
TERMINATION OF AGREEMENT TO ACQUIRE THE MOUNT OXIDE COPPER – COBALT 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, that in exercising their respective fiduciary duties, they cannot recommend shareholders approve the acquisition of Mount Oxide 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 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.



ANDREW BANTOCK
Chairman

24 October 2008