

## ASX and Media Release

24 October 2008

### Termination of Agreement to Acquire the Mount Oxide Copper Project

The Directors of Chalice Gold Mines Limited ("Chalice") have advised Perilya that due to the severe downturn in capital markets and the recent substantial fall in the copper price, in exercising their respective fiduciary duties they cannot recommend that Chalice Shareholders approve the acquisition of Perilya's Mount Oxide Copper Project in its current form.

In view of the above and what would most certainly be the failure of a pre-condition to the Agreement for Chalice Shareholders to approve the transaction, Chalice has requested that Perilya and Chalice terminate the Agreement by mutual consent. Under the circumstances Perilya has consented to the request and a Deed of Termination and Release has been executed.

Both parties will bear their own costs in relation to the proposed transaction which are not considered to be significant.

Perilya's Executive Chairman, Patrick O'Connor, said the termination was disappointing, however, notwithstanding the current metal price for copper, the Mount Oxide Project remains a significantly valuable asset and is located in the world class Mount Isa mineral province.

"We have had significant exploration results during the year at Mount Oxide, all of which support a high level of confidence in the potential of the Mount Oxide copper and cobalt project as a stand-alone operation. We are also confident that the current 203,000 tonnes of contained copper resource will be substantially upgraded in the December Quarter," Mr O'Connor said.

Despite the current market conditions, the Perilya Board believes the Mount Oxide Project to be a valuable asset and will consider all options and alternatives for realising and maximising its value.

The 2008 drilling program will be completed at the end of this month and further assay results will be available shortly.

#### Background on Mount Oxide

Perilya holds a 100% interest in the Mount Oxide copper and cobalt project, which includes a resource of 15.5 million tonnes at 1.3% copper, 0.05% cobalt and 9g/t silver for 203,000 tonnes of contained copper (last updated February 2008). The Mount Oxide tenements cover an area of 887 square kilometers in the Mount Isa region in Northern Queensland, Australia. The deposit is located 25 kilometres north of the existing Mount Gordon mine operated by Aditya Birla Limited.

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