ASX and Media Release

27 February 2009

INCREASE IN RESOURCE FOR MOUNT OXIDE COPPER PROJECT

Perilya Limited (ASX: PEM) is pleased to announce an increase in the mineral resource estimate for the Mount Oxide Copper and Cobalt Project in the Mt Isa region in Queensland to 17.9 million tonnes at an average grade of 1.3% copper for 224,000 tonnes of contained copper to only 450 metres vertical depth. This represents a 10% increase in contained copper compared to the previous mineral resource announced on 19 February 2008.

Perilya's Managing Director, Paul Arndt, said that the resource upgrade to 224,000 tonnes of contained copper continues to strengthen the Mt Oxide Copper Project and demonstrates its potential for additional resource and reserve growth in the future.

"The Mount Oxide Copper Project remains an exciting project and one which continues to show significant potential for copper mineralisation with a number of high grade copper zones still open at depth and along strike. Significant cobalt and silver resources also have the potential to add additional value to the project, Mr Arndt said."

"Despite the uncertainty in capital and metals markets, our level of confidence in the prospectivity of the Mount Oxide Copper Project continues to grow and we maintain the view this project has considerable potential as a low cost, robust and stand-alone asset worthy of development, when metal prices increase, to increase shareholder value," he added.

For further information:

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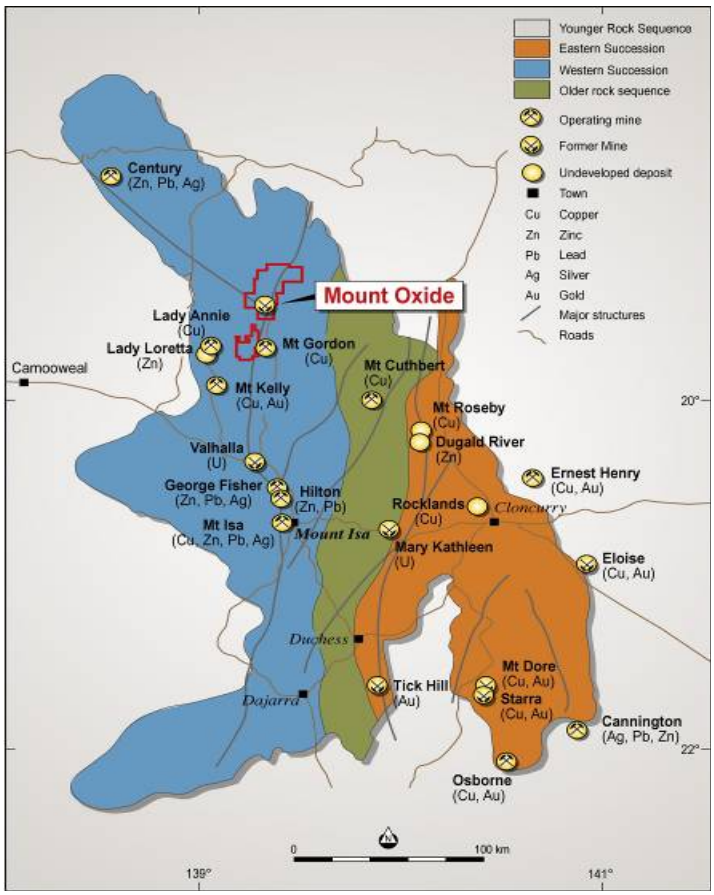
Mount Oxide Copper Project (100%)

Figure 1: Mount Oxide Project – in the Mt Isa Region in QLD

The Mount Oxide Copper Project comprises 795 km^2 of tenements and is located in the Mount Isa region in northern Queensland and within the Western Succession area that includes several major sediment hosted breccia copper deposits. The Mount Oxide deposit was intermittently mined between 1920 and 1971 by way of a small open pit and underground operation (Figures 1 and 2). The project lies 25 kilometres north of the existing Mount Gordon mine operated by Aditya Birla Limited.



The deposit is a chalcocite dominated system associated with strong silica-hematite alteration and copper mineralisation developed on the margins of the hematite core. The mineralisation is hosted in a sedimentary package associated with a strong structural control along the northeast trending Mount Oxide fault and associated cross cutting faults.

Mineral Resource Estimate

A program of 54 diamond drill holes was completed during the 2008 field season targeting potentially open pittable mineralisation to the north and at depth of the historical Mount Oxide open pit (Figure 3).

Excellent results at depth include those from drill hole MOXD089 (Figure 4) being:

- 22m @ 6.3 % Cu, 0.3 % Co from 258m;
- 19m @ 3.7 % Cu from 315m;
- 31m @ 6.2 % Cu from 346m; and
- 23m @ 8.9 % Cu from 395m.

Other significant results at depth were returned from previously reported holes MOXD104, MOXD105 and MOXD125.

The Mount Oxide mineral resource estimate has now increased to 17.9 million tonnes at an average grade of 1.3% copper for 224,000 tonnes of contained copper (up by 10%) after incorporating the results of a 16,044m diamond drilling program completed in October 2008 (refer Table 1). The larger part of the mineral resource (63%) is in the Indicated Mineral Resource category.

Table 1: Mount Oxide Mineral Resource Estimate at 0.2 % Cu cut off

Classification	M Tonnes	Cu %	Co %	Ag g/t	Contained Copper (t)	Contained Cobalt (t)	Contained Silver (Ounces)
Measured	-	-	-	-	-	-	-
Indicated	10.1	1.4	0.06	12	142,000	5,600	3,900,000
Inferred	7.9	1.0	0.05	8	80,000	3,800	1,800,000
Stockpiles (Inferred)	0.3	0.7	-	-	2,000	-	-
Total	**17.9**	**1.3**	**0.05**	**10**	**224,000**	**9,400**	**5,700,000**

Note: Totals may not sum correctly due to rounding.

The drill results from the 2008 program include a number of significant high grade copper intersections at depth, which have not been closed off and these provide significant encouragement for the continuity of higher grades of copper and silver at depth demonstrating potential for additional resource and reserve growth in the future.

Importantly, the drilling has significantly increased the confidence of the resource with 63% of the mineral resource now classified as 'Indicated'.

The mineral resource estimate is reported at a 0.2% copper cut off, considered a natural geological boundary and potentially economic in an open pit. Preliminary scoping study work has been carried out to define the optimum development scenario for the resource.

The mineral resource estimate includes 9,400 tonnes of contained cobalt at a significant average grade of 0.05%. Higher grade cobalt zones are evident in the northern portion of the deposit. High grade silver zones develop at depth within the high grade chalcocite zones.

The upper portion of the mineral resource contains a transitional component to the mineralisation with chalcocite and malachite present and accounts for 15% of the resource tonnes. The primary sulphide mineralisation is chalcocite and bornite with a lower grade combined chalcopyrite/chalcocite zone developed predominantly to the north.

The mineral resource was estimated using Ordinary Kriging grade interpolation, constrained within wireframes based on a nominal 0.2% Cu cut-off grade and geological and structural contacts. Bulk density values were assigned based on host lithologies and mineralisation style. Values were determined from extensive bulk density measurements taken from drill core. QAQC samples comprising standards, blanks and duplicates have routinely been submitted with samples. No material bias is observed.

A combined structural and stratigraphically controlled model has been created reflecting the previous mining and the geological information collected during the program. As a result a more robust geological model was developed, which has resulted in a increase in the confidence of the resource model.

2009 Planned Activities

To assist targeting of the high grade copper zones at depth preliminary planning is underway for a Downhole EM survey which may be carried out in 2009. Depending on the success of this program several diamond drilling holes may be completed to test these zones. Any success will demonstrate increased potential for resource and reserve growth plus assist project economics.

Figure 2: Mount Oxide Project – Old Open Pit (looking south)

Attribution Statement:

The information in this report that relates to mineral resources is based on information compiled by Mr David Price who was a full-time employee of Perilya Limited and is a member of the Australian Institute of Mining and Metallurgy. Mr Price has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Price consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Figure 3: Mount Oxide Resource model (looking west) demonstrating the potential to the North and at depth

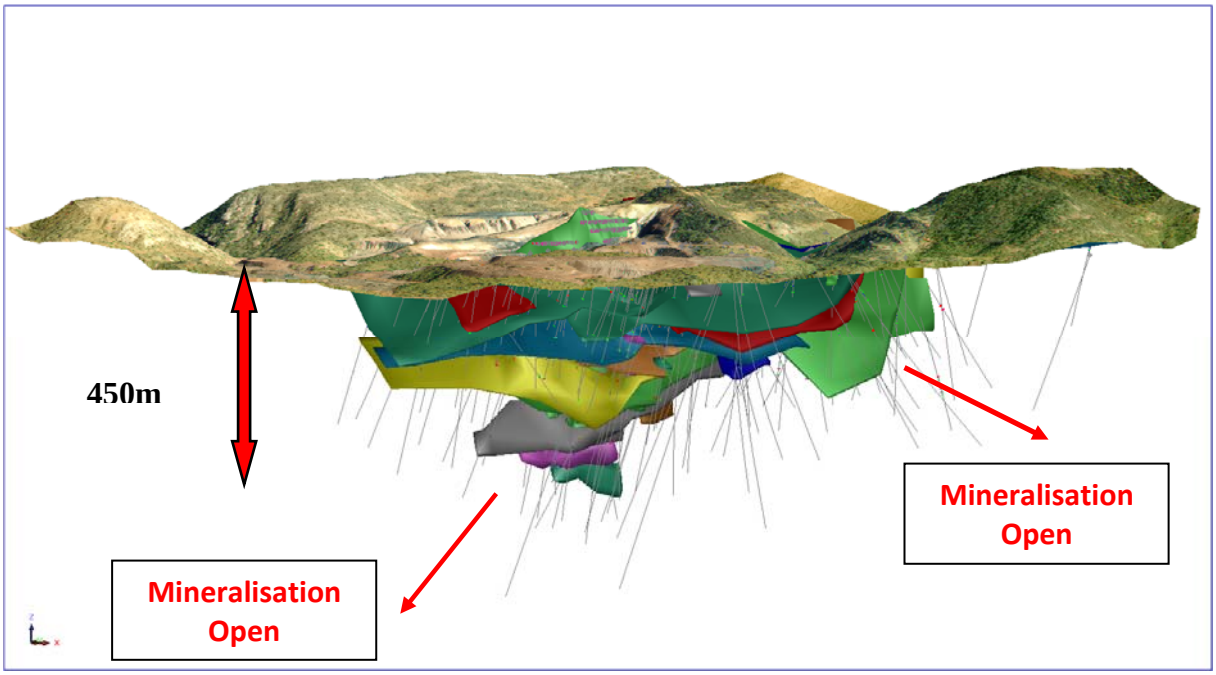
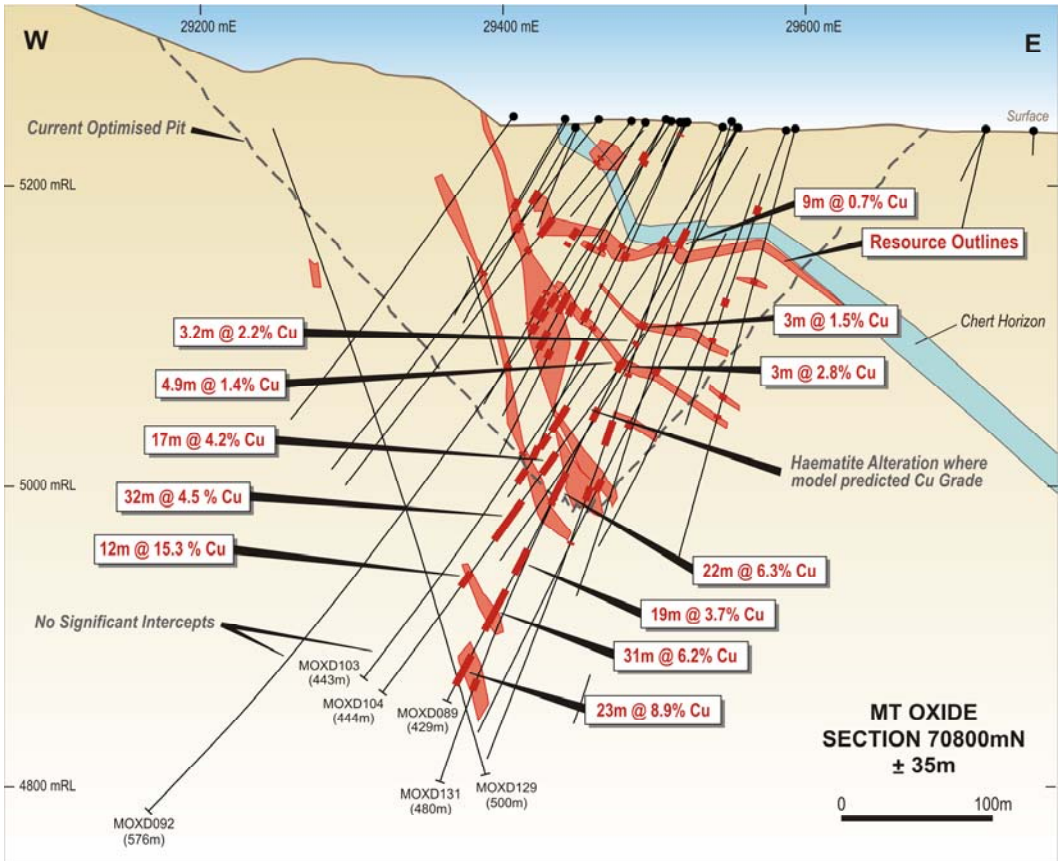


Figure 4: Mt Oxide Section 70800mN (looking north) with drill holes MOXD089 and MOXD104 and resource outlines.



About Perilya

Perilya Limited is an Australian base metals mining and exploration company. Perilya is the operator of the Broken Hill zinc, lead, silver mine in NSW and the Flinders zinc silicate project in South Australia.

The Company's operations at the iconic Broken Hill mine have recently been resized in a bid to improve productivity and to ensure operations are sustainable in the event of a prolonged period of low metal prices.

The Company continues to sell zinc silicate from its Beltana stockpiles in South Australia and evaluating development of nearby deposits including the Reliance deposit.

The Company is reviewing options for the development of the Mount Oxide Copper and Cobalt Project in the Mount Isa region in Queensland.

Perilya is owned 50.1% by Zhongjin Lingnan (China's third largest zinc producer).

For more details, visit www.perilya.com.au