABN 85 009 193 695) or its applicable subsidiaries.

Attribution Statement

The information in this report that relates to mineral resources for Flying Doctor, Pinnacles, Mount Oxide and Flinders is based on information compiled by Mr David Price who is a full-time employee of Perilya and is a member of the Australian Institute of Mining and Metallurgy and for exploration results for Broken Hill, Mount Oxide and Flinders by Mr Bruce Hooper who is a full-time employee of Perilya and a member of the Australian Institute of Geoscientists. Mr Price and Mr Hooper have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Price and Mr Hooper consent to the inclusion in this presentation of the matters based on their information in the form and context in which it appears.

APPENDIX 3

PERILYA LIMITED

RECENT ASX ANNOUNCEMENTS BY PERILYA LIMITED DETAILING DRILLING RESULTS FROM THE MOUNT OXIDE PROJECT

ASX and Media Release

18 August 2008

Further High-Grade Copper and Silver intercepts at Mount Oxide

Perilya Limited (ASX: PEM) is pleased to announce continued exploration success from drilling at the Mount Oxide copper and cobalt project in the Mt Isa region in Queensland.

Perilya's latest round of drilling has confirmed further highly encouraging high grade copper and silver intercepts that extend at depth and below the current resource.

The high grade intercepts returned from deeper drilling in drill hole MOXD104 (Figure 1) included:

- 17m at 4.2 % copper from 248m,
- 32m at 4.5 % copper (uncut) from 287m,
- 12m at 15.3 % copper (uncut) and 161 g/t of silver from 345m.

MOXD104 was drilled approximately 30 metres south of drill hole MOXD089, which previously reported (5th June 2008) drill intercepts including 31m at 6.2% copper from 346m and 23m at 8.9% copper from 395m.

Perilya's Executive Chairman, Patrick O'Connor, said our new drilling results, which included 12m at 15.3% copper from 345m, were primarily below the current resource. They also further demonstrate the continuity of mineralisation along replaced sedimentary horizons and the excellent potential at depth.

"A further hole MOXD105 has also intercepted good visual mineralisation 90m south of the initial intercept and results are pending."

"All these results bode well for the commercialisation and development process, which has commenced, with a number of overseas and Australian parties formally expressing interest in participating in the further development of the Mount Oxide copper and cobalt project either in partnership with Perilya by way of joint venture, or through outright purchase of the project."

"The continuation of the high grade zones at depth and outside the current resource adds to the project and further demonstrates its potential," he added.

For further information:

Investors: Patrick O'Connor
Executive Chairman

Media: Darryl Edwards
Company Secretary

Phone: +61 8 6210 2000

Mount Oxide Copper and Cobalt Project - Drill Program and Results

In April, a program of diamond drilling commenced with two rigs targeting extensional mineralisation to the north and at depth of the current Mount Oxide resource.

Drill hole MOXD104 was targeted to investigate potential at depth around the recently released high grade intercepts from MOXD089 and to understand the geology and plunge of mineralisation. Hole MOXD104 was drilled immediately south of the MOXD089 intercepts within approximately 30m and at a slightly higher elevation and has intersected replaced sedimentary horizons with strong hematite alteration associated with a structurally complex zone.

Mineralisation is hosted in brecciated sediments and consists of coarse veins of bornite and chalcocite. The high grade zone is interpreted to be a structural intersection at depth off cross cutting structures and a parallel structure to the main mineralised fault. Lower grade zones between contain strong haematite alteration. The high silver grades are also of significant interest in this deeper zone. The intercepts are interpreted to be oblique to the mineralisation and interpreted to be at least 60% of true thickness.

The significant intercepts from MOXD104 include:

- 17m at 4.2 % copper from 248m,
- 32m at 4.5 % copper (uncut) from 287m,
 - o which includes 1m @ 21.3 % copper from 306m, and 2m at 24.3 % copper from 312m,
- 12m at 15.3 % copper (uncut) and 161 g/t of silver from 345m
 - o which includes 5m at 33.0 % copper from 345m

Previously reported (5th June 2008) significant intercepts from drill hole MDOX089, include:

- 22m at 6.3 % copper and 0.3 % cobalt from 258m
- 19m at 3.7 % copper from 315m
- 31m at 6.2 % copper from 346m
- 23m at 8.9 % copper from 395m

Further follow up drilling at depth is also providing significant encouragement with recent hole MOXD105 intersecting good visual mineralisation approximately 90m south of the MOXD89 intercept in a similar geological setting again demonstrating a plunge direction and continuity at depth, the results are still pending.

Results are also reported from holes drilled north and above the MOXD89 intercept that contained only altered zones demonstrating the geological complexity in the zone.

These mineralised copper zones at depth are outside of the current resource, which is very encouraging for the addition of significant high grade resources at depth.

A track mounted rig has recently arrived on site and is testing some of the steep topographic zones north of the planned open pit to test at shallow depth below outcropping copper mineralisation. Good visual mineralisation has been noted during logging with the results still pending from this drilling.

Figure 1. Mt Oxide Resource Drill Section 70800Mn, looking north with resource model and MOXD089 and MOXD104 drill holes.

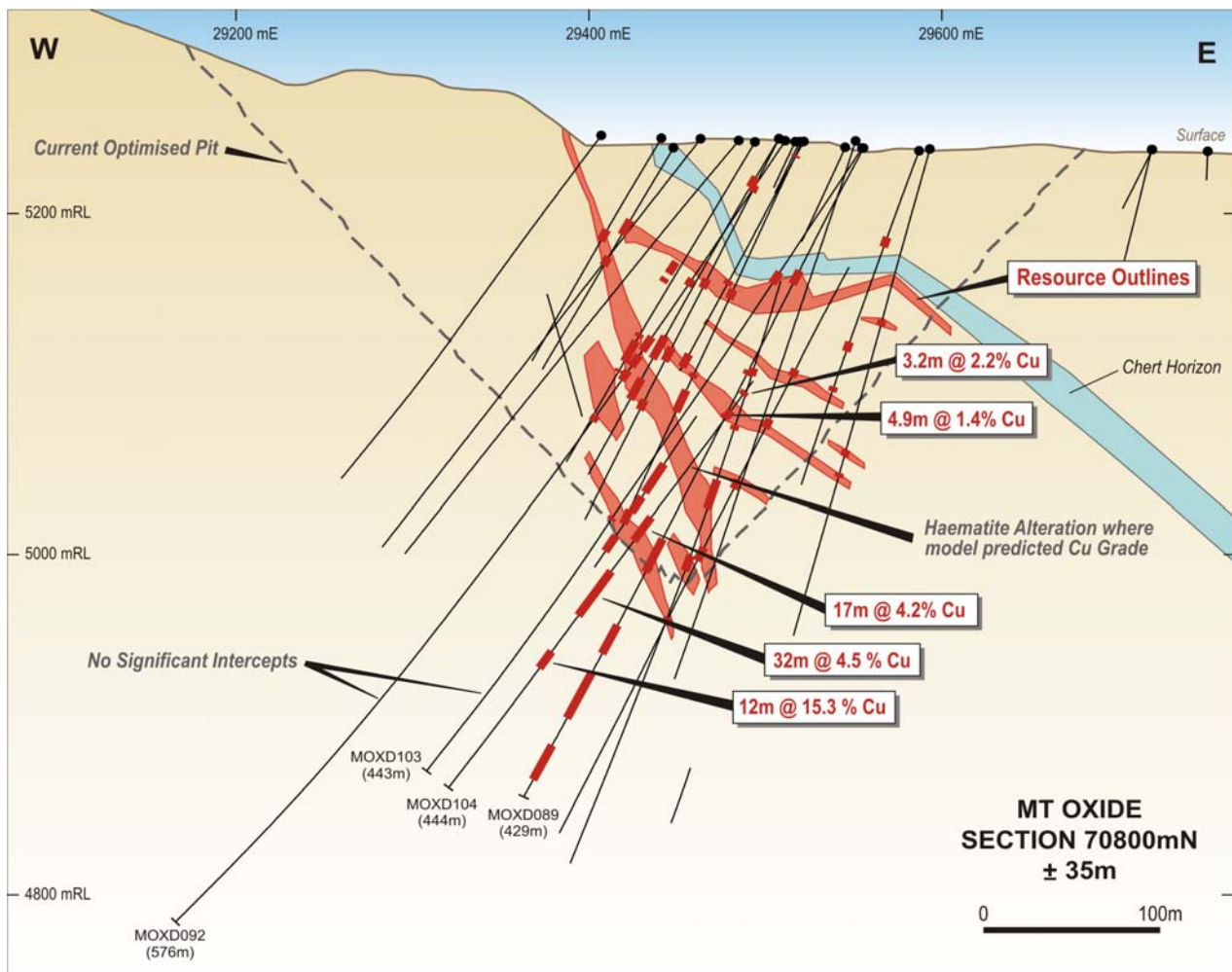


Figure 2. Location Plan of drill holes at Mount Oxide deposit with new holes reported.

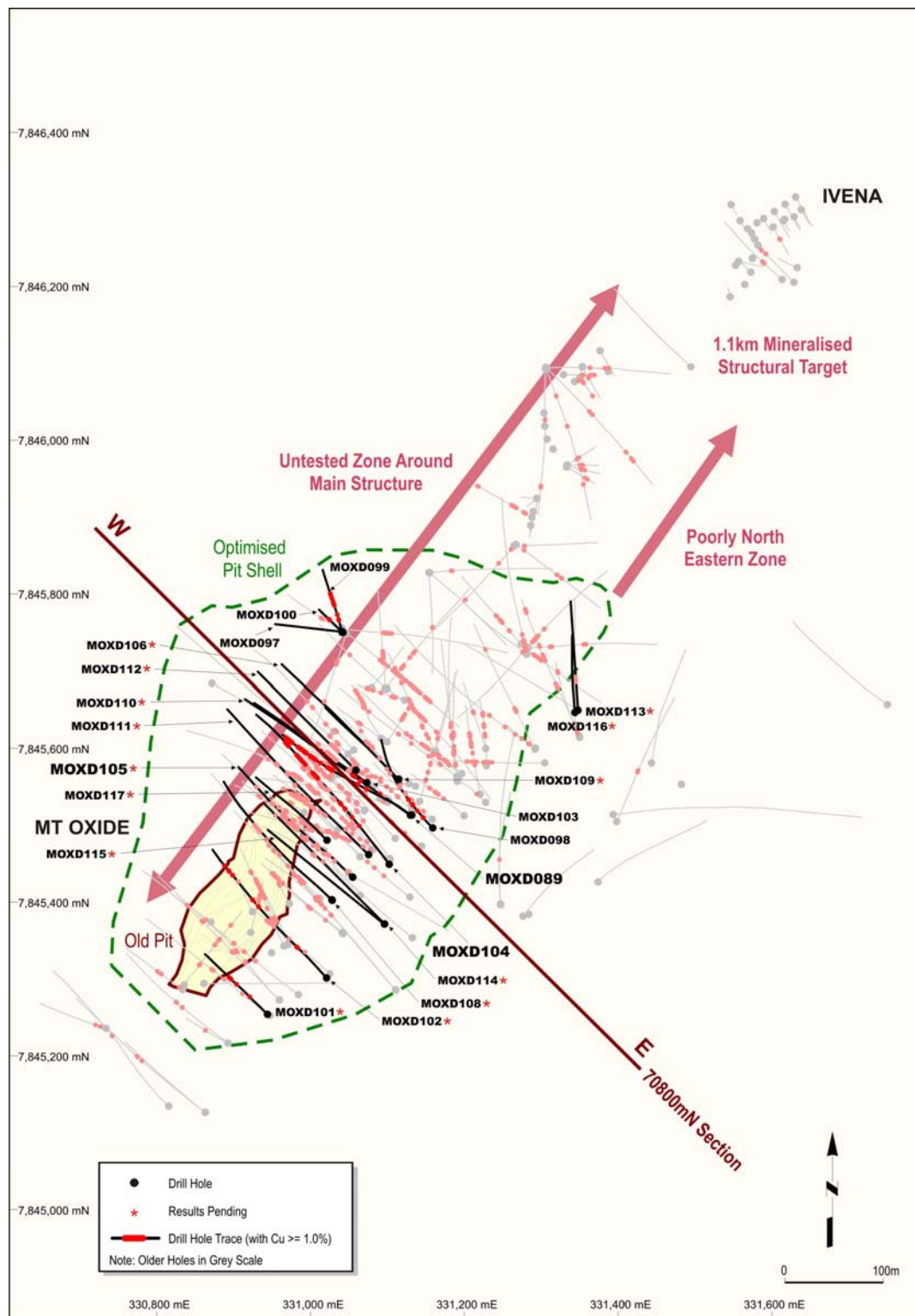


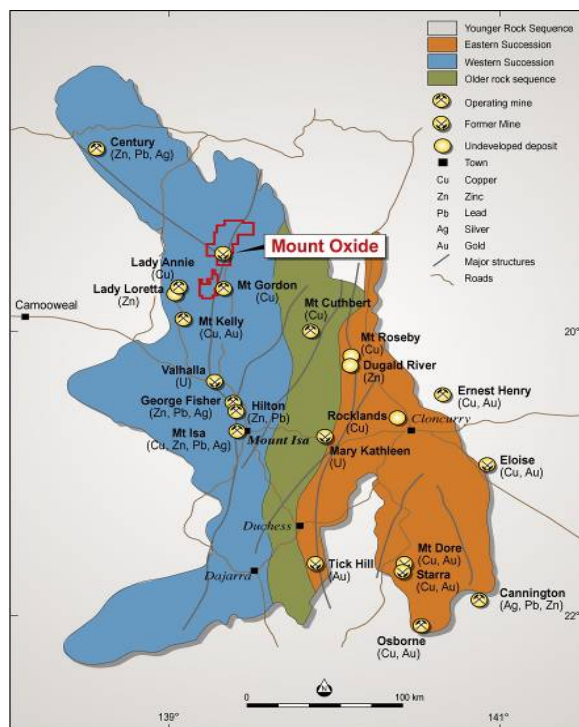
Table 1. Mount Oxide Drill Results 0.5 % Cu cut off, Maximum Internal Dilution 2m, >3 m%. No cut

Hole ID	Northing	Easting	Azi	Dip	From (m)	To (m)	Interval (m)	Cu (%)	Ag (ppm)	Co (ppm)	
MOXD098	7845495	331170	270	-75	54	60	6	1.2	5	132	
					119	125	6	2.0	9	178	
					146.8	150	3.2	2.0	8	435	
MOXD099	7845742	331041	297	-61	33	37	4	1.0	1	963	
					48	53	5	0.8	1	207	
					75	83	8	1.4	3	415	
					86	96	10	0.8	3	782	
					104	110	6	0.7	4	925	
MOXD100	7845742	331041	268	-73	80	87.9	7.9	0.8	6	3014	
MOXD101	7845248	330943	267	-70	177.5	178.8	1.3	4.3	22	162	
					183.9	188	4.1	1.8	9	143	
MOXD102	7845304	331022	269	-56	220	223	3	1.7	15	210	
					240.4	244	3.6	2.3	21	238	
					308	309	1	3.1	19	120	
					319	322	3	2.6	23	33	
MOXD103	7845515	331128	260	-57	87	95	8	0.7	2	138	
					259.7	262	2.3	10.3	88	73	
MOXD104	7845456	331102	265	-55	156.8	160	3.2	2.2	12	96	
					171	175.9	4.9	1.4	15	572	
					248	265	17	4.2	49	469	
					287	319	32	4.5	44	174	
					incl	306	307	1	21.3	183	90
					incl	312	314	2	24.2	205	65
						345	357	12	15.3	161	166
					incl	345	350	5	33.0	334	96
	incl	346	347	1	58.1	531	280				

Background to the Mount Oxide Project (100% owned)

The Mount Oxide project is located in the Mount Isa region Western Succession that includes several major sediment hosted breccia copper deposits. The deposit was intermittently mined between 1920 and 1971 by way of a small open pit and underground operation. The project lies 25 kilometres north of the existing Mount Gordon mine operated by Aditya Birla Minerals Limited.

The deposit is a chalcocite dominated system associated with strong silica-hematite alteration and copper mineralisation developed on the margins of the hematite core. The mineralisation is hosted in a sedimentary package associated with a strong structural control along the northeast trending Mount Oxide fault and associated cross cutting faults.



Competent Person Statement

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Background to Perilya

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ASX and Media Release

19 August 2008

Excellent New Copper and Cobalt Intercepts and Metallurgical Testwork Results at Mount Oxide

Perilya Limited (ASX: PEM) is pleased to announce continued exploration success from drilling at the Mount Oxide copper and cobalt project in the Mt Isa region in Queensland.

Following the company's ASX release yesterday, a further follow-up hole at depth has also intersected additional high grade zones and continues to confirm the geological model for the deeper mineralisation. The results from this latest drill hole MOXD105 include:

- 8m at 0.9 % copper and 0.12 % cobalt from 256m,
- 13m at 3.2 % copper from 280m,
- 13m at 3.8 % copper from 297m,
- 16m at 5.4 % copper and 49 g/t of silver from 329m.

MOXD105 was drilled approximately 90 metres south of drill hole MOXD089 and 50 metres south of MOXD104, which previously announced included, 23m at 8.9% copper from 395m and 12m at 15.3% copper respectively.

Initial metallurgical testwork shows excellent preliminary flotation recoveries for a range of economic grade samples tested of :

- Copper 90 %
- Cobalt 50-60%
- Silver 75%

Perilya's Executive Chairman, Patrick O'Connor, said these additional results of 16m at 5.4% copper from 329m, were further confirmation of the continuity and the higher grades of copper and silver being reported at depth.

In addition, significant cobalt intercepts have been reported in this years drilling which do not correlate directly with the copper zones. Using a 0.1% cobalt cut-off intercepts have included up to 48m at 0.36% cobalt from 149m and 20m at 0.34% cobalt from 259m, which are considered to add significant value to the project.

"The recent results especially with the excellent flotation recoveries reported, provide Perilya with a growing level of confidence on the potential of the Mount Oxide copper and cobalt project and are important for the commercialisation of a stand-alone operation," he added.

A program of diamond drilling is continuing to target extensional mineralisation to the north and at depth of the current Mount Oxide resource. In conjunction with this a commercialisation process is underway with a number of interested parties who have expressed an interest in the further development of the project.

For further information:

Investors: Patrick O'Connor
Executive Chairman

Media: Darryl Edwards
Company Secretary

Phone: +61 8 6210 2000

Mount Oxide Copper and Cobalt Project - Drill Program and Results

Drill hole MOXD105 was targeted to investigate continuity around recently released high grade intercepts from MOXD089 (which included 23m at 8.9% copper from 395m) and to understand the geology and plunge of mineralisation. The hole was drilled immediately south of the MOXD089 intercepts within approximately 90m and has intersected a long interval with a number of high grade copper zones (Figures 1 and 2).

The mineralised sediments with coarse chalcocite and bornite mineralisation correlate well with the other intercepts in the area. Higher grade silver is also noted in these deeper zone. The intercepts are interpreted to be oblique to the mineralisation and interpreted to be at least 60% of true thickness.

The significant intercepts from MOXD105 include (Table 1):

- 8m at 0.9 % copper and 0.12 % cobalt from 256m,
- 13m at 3.2 % copper from 280m,
- 13m at 3.8 % copper from 297m,
- 16m at 5.4 % copper and 49 g/t of silver from 329m.

These results from MOXD 105 follow the recent release of results from MOXD104 (on 18 August 2008), which included 12m at 15.3 % copper and are further confirmation of the continuity and the higher grades of silver being reported at depth.

Details on the results of MODX89 were announced to the ASX on 5 June 2008 and details of MODX104 were announced to the ASX on 18 August 2008.

A number of significant zones of cobalt mineralisation are noted which do not directly correlate with the high grade copper zones. The distribution of the cobalt is spatially associated but distinct to the higher grade copper. A number of long intervals of very significant cobalt have been reported. Intersections based on a 0.1 % cobalt cut-off have included (Table 2):

- MOXD 87 17m at 0.37 % cobalt and 0.1 % copper from 152m,
- MOXD 88 36m at 0.23 % cobalt and 1.0 % copper from 187m,
- MOXD 89 20m at 0.34 % cobalt and 6.4 % copper from 259m,
- MOXD 91 48m at 0.36 % cobalt and 1.0 % copper from 149m,
- MOXD 93 22m at 0.26 % cobalt and 1.0 % copper from 79m,

Detailed assessment of these cobalt rich zones is underway and will be incorporated into a new resource calculation when the current drilling program has been completed. These values are considered especially important for the commercialisation of a stand-alone operation.

Mount Oxide Copper and Cobalt Project – Preliminary Metallurgical Testwork

Initial metallurgical testwork conducted by AMMTEC indicates favourable recoveries of

- Copper 90 %
- Cobalt 50-60%
- Silver 75%

for a range of economic grade samples tested:

Figure 1. Mt Oxide Resource Drill Section 70700Mn, looking north with resource model and MOXD105 drill holes.

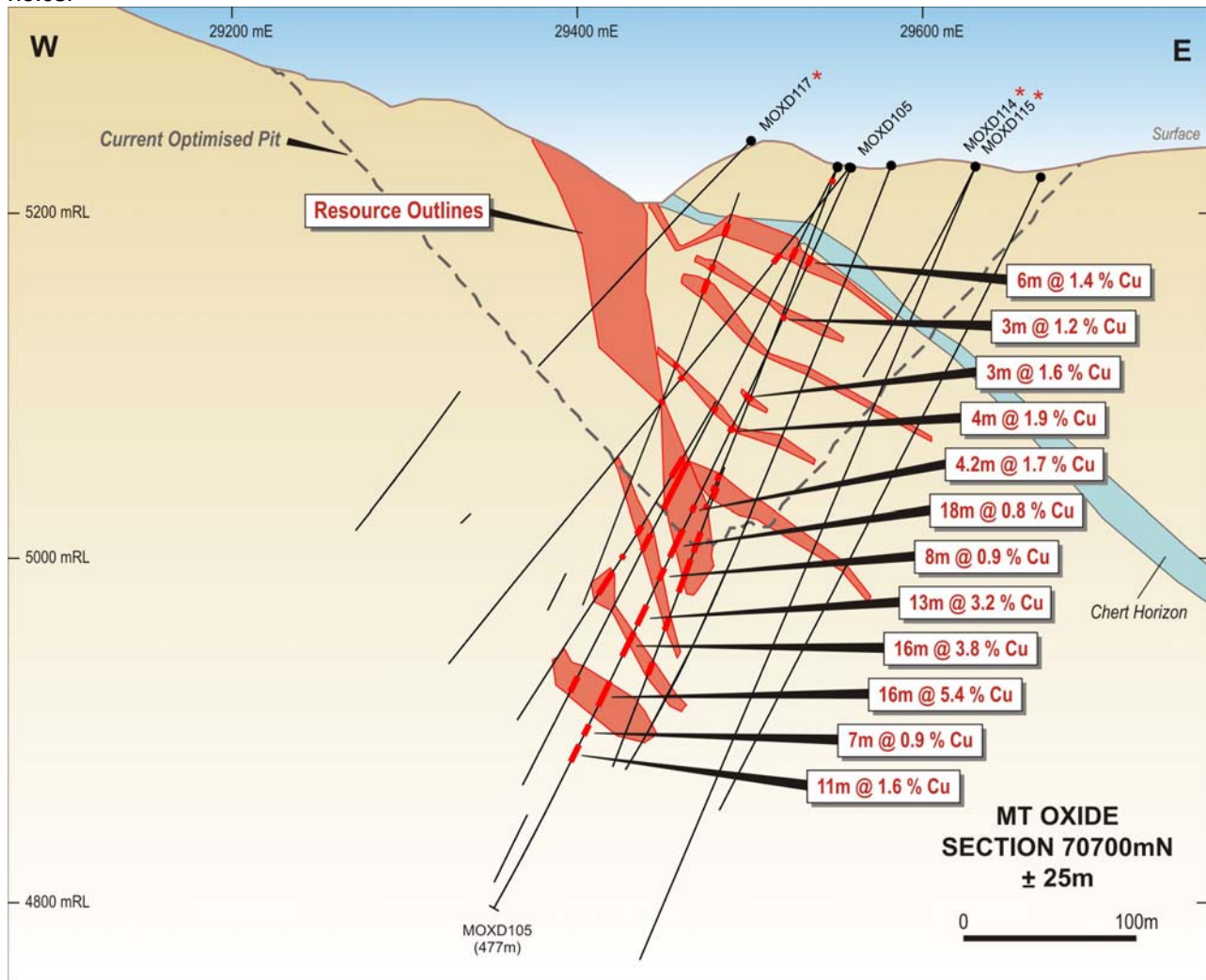


Figure 2. Location Plan of drill holes at Mount Oxide deposit with new holes reported.

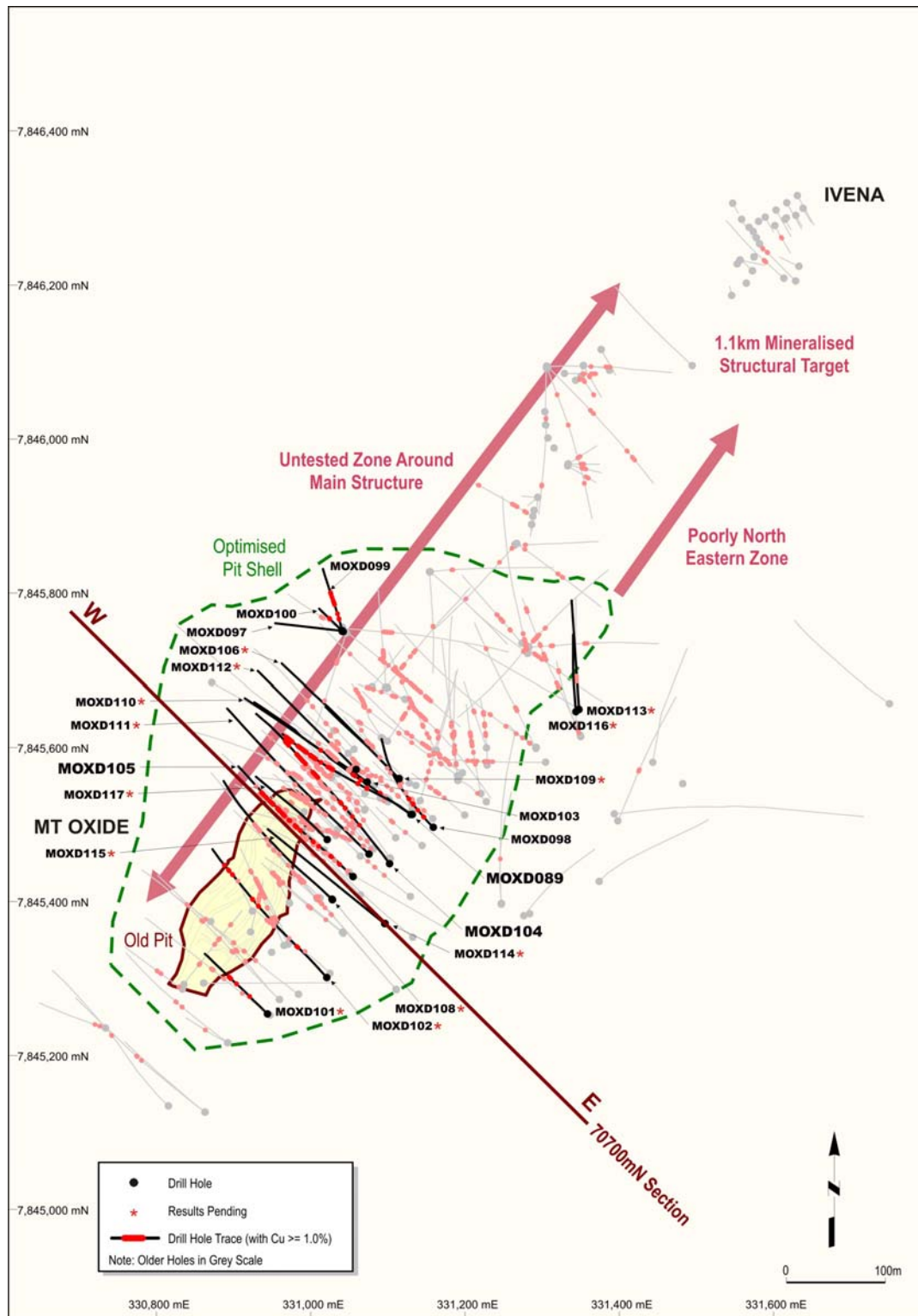


Table 1. Mount Oxide Drill Results, 0.5 % Copper (“Cu”) cut off, Maximum Internal Dilution 2m, >3 m%

Hole ID	Northing	Easting	Azi	Dip	From (m)	To (m)	Interval (m)	Cu (%)	Ag (ppm)	Co (ppm)
MOXD105	7845448	331053	263	-66	56	62	6	1.4	5	108
					94	97	3	1.2	7	60
					144	147	3	1.6	11	140
					165	169	4	1.9	20	211
					215.8	220	4.2	1.7	19	945
					231	249	18	0.8	9	746
					256	264	8	0.9	10	1154
					280	293	13	3.2	35	127
					297	313	16	3.8	38	58
					329	345	16	5.4	49	126
					357	364	7	0.9	13	121
					370	381	11	1.6	17	180

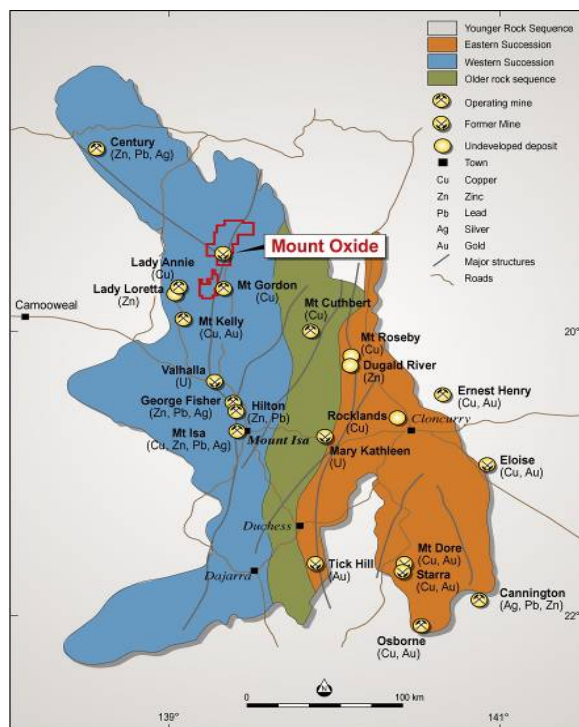
Table 2. Mount Oxide Drill Results, 0.1 % Cobalt (“Co”) cut off, Maximum Internal Dilution 2m,

Hole ID	Northing	Easting	Azi	Dip	From (m)	To (m)	Interval (m)	Co (%)	Ag (ppm)	Cu (%)	Comment
MOXD087	7845508	331207	-68	260	152	169	17	0.37	3	0.1	
MOXD088	7845528	331232	-68	304	145	160	15	0.21	3	0.1	
					163	183	20	0.18	6	0.8	
					187	223	36	0.23	4	1.0	
MOXD089	7845515	331128	-63	253	259	279	20	0.34	56	6.4	
MOXD090	7845596	331287	-52	287	97	103	6	0.18	2	0.1	
MOXD091	7845581	331313	-60	218	128	132	4	0.14	3	0.1	
					135	145	10	0.17	5	0.5	
					149	197	48	0.36	8	1.0	
MOXD093	7845616	331318	-46	278	79	101	22	0.26	7	1.0	
MOXD095	7845616	331318	-67	290	14	18	4	0.77	2	0.6	Oxide
					101.9	109.3	7.4	0.15	2	0.2	
					114.3	120.8	6.5	0.14	2	0.0	
MOXD100	7845742	331041	-73	268	78	97	19	0.2	4	0.4	
					101	106	5	0.1	4	0.1	
MOXD105	7845448	331053	-66	263	218	222	4	0.11	6	0.4	
					255	262	7	0.13	10	0.9	

Background to the Mount Oxide Project (100% owned)

The Mount Oxide project is located in the Mount Isa region Western Succession that includes several major sediment hosted breccia copper deposits. The deposit was intermittently mined between 1920 and 1971 by way of a small open pit and underground operation. The project lies 25 kilometres north of the existing Mount Gordon mine operated by Aditya Birla Minerals Limited.

The deposit is a chalcocite dominated system associated with strong silica-hematite alteration and copper mineralisation developed on the margins of the hematite core. The mineralisation is hosted in a sedimentary package associated with a strong structural control along the northeast trending Mount Oxide fault and associated cross cutting faults.



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