



CHALICE
GOLD MINES LIMITED

MEDIA RELEASE

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CHALICE GOLD MINES UNVEILS \$25M QUEENSLAND COPPER PROJECT ACQUISITION

AGREEMENT WITH PERILYA LIMITED TO ACQUIRE MOUNT OXIDE COPPER-COBALT PROJECT

- **Agreement to acquire 100% of Mount Oxide Copper-Cobalt Project from Perilya Limited.**
- **Total purchase consideration of A\$25M, to be satisfied by the issue of 200M Chalice ordinary shares.**
- **JORC resource of 15.5Mt at 1.3% Cu, 0.05% Co, 9g/t Ag for 203,000 tonnes of contained copper, 7,750 tonnes of contained cobalt and 4.2m ounces of silver.**
- **High grades returned from ongoing drilling indicating the potential to increase the current resource.**

Perth-based resource company, Chalice Gold Mines Limited (ASX: **CHN**; "**Chalice**"), has unveiled a significant growth initiative after reaching agreement with zinc-lead producer Perilya Limited (ASX: **PEM**) to acquire the advanced **Mount Oxide Copper-Cobalt Project**, located in Queensland's Mount Isa Region, for A\$25 million in shares.

Chalice Gold Mines said today (**Thursday**) that it had agreed to acquire a 100% interest in Mount Oxide Pty Ltd, which will be the 100% owner of the Mount Oxide Project, for consideration comprising 200 million Chalice ordinary shares. The Company will seek shareholder approval for the transaction at its Annual General Meeting to be held in November 2008.

The Mount Oxide deposit, which is located 25km north of the Aditya Birla Minerals Limited's operating Mount Gordon Mine, and in close proximity to CopperCo Ltd's Lady Annie and Lady Loretta Projects, was mined intermittently between 1920 and 1971 by way of a small open pit and underground operation to a depth of 90 metres – producing over 50,000 tonnes of copper ore at a grade of +20% Cu.

Following completion of a drilling program in November 2007, Perilya increased its JORC-Code compliant Mineral Resource estimate at Mount Oxide by 80% in February 2008 to **15.5 million tonnes at 1.3% copper, 0.05% cobalt and 9g/t silver for 203,000 tonnes of contained copper, 7,750 tonnes of contained cobalt** and 4.2m ounces of silver, at a 0.2% copper cut-off (*see attached ASX release for full details*).

Drilling re-commenced in April 2008, with over 11,500 metres completed to date in a program which is scheduled to continue through until November 2008, subject to the onset of the wet season. This program has delivered some outstanding results including intercepts of **22m @ 6.3% copper from 258m, 31m @ 6.2% copper from 346m and 23m @ 8.9% copper from 395m, 17m @ 4.2% copper from 248m, 12m @ 15.3% copper** (uncut) and 161g/t silver from 345m (*see attached ASX release for full details*).

Two diamond rigs are currently working double shift at the project, with further results pending. Chalice Gold Mines believes that the results demonstrate good continuity of mineralisation below the area of the current JORC-Code compliant resource, with high-grade zones remaining open at depth. Initial metallurgical testwork on the Mount Oxide samples carried out by Perilya has yielded 90% copper recoveries, 50-60% cobalt recoveries and 75% silver recoveries for a range of economic grade samples tested.

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Chalice Gold Mines' Chairman, Andrew Bantock, said the Company was well funded with approximately \$10 million in cash reserves to progress the current drilling program, with the objective of increasing the Mineral Resource estimate in early 2009. "We are delighted to have reached agreement with Perilya to acquire the Mount Oxide Project," he said. "We have for some time been seeking exposure to exploration projects that offer potential for rapid resource growth and new discoveries," he said.

"We believe that Mount Oxide offers such potential from a starting position of over 200,000 tonnes of contained copper metal, a series of 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," Mr Bantock continued.

The agreement with Perilya also includes an option to acquire Perilya's 50% interest in the Tampang Porphyry Copper-Gold Project in Sabah, Malaysia, which is located 65km from the state capital of Kota Kinabalu.

Perilya will review its capital management requirements following completion of the transaction with a view to identifying the best way of maximising and returning value directly to shareholders from its shareholding in Chalice. On completion of the transaction, Chalice will have approximately 272 million shares on issue.

- ENDS -

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About Chalice Gold Mines Limited

Chalice Gold Mines Limited is an independently funded and focused exploration, development and investment company. Chalice Gold's key assets comprise:

- Cash of approximately \$10 million
- the large Yandearra Gold Project in the West Pilbara adjacent to Range River Gold Limited's Indee Gold Project and De Grey Mining Limited's Wingina Well and Mount Berghaus gold discoveries. Exploration is funded through a \$1.7 million Joint Venture with De Grey Mining Limited;
- funded exploration of almost an entire greenstone belt at the Gnaweeda Gold Project, through a \$1.5 million joint venture with Teck Cominco; and
- the Wilga Gold project, situated within a fertile, well endowed gold belt adjacent to a major mineralised structure, 15 km southeast of AngloGold-Ashanti's Cleo gold mine in the Laverton tectonic zone.

Chalice Gold's board and management team has the requisite geology, mining, corporate and business development skills needed to operate and develop an emerging resource company.