



PERILYA

5 July 2005

Company Announcements Officer
Australian Stock Exchange
10th Floor
20 Bond Street
SYDNEY NSW 2000

Dear Sirs

**SIGNIFICANT MILESTONE IN REDEVELOPMENT OF DAISY MILANO
- FIRST GOLD PRODUCTION**

Please find attached the following media statement on progress at the Daisy Milano project.

Yours faithfully
PERILYA LIMITED

JOHN TRAIICOS
Company Secretary



PERILYA

MEDIA STATEMENT

05.07.05

SIGNIFICANT MILESTONE IN REDEVELOPMENT OF DAISY MILANO - FIRST GOLD PRODUCTION

Redevelopment of the Daisy Milano mine, acquired in January 2005, has reached the significant milestone of producing its first gold from ore sourced during the development activities completed to date. The mine historically produced 316,000 tonnes at 16.7g/t.

The first batch of ore, comprising approximately 12,700 t at 6.81g/t sourced from the lower grade remnant stopes above the 11 level and development ore from the 12 Level, was treated at the nearby Jubilee plant during June. The second batch of approximately 7,400 tonnes at 9.95 g/t sourced from development ore from the 12 and 14 Levels will be treated in July.

A short term ore sales agreement with New Hampton Goldfields Limited allows for the treatment of batches of ore at their Jubilee plant. This or other similar arrangements will continue until confirmation of the mine life and the economic benefit of a process plant at the Daisy Milano site.

The decline has now reached a depth of 350 metres following development of 324 metres over the past six months. Lateral development of the 12 Level, the first level below the old workings, now exceeds 350 metres (combined strike length of the hangingwall and footwall lodes) and is expected to reach 400 metres. Ore grades and strike length have exceeded expectation.

Development of the 13 Level access and 14 Level ore drives commenced in June. Strong mineralization has again been observed on the 14 Level with development ore averaging over 10 g/t. Mining of the first stopes on the 12 Level is expected to increase production to approximately 10,000 tonnes per month by the end of the September quarter.

Current development grades indicate that the operation is likely to generate over 1,000 ounces per vertical meter. A surface diamond drilling program completed in 2003 confirmed that the ore body extends to a depth of at least 420 vertical metres, 120 metres below the deepest level worked previously. The mineralisation is open at depth.

The orebody reconciliation results derived through the development and stope mining, coupled with resource drilling to be commenced during the September quarter, will allow completion of the project optimisation study by end 2005.

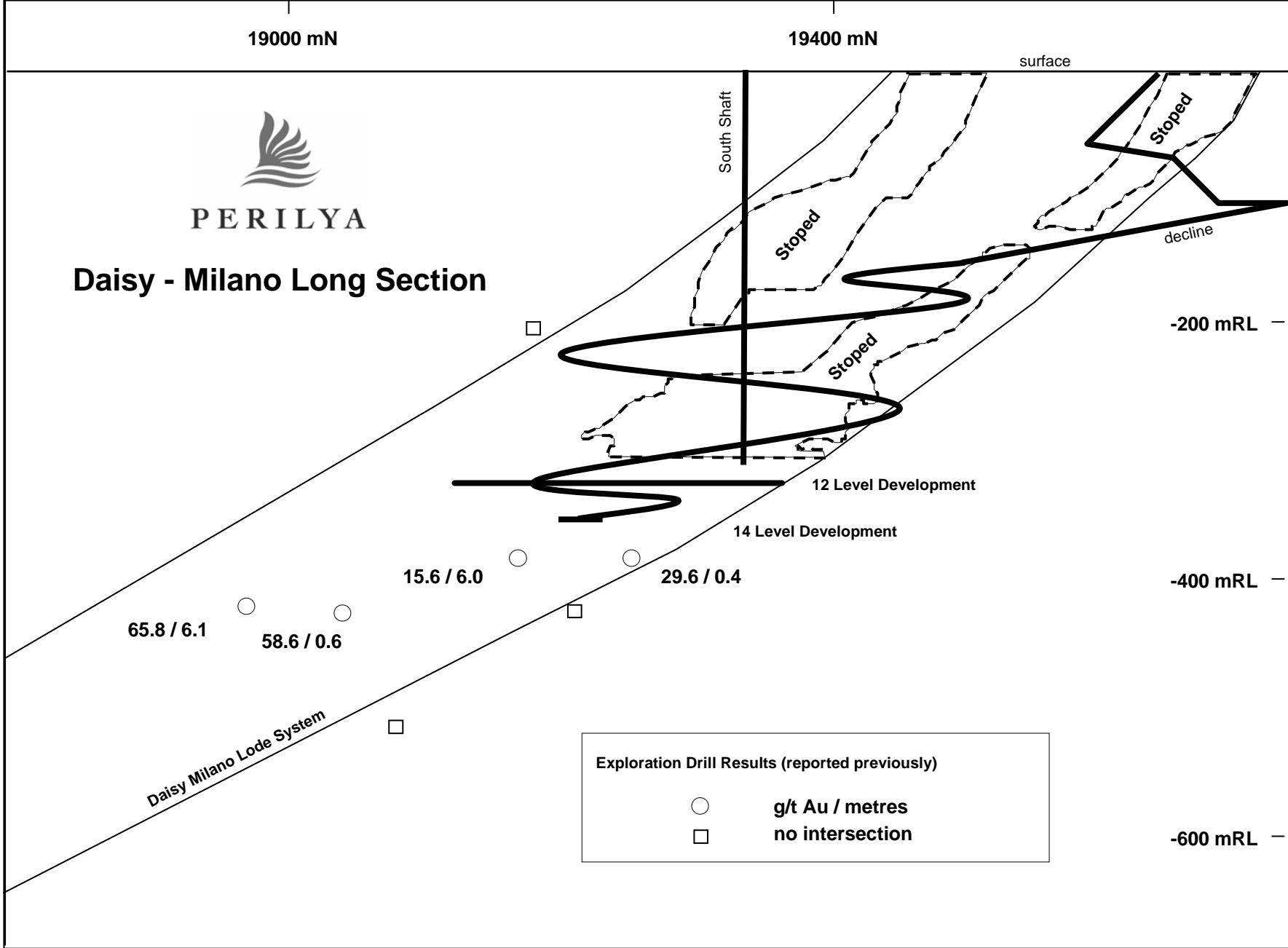
For further information contact:

Len Jubber
Chief Executive Officer
Perilya Limited

Tel. 61 8 9423 1701
61 8 421 838 449

PERILYA LIMITED

ABN 85 009 193 695 Level 2, 31 Ventnor Avenue, West Perth, Western Australia 6005 PO Box 1787, West Perth, Western Australia 6872
Telephone: 61 8 9423 1700, Facsimile: 61 8 9423 1787, Email: perilya@wt.com.au, Website: www.perilya.com.au



19000 mN

19400 mN

surface



PERILYA

Daisy - Milano Long Section

South Shaft

Stopped

Stopped

decline

-200 mRL

Stopped

12 Level Development

14 Level Development

-400 mRL

15.6 / 6.0

29.6 / 0.4

65.8 / 6.1

58.6 / 0.6

Daisy Milano Lode System

Exploration Drill Results (reported previously)

- g/t Au / metres
- no intersection

-600 mRL