ASX RELEASE

6 October 2008

Mount Oxide Copper Project - Update

Further to the announcement on 11 September 2008, Perilya Limited (ASX:PEM) and Chalice Gold Mines Limited (ASX:CHN) are pleased to advise that a formal agreement (incorporating the previous agreed terms of a heads of agreement) for Chalice to acquire 100% of Perilya's interest in the Mount Oxide copper and cobalt project located in the Mt Isa region in northern Queensland, has been executed. The agreement follows the finalisation of due diligence by each of Perilya and Chalice.

The acquisition of Perilya's Mount Oxide project by Chalice and the issue of the Chalice shares in consideration remains subject to certain conditions precedent and Chalice shareholder and other regulatory approvals. Chalice expects to put the acquisition to its shareholders at its Annual General Meeting on or about 17 November 2008.

The agreement with Perilya also includes an option to acquire Perilya's 50% interest in the Tampang porphyry copper-gold Project in Sabah, Malaysia,

As part of the approvals process, Chalice has engaged independent expert's BDO Kendalls Chartered Accountants and Behre Dolbear Australia to consider whether the transaction is fair and reasonable to Chalice shareholders.

If all of the condition precedents are satisfied and the sale proceeds to completion, Perilya shareholders will retain an interest in the Mount Oxide project, via a 73.3% shareholding in Chalice.

Perilya also confirms its commitment following the completion of the sale of the Mount Oxide assets to undertake a review of its shareholding in Chalice. After assessing the capital needs of the resized Broken Hill Operation a prudent capital management program will be initiated, which may include the but not be limited to, an in specie capital return of the Chalice shares to Perilya shareholders.

For further information:

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Further information on Chalice can be found on www.chalicegold.com