

Gravity and magnetic modelling using inversion techniques indicate that the previous diamond drilling did not reach the depth of the inferred source of the geophysical anomaly. This hypothesis is also supported by the petrological observations which show that the diamond drill holes intersected highly altered alkali intrusive rocks containing various metal-bearing sulphides and that the alteration diminishes with depth. The petrology suggests that the original rock may have been pyroxenite gabbro or parent magma of peridotite gabbro composition.

The first drill hole in the current program has re-entered Primary's MB106-2 hole with the aim of deepening this hole from 309 metres to approximately 800 metres. A further four targets have been identified from the latest geophysical interpretation and these are scheduled for testing following the completion of the current drill hole. See Figure 2.

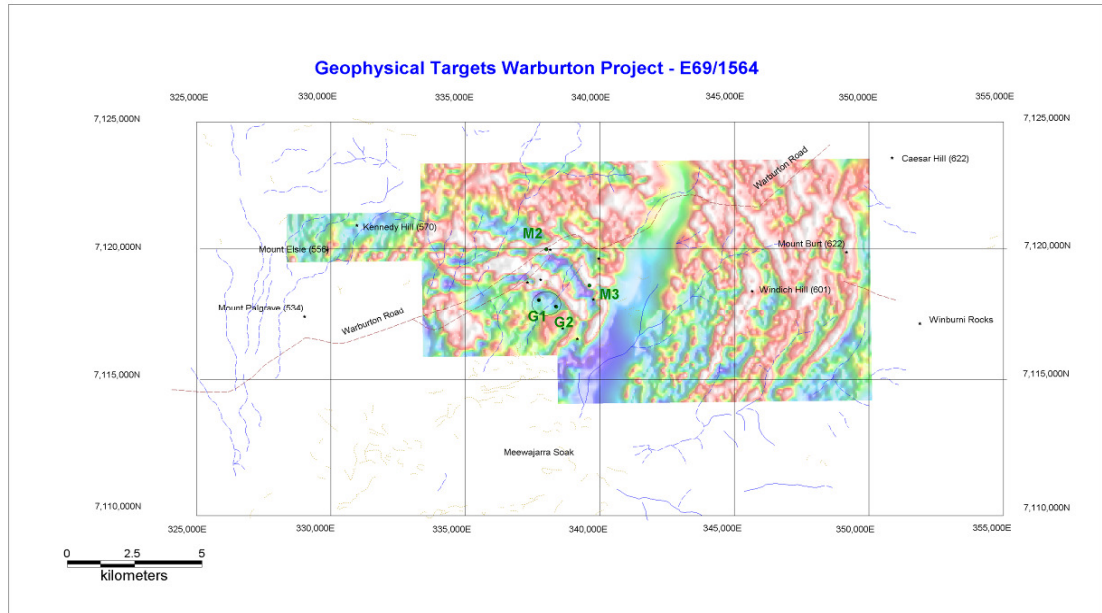


Figure 2

Yandeyarra Alluvial Project – M 47/561

Following the encouraging results from sluicing operations at Station Peak, PRZ has built an alluvial gold plant which is currently being commissioned at Station Peak (M 47/561). The plant is capable of processing around 30 tonne of alluvial sediment per hour and will be used to measure the quantity of gold that is recoverable from these sediments. Should this operation prove to be economical, PRZ will increase the capacity of the plant to approximately 100 tonne/hour.

On 21 May, 2008, PRZ was granted a Mining Operations Permit for this activity.

PRZ has a contractual right to explore for alluvial gold over seven Exploration Licences, four Mining Leases plus one Mining Lease Application held by Chalice Gold Mines Limited. It also holds five Exploration Licences in its own right.

For further information, please contact:

Don Triggs

General Manager

Primary Resources Limited

Level 5, 70 Pirie Street, Adelaide SA 5000

(08) 8228 5212 | 0409160649 | Fax 08 8223 3235

don.triggs@primaryresources.com.au | www.primaryresources.com.au

For personal use only