

ASX & MEDIA RELEASE

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PERILYA AND CBH MERGER - CREATION OF A GLOBALLY SIGNIFICANT ZINC AND LEAD PRODUCER

Overview

- The Directors of Perilya Limited (“Perilya”) and CBH Resources Limited (“CBH”) announce a proposal to merge their businesses (the “Proposed Merger”) to create a globally significant producer of both lead and zinc (the “Combined Group”).
- The Proposed Merger will be implemented via interdependent schemes of arrangement for the acquisition of all the CBH ordinary shares and CBH convertible notes (“CBH Notes”) by Perilya.
- The Proposed Merger will result in the Broken Hill line of lode having a single owner for the first time in its history resulting in material operational efficiencies. The Combined Group will have a more flexible and diversified production base through multi-mine operations at Broken Hill, Endeavor and Flinders and will have a strong development pipeline including the Panorama and Mount Oxide projects and the Hera deposit.
- Prior to CBH shareholders voting on the Proposed Merger, certain pre-development assets of CBH including Mineral Hill, Sorby Hills and Constance Range will be separated into a new company, Kimberley Metals Limited (“Kimberley Metals”), and its shares will be distributed to CBH shareholders by way of capital reduction.
- Under the terms of the Proposed Merger, CBH shareholders will receive:
 - 1 Perilya ordinary share for every 3 CBH shares;
 - 1 Perilya option for every 20 CBH shares; and
 - shares in Kimberley Metals, expected to be approximately 1 Kimberley Metals share for each 9.2 CBH shares.
- Based on the volume weighted average of the trading prices on ASX of Perilya and CBH for the 1 month leading up to and including 19 March 2008, and the value of the Perilya option, the Proposed Merger would provide a premium to CBH shareholders of approximately 27%¹.
- Holders of CBH Notes (“CBH Noteholders”) will receive Perilya notes on terms that are substantially equivalent to the existing CBH Note terms.
- In the absence of a superior proposal, the Proposed Merger is unanimously recommended by the Board of CBH. CBH’s Directors intend to vote all the shares they personally hold in favour of the Proposed Merger.
- Toho Zinc Co Ltd (“Toho”), CBH’s largest holder of shares and CBH Notes, has indicated that it supports the Proposed Merger in the absence of a superior proposal and any material change in circumstances.
- Patrick O’Connor, Perilya’s current Chairman, will become Chairman of the Combined Group. Stephen Dennis, Jim Wall and a representative of Toho will join the Board of the Combined Group.

- The senior management team of the Combined Group will be led by Stephen Dennis, currently Chief Executive Officer of CBH with the remainder of the Combined Group management to be drawn from the management talent of both companies.

Key offer details

CBH shareholders will receive 1 Perilya ordinary share for every 3 CBH shares they hold and 1 Perilya option for every 20 CBH shares they hold ("Consideration Options"). In addition, CBH shareholders will also receive an interest in Kimberley Metals of approximately 1 Kimberley Metals share for each 9.2 CBH shares.

The Consideration Options will have an exercise price of \$2.00 and expire on 31 December 2010. Perilya intends to apply to ASX for quotation of the Consideration Options.

Based on Perilya's last traded share price of \$1.00² and a value for each Consideration Option of \$0.22³, the implied value of the offer is approximately \$0.34 per CBH share (not including the value that will be received by CBH shareholders resulting from the distribution of shares in Kimberley Metals).

The Proposed Merger will provide CBH shareholders with an up-front premium of approximately 27%¹ based on the volume weighted average of the trading prices on ASX of Perilya and CBH shares for the 1 month leading up to and including 19 March 2008, the last day of trading before both companies went into trading halt. The Proposed Merger will approximately reflect the relative market values of both companies as at 19 March 2008.

The Proposed Merger values CBH at approximately \$294⁴ million on an equity value basis and approximately \$333⁵ million on an enterprise value basis.

Current CBH option holders (employees) will be offered cash for the cancellation of their existing CBH options.

CBH Noteholders will receive convertible notes issued by Perilya on substantially the same terms as the existing CBH Notes ("Perilya Notes"). The conversion terms of the Perilya Notes will be adjusted to reflect the exchange ratio of 1 Perilya share for every 3 CBH shares with the conversion price lowered as a result of the capital reduction of Kimberley Metals in accordance with the terms of the CBH Notes.

Perilya Chairman, Patrick O'Connor, who will become chairman of the Combined Group, said:

"The proposed merger represents a watershed for the historic mining district of Broken Hill with all of the Broken Hill line of lode to be under the one ownership for the very first time. The combination of the two companies is a logical development that will create a new force in global lead and zinc markets."

CBH's Chief Executive Officer, Stephen Dennis, who will become Managing Director of the Combined Group said:

"The Proposed Merger is expected to result in significant synergies and operating efficiencies, particularly in relation to milling capacity, infrastructure and the faster development of new ore sources."

Details of the Proposed Merger

Richview Investments Pty Ltd (a wholly owned subsidiary of Perilya) will acquire all of the shares in CBH and the CBH Notes.

It is intended that the Proposed Merger will take place by way of inter-conditional schemes of arrangement to be voted on by CBH shareholders and CBH Noteholders respectively.

Perilya expects to issue approximately 281⁶ million shares and approximately 42⁷ million options to CBH shareholders. Immediately following completion of the Proposed Merger, Perilya shareholders will own approximately 41%⁸ of the Combined Group and CBH shareholders will own approximately 59%⁹ of the Combined Group.

In the absence of a superior proposal, the Proposed Merger is unanimously recommended by the Board of CBH. CBH's Directors intend to vote all the shares they personally hold in favour of the Proposed Merger.

Likewise, in the absence of a superior proposal and any material change in circumstances, Toho, CBH's largest holder of shares and CBH Notes has indicated that it supports the Proposed Merger.

Perilya Chairman, Patrick O'Connor, said "We are very pleased that the Proposed Merger has the support of Toho. We very much look forward to a long term, constructive relationship with Toho."

Creation of Kimberley Metals

Perilya will not acquire CBH's interests in the Mineral Hill, Sorby Hills or Constance Range projects and certain other pre-development assets that are not required for the operation of CBH's Endeavor mine, Panorama Project or Broken Hill mines.

These assets will be separated into a new entity to be known as Kimberley Metals. Subject to a CBH shareholder vote it is intended that shares in Kimberley Metals be distributed via an equal access capital reduction to CBH shareholders prior to the Merger Proposal being voted on at the CBH scheme meetings. It is intended that Kimberley Metals will actively pursue these opportunities through a dedicated exploration vehicle which is intended to be listed on an internationally recognised securities exchange, likely to be the Australian Securities Exchange.

The exclusion of these pre-development stage assets from the Proposed Merger will allow the Combined Group to focus on key assets such as the Endeavor mine, the Panorama Project and the Broken Hill mines.

Jim Wall, Chairman of CBH will become Chairman of Kimberley Metals. Mr Wall said "The spin-out of some of CBH's pre-development assets allows us to enhance the value for CBH shareholders through equity in the combined entity as well as continued exposure to some of CBH's earlier stage projects. We intend to vigorously pursue these exciting opportunities through a nimble and focused exploration vehicle."

Merger rationale

The Proposed Merger is expected to generate significant benefits for shareholders in both companies as well as for CBH Noteholders. Some of these benefits are detailed below:

- **Significant operational efficiencies** –at Broken Hill, common ownership of Perilya's and CBH's tenements will allow for:
 - processing of ore from CBH's tenements through Perilya's existing Broken Hill concentrator. In addition to earlier mining of this ore, this will save the capital that CBH would otherwise need to incur to construct its own processing facility at Broken Hill. It will also materially increase through-put at Perilya's concentrator to up to approximately 2.8 million tonnes per annum (from the current levels of approximately 1.8 million tonnes per annum) which will materially lower unit costs of the Perilya Broken Hill operations;
 - access to ore at the boundaries via the existing Southern Operations development;
 - greater flexibility and reduced risk in the production plan resulting from the increased number of ore sources available;
 - access for Perilya to the Western Mineralisation, which would be unlikely otherwise;
 - elimination of the tailings facility storage capacity constraints in the CML 7 area and a collective approach to the recovery of mineralised tailings in the tailings storage facility and stope fill;
 - reduced costs at the Rasp mine through the use of Perilya infrastructure and access to Perilya's supply terms;
 - standardisation of Broken Hill equipment and optimal use of the resident work force; and
 - additional flexibility in managing heritage and other lease issues through alternative access arrangements.

The proximity of Broken Hill to the Endeavor mine at Cobar will provide the Combined Group with a strong regional presence in western New South Wales which has for many

years been regarded as a globally significant base metals district. Other benefits will include an enhanced ability to attract and retain employees and the rationalisation of under-utilised resources across sites.

- **Increased equity market scale** – the Combined Group will have an equity market value of approximately \$491¹⁰ million, placing it within the top 40¹¹ of ASX listed mining companies. This enhanced scale is likely to provide greater liquidity for investors. Perilya is a member of the S&P/ASX 200.
- **Increased production** – the Proposed Merger will create a globally significant producer of zinc and lead. For the 12 months ended 31 December 2007, the combined contained lead and zinc production of CBH and Perilya (including approximately 96,100 tonnes of production from Beltana) was as shown below:

	Perilya	CBH	Combined Group
Contained zinc (kt per annum)	170.9	49.2	220.1
Contained lead (kt per annum)	48.9	22.8	71.7

- **Attractive commodity mix** – the Combined Group will have a primary base metals focus and significant lead and zinc production with exposure to gold through the Hera gold/base metals deposit and copper through the Panorama project and Mount Oxide deposit.
- **Quality portfolio of base metal assets at varying stages of development** – the Combined Group will own quality base metals assets at all stages from early exploration, development and production. Operating mines owned by the Combined Group will include the Broken Hill mines, the Endeavor mine and the Flinders project. Assets in the development stage will include the Rasp mine, the Potosi project, North Mine Deeps, the Panorama project and the Hera deposit.
- **Strong resource position** – the Combined Group will have a significant inventory of contained metal with significant zinc, lead, copper and gold resources.

	Perilya ¹²	CBH ¹³	Combined Group
Zinc (kt)	2,148	2,946	5,094
Lead (kt)	1,551	1,432	2,983
Copper (kt)	203	267	470
Gold (koz)	0	241	241

- **Strong balance sheet** – Cash as at 31 December 2007 for the Combined Group (after adjusting for the cash paid to CBH option holders) would have been approximately \$313¹⁴ million. Of the Combined Group's total indebtedness of \$243¹⁵ million, approximately \$187¹⁶ million would relate to the ASX listed CBH Notes which do not mature until 2012. The Combined Group will have significant balance sheet strength with a pro-forma net cash position as at 31 December 2007 of approximately \$69¹⁷ million. Toho intends to convert its non-listed convertible notes (to the maximum extent permitted by law) into CBH shares¹⁸ prior to the Proposed Merger with the balance of these notes replaced by a Perilya note on substantially the same terms.
- **Continued low sovereign risk** – the asset portfolio will result in the Combined Group having low sovereign risk exposure through the ownership of assets predominantly within Australia.

Management and Board

The Combined Group will have a strong and experienced management team, structured to capitalise on existing and future growth opportunities.

Patrick O'Connor, Perilya's existing Chairman will be the Chairman of the Combined Group. Len Jubber, the current Chief Executive Officer and a Director of Perilya will not take up a place on the Board of the Combined Group.

Stephen Dennis, CBH's current Chief Executive Officer will become the Combined Group's Managing Director. Other CBH directors to join the Board of the Combined Group will be Jim Wall and a representative of Toho.

Merger Implementation Agreement and Process

Perilya and CBH have entered into a Merger Implementation Agreement which sets out the terms upon which the Proposed Merger will be implemented.

Under the Merger Implementation Agreement, CBH has agreed to certain "lock-up" conditions, such as "no-shop" and "no-talk" obligations which are subject to customary fiduciary carve-out obligations. Both CBH and Perilya have agreed to pay a break fee of approximately \$2 million in certain circumstances.

The Proposed Merger is subject to a number of conditions including:

- CBH shareholder approval of the share scheme and CBH Noteholder approval of the CBH Notes scheme ("Schemes"); and
- customary restrictions on prescribed occurrences and material adverse changes to Perilya or CBH.

CBH has a right to terminate the Merger Implementation Agreement if an Independent Expert opines that the Proposed Merger is not in the best interests of CBH shareholders. The Merger Implementation Agreement, including details of the conditions of the schemes is set out in full in Annexure A.

It is currently expected that the Explanatory Statements in relation to the Schemes will be sent to CBH shareholders and CBH Noteholders by early June 2008.¹⁹ CBH shareholders and CBH Noteholders will have the opportunity to vote at meetings to be held in early July 2008.

UBS Investment Bank is acting as financial adviser and Cochrane Lishman as legal adviser to Perilya in relation to the Proposed Merger. RBC Capital Markets is acting as financial adviser and Addisons Lawyers as legal adviser to CBH.

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FOOTNOTES

1. Premium based on the one month volume weighted average prices of trading in Perilya shares on ASX of \$1.44 for the one month period leading up to and including 19 March 2008, the last trading day before both companies went into trading halt. Consideration Options value of \$0.22 per option (or approximately \$0.01 per CBH share) determined by using the Black-Scholes option pricing methodology with the following assumptions- \$2.00 strike price, \$1.00 spot price, 60% volatility, 2.5 years to maturity, 7.36% long rate and a carry rate that equals the long rate.
2. Perilya closing price on ASX on 19 March 2008, the last trading day before both companies went into trading halt.
3. Consideration Options value of \$0.22 per option (or approximately \$0.01 per CBH share) determined as described in note 1 above.
4. Equity value of CBH based on exchange ratio of 1 Perilya share for 3 CBH shares and 1 Perilya option for 20 CBH shares. CBH share value of \$0.33 based on Perilya closing price on ASX of \$1.00 as at 19 March 2008 the last trading day before both companies went into trading halt. Consideration Options value of approximately \$0.22 per option (or approximately \$0.01 per CBH share) as described in note 1 above. Based on undiluted shares outstanding in CBH of approximately 843 million and adjusted for approximately \$3.4 million cash which will be offered to CBH option holders (employees) in return for their CBH options, this amount is indicative only and will be adjusted to reflect the impact of the Kimberley Metals spin-out.
5. Equity value of CBH as set out in footnote 4 above. Enterprise value includes net debt of approximately \$39.6 million based on CBH balance sheet as at 31 December 2007.
6. Based on undiluted CBH shares outstanding of approximately 843 million and the exchange ratio of 1 Perilya share for every 3 CBH shares.
7. Based on undiluted CBH shares outstanding of approximately 843 million and an exchange ratio of 1 Perilya option for every 20 CBH shares.
8. Based on undiluted CBH shares outstanding of approximately 843 million, fully diluted Perilya shares outstanding of approximately 198 million (diluted using the Treasury method and including Perilya performance rights) and an exchange ratio of 1 Perilya share for every 3 CBH shares. Does not include the Consideration Options as these will be out of the money. If the Consideration Options were to be included, Perilya shareholders would own approximately 38% of the Combined Group.
9. Based on undiluted CBH shares outstanding of approximately 843 million, fully diluted Perilya shares outstanding of approximately 198 million (diluted using the Treasury method and including Perilya performance rights) and an exchange ratio of 1 Perilya share for every 3 CBH shares. Does not include the Consideration Options as these will be out of the money. If the Consideration Options were to be included, CBH shareholders would own approximately 62% of the Combined Group.
10. Approximate number only. Equity value of CBH as set out in note 4 above. Perilya equity value based on fully diluted shares outstanding in Perilya (diluted using the Treasury method and including Perilya performance rights) of approximately 198 million.
11. Based on closing prices on ASX as at 25 March 2008, for the following companies in the S&P/ASX 300 resources index - ABY, AGM, AGS, ALB, AWC, BHP, BMN, CDU, CEY, CMR, CTO, DYL, EQI, EQN, ERA, FLX, FMG, GBG, GCL, IGO, ILU, JML, KCN, KZL, LGL, LST, LYC, MBN, MCC, MCR, MDL, MGX, MIS, MLI, MMX, MRE, NCM, OGC, OXR, PDN, PLA, PNA, RIO, RIV, RSG, SBM, SDL, SGX, SLV, SMY, SRL, WSA and ZFX. Combined Group equity value as set out in note 10 above.
12. Perilya JORC reserves and resources as at 30 June 2007 from the Perilya 2007 Annual Report. Mount Oxide as at 19 February 2008 as set out on the announcement lodged with ASX.
13. CBH JORC reserves and resources as at 30 June 2007 from the CBH 2007 Annual Report. Panorama as at 18 December 2007 as set out on the announcement lodged with ASX.
14. Total cash position based on Perilya and CBH balance sheets as at 31 December 2007. Includes Perilya restricted cash. Adjusted for approximately \$3.4 million cash which will be offered to CBH option holders (employees) in return for their CBH options, this amount is indicative only and will be adjusted to reflect the impact of the Kimberley Metals spin-out.

15. Total debt position based on Perilya and CBH balance sheets as at 31 December 2007.
16. Book value of listed convertible notes value as at 31 December 2007 as set out in the CBH Half Year Financial report.
17. Net cash position as set out in Perilya and CBH balance sheets as at 31 December 2007. Includes Perilya restricted cash. Adjusted for approximately \$3.4 million cash which will be offered to CBH option holders (employees) in return for their CBH options, this amount is indicative only and will be adjusted to reflect the impact of the Kimberley Metals spin-out.
18. Calculations for the purposes of this announcement do not assume that the Toho converting note is converted into shares.
19. Timetable is indicative only and subject to change.

Annexure A

Merger Implementation Agreement dated 25 March 2008. Refer to separate announcement

Annexure B

Background to Perilya

Perilya Limited is an ASX 200 Australian base metals mining and exploration company.

The company is expanding its operations at the iconic Broken Hill mine through the development of an exploration decline at Potosi, re-developing the North Mine via a development decline, conducting an open pit feasibility study into the Flying Doctor deposit and conducting exploration within a ten kilometre radius of the concentrator.

Since 2007 Perilya has successfully mined, stockpiled and is now exporting approximately 100,000 tonnes of contained zinc in the form of high grade zinc silicate (oxide) ore at the Beltana deposit located in the Flinders project in South Australia. It is currently conducting a feasibility study into a similar project at the adjacent Reliance deposit. The high grade nature of the ore obviates the need for metallurgical processing enabling direct shipment to smelters.

The Company is also targeting early development of its 203,000 tonne Mount Oxide copper project in the Mt Isa region in Queensland.

Perilya has a strong balance sheet with low debt levels and is actively seeking growth opportunities. For more details, visit www.perilya.com.au

Background to CBH

CBH Resources Limited is a resource company with an operating base metal (Zn-Pb-Ag) mine at Cobar, new base metal developments at Panorama (Cu-Zn) and Broken Hill (Zn-Pb-Ag), a concentrate shiploading facility at Newcastle and a major exploration position in four base metal provinces that includes 3 deposits under evaluation for development.

The Endeavor Mine at Cobar is an underground mine with associated surface facilities with a mine capacity of 1,400,000 tonnes of ore per year to produce around 140,000 tonnes zinc concentrates p.a. and 60,000 tonnes of lead concentrates p.a. containing 70,000 tonnes zinc, and 40,000 tonnes lead and 31,000 kgs silver.

The mine first commenced production in 1983 and was acquired by CBH in September 2003. CBH is upgrading the mine performance and increasing the mine life. The mine now has reserves for a 15 year mine life following the installation of a paste backfill plant. Reserves and resources are being expanded by drilling.

The Newcastle shiploader handles concentrates for export from NSW mines in addition to handling the Endeavor Mine concentrates shipped to Zinifex's Risdon facility and exported to Asia. The facility can handle more than 500,000 tonnes per annum with recent expansions to the storage capacity.

At Panorama in the Pilbara region of WA a new open pit copper-zinc mine is in development to produce 1.5 million tones of ore per year that will generate 50,000 tpa zinc and 20,000 tpa copper in concentrates with start up scheduled for 2009.

At Broken Hill a new underground mine is in development with decline access well advanced. Production is planned for start up in late 2008 at the rate of 750,000 tpa ore to produce 32,000 tpa zinc, 25,000 tpa lead and 500,000 ounces pa silver in concentrates.

The company holds a strong exploration position in base metal districts in Western Australia and New South Wales. At Panorama additional deposits are being explored and evaluated along a 30 kilometre strike length that can add to the Panorama Development. The Cobar Basin in New South Wales is a base metal district that extends from the Endeavor Mine in the north for over 200 kilometres to the south.

CBH has extensive exploration holdings in this district. In the Kimberly district of WA the company is exploring 3 zinc-lead-silver deposits. At Broken Hill the company has interests in a large exploration ground position that is prospective for high grade Broken Hill style mineralisation.