



ASX/Media Release

2 October 2008

ASX Code: CBH

CBH TAKEOVER OFFER FOR PERILYA LIMITED

Highlights:

- **Compelling financial and operational logic through the combination of both companies**
- **Opportunity for significant value creation through the integration of operations and extension of mine life at Broken Hill**
- **Creation of a significant multi-mine producer of zinc and lead**
- **Superior proposal to previously announced merger transaction including an attractive premium**
- **Offer structure allows Perilya's Board to distribute Chalice shares (following the sale of Mt Oxide) to Perilya shareholders**

CBH Resources Limited ("CBH") today announced its intention to make a takeover offer ("Offer") to acquire all of the shares in Perilya Limited ("Perilya").

The all-scrip Offer (details below) is a superior proposal to that which was terminated earlier in the year.

The Offer has also been structured to take into account the intention of the Perilya Board to sell its Mt Oxide copper project to Chalice Gold Mines Limited ("Chalice") and allows Perilya's Board to distribute Chalice shares pro rata to Perilya shareholders.

CBH's largest shareholder Toho Zinc Co., Ltd supports the Offer.

CBH Chairman, Jim Wall, said: "CBH believes the Offer for Perilya is both logical and compelling. The Offer gives Perilya shareholders the opportunity to share in the significant value creation this combination provides, and to become part of a stronger multi-mine company with long life operations at both Endeavor and Broken Hill".

"CBH's and Perilya's Broken Hill operations are highly complementary and located adjacent to each other, and their integration will create value well in excess of what is achievable on a stand-alone basis. This transaction, which will result in the Broken Hill line of lode being owned by a single company for the first time, will extend the Perilya mining operations beyond their current limited life, delivering both significant financial and operational benefits to CBH," Mr Wall said.

CBH notes that Perilya recently announced a transaction with Chalice whereby it intends to sell its Mt Oxide copper project to Chalice, in return for 200 million Chalice shares, subject to several requirements including Chalice shareholders approving the transaction (the "Mt Oxide Transaction"). CBH's offer is structured to enable Perilya to distribute Chalice shares to Perilya



shareholders, thereby giving them the opportunity to obtain a direct exposure to the Mt Oxide copper project if the transaction is completed.

Offer Consideration

The Offer has a 'two tiered' offer structure, allowing for the completion of the Mt Oxide Transaction between Perilya and Chalice, and the subsequent distribution by Perilya of the Chalice shares to Perilya shareholders should Perilya's Board choose to do so.

Tier 1 – Base Price Offer – Assumes completion of the Mt Oxide Transaction and distribution of Chalice shares to Perilya shareholders if the Perilya Board chooses to do so.

Should this occur, CBH is offering:

2.8 CBH shares for each Perilya share held ("the Base Price")

The Base Price Offer provides a premium of 21.4%^{1,2} to Perilya shareholders over the theoretical ex Mt. Oxide Perilya share price as at 1 October 2008. If the Mt. Oxide Transaction completes and the Perilya Board decides to distribute the Chalice shares pro-rata, Perilya shareholders will receive a distribution of the Chalice shares estimated at \$0.10² per Perilya share in value. The aggregate of the CBH Base Price Offer and the Perilya distribution of Chalice shares represents a value of \$0.31² based on the closing prices of CBH, Perilya and Chalice on 1 October 2008.

If CBH acquires 100% of Perilya, under the Base Price Offer, Perilya shareholders will own 38.5%² of the enlarged CBH and will retain an exposure to the Mt Oxide project through their shares in Chalice. CBH shareholders will own 61.5%² of the enlarged CBH under the Base Price Offer.

Tier 2 – Adjusted Price Offer – Assumes that the Mt Oxide Transaction does not complete or the Chalice shares are not distributed

In these circumstances, CBH will increase the Offer to:

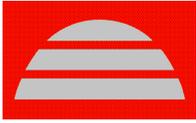
4.2 CBH shares for each Perilya share held ("the Adjusted Price")

On this basis, the Adjusted Price Offer:

- Values each Perilya share at \$0.31² and represents a 13.6%² premium based on the closing price of CBH and Perilya shares on 1 October 2008.
- Represents an offer ratio significantly greater than the ratio agreed to and recommended by CBH and Perilya in the merger announced on 26 March 2008³.

If CBH acquires 100% of Perilya, under the Adjusted Price Offer, Perilya shareholders will own 48.5%² of the enlarged CBH and existing CBH shareholders will own 51.5%².

The conditions of the Offer are set out at the end of this announcement.



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Strong Transaction Rationale

Since termination of the previously announced merger transaction between CBH and Perilya in July 2008, there have been several significant changes which have affected both companies. The commodity and financial markets have deteriorated significantly, and this has led to material changes being made to the mine plans at both Perilya's Broken Hill mine and CBH's Endeavor mine. Perilya has closed out of its hedge book and suspended the Beltana operation, and should the recently announced Mt Oxide transaction be completed, Perilya will be left with only one operational mine at Broken Hill with a limited life.

The Board of CBH believes this transaction is compelling as it will generate substantial benefits for all Perilya shareholders including:

- The opportunity to become shareholders in a multi-mine zinc and lead producer with long life assets and greater ability to see through the current economic and commodity price environment
- Participation in the combination of the adjoining Broken Hill assets and the unique value creation opportunity this provides
- The ability to retain exposure to the Mt Oxide project (if the Mt Oxide Transaction completes and the Perilya Board distributes the Chalice shares to shareholders)
- Significantly higher ownership of the combined entity than that contemplated in the incomplete merger announced on 26 March 2008 under the Adjusted Price Offer
- Exposure to additional base metal projects currently within CBH
- Payment of an attractive upfront premium for their shares
- An investment with increased equity market scale and liquidity

Offer Timetable

CBH currently anticipates that it will lodge its bidder's statement in connection with the Offer later this month, which will set out all the terms of the Offer.

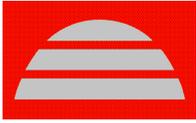
The Offer will be made by Broken Hill Operations Pty Ltd, a wholly owned subsidiary of CBH, and the Offer is expected to be despatched to Perilya shareholders in November 2008. The Offer will be open for at least one month.

CBH is being advised by RBC Capital Markets and Clayton Utz in relation to the Offer.

For further information, please contact:

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Managing Director
CBH Resources Limited
Telephone (08) 9226 5677

Jim Kelly
FD Third Person
Telephone 0412 549 083



Footnotes:

¹ Calculated as follows: (Offer value / (Perilya share price – Chalice pro rata share price) - 1. Pro rata is 200 million shares of Chalice / 196.9 million shares of Perilya as per Perilya's latest 3B.

² Based on closing prices of \$0.27, \$0.073 and \$0.10 for Perilya, CBH and Chalice respectively, as of the close of trading on 1 October, 2008, the day prior to the offer being made public.

³ The original merger ratio announced 26 March 2008 was 1 Perilya share for every 3 CBH shares and 1 Perilya option for every 20 CBH shares held.

CBH Resources Limited offer for Perilya Limited

Conditions (applying to the Base Price Offer and the Adjusted Price Offer)

The Offer will be subject to conditions substantially as set out below.

1. **90% minimum acceptance**

By the end of the Offer Period, CBH and its Associates together have a Relevant Interest in at least 90% of the Perilya shares on issue.

2. **Foreign Investment Review Board**

Before the end of the Offer Period:

- (a) the Treasurer of the Commonwealth of Australia or a delegate of the Treasurer of the Commonwealth of Australia issues a notice stating that the Commonwealth Government does not object to the potential acquisition by CBH of up to 100% of the shares in Perilya and such notice is not subject to any conditions;
- (b) the period provided under the FATA during which the Treasurer of the Commonwealth of Australia may make an order under section 18(2) of the FATA or an interim order under section 22 of the FATA in relation to the acquisition by CBH of the shares in Perilya expires without such an order being made; or
- (c) if an interim order under section 22 of the FATA is made, the subsequent period for making a final order prohibiting the acquisition by CBH of the shares in Perilya lapses without a final order being made.



3. **Other regulatory approval**

Before the end of the Offer Period, CBH has obtained on an unconditional basis all Approvals required by law or by any Public Authority as are necessary in relation to the Offer including to enable the Offer to be lawfully made to and accepted by Perilya shareholders, and all such Approvals remain in full force and effect as at the end of the Offer Period. For the avoidance of doubt, an Approval is not required to be obtained under this condition if this would not:

- (a) restrain or prohibit or otherwise materially adversely affect the making of the Offer, or the completion of any transaction contemplated by the Offer, or the rights of CBH in respect of Perilya and the Perilya shares to be acquired under the Offer; or
- (b) require the divestiture by CBH of Perilya shares, or the divestiture of any assets of the Perilya Group, the CBH Group or otherwise.

4. **No action by a Public Authority adversely affecting the Offer**

Between the Announcement Date and the end of the Offer Period:

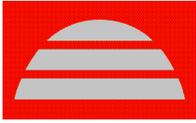
- (a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and
- (b) no application is made to any Public Authority (other than by a member of the CBH Group), and no action or investigation is announced, threatened or commenced by a Public Authority,

in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which:

- (c) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of CBH in respect of Perilya and the Perilya shares to be acquired under the Offer; or
- (d) requires divestiture by CBH of any Perilya shares, or the divestiture of any assets of the Perilya Group, the CBH Group or otherwise.

5. **Acquisition or cancellation of options and performance rights**

By no later than five Business Days before the end of the Offer Period, all options and performance rights granted by Perilya under an Employee Share Scheme are acquired or agreed to be acquired by CBH or cancelled without payment of a material amount in accordance with the terms of such Employee Share Scheme.



6. **Interest in Perilya**

Between the Announcement Date and the end of the Offer Period, no person other than CBH or a Related Entity of CBH obtains a Relevant Interest in more than 20% of Perilya shares.

7. **No Perilya Material Adverse Change**

Before the end of the Offer Period, no Perilya Material Adverse Change occurs, is discovered, announced or disclosed or otherwise becomes known to CBH (whether or not becoming public).

8. **No material transactions, claims or changes**

Except as disclosed in any public announcement by Perilya delivered to ASX prior to the Announcement Date, no member of the Perilya Group has between the Announcement Date and the end of the Offer Period:

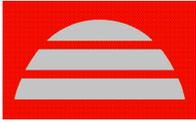
- (a) acquired, offered to acquire or agreed to acquire, or disposed of, offered to dispose of or agreed to dispose of, one or more shares, companies or assets (or an interest in one or more shares, companies or assets) for an amount in aggregate that is material or disposed of, offered to dispose of or agreed to dispose of, any underground mobile mining equipment at Perilya's Broken Hill Operation that has not reached the limit of its economic life;
- (b) disposed of, offered to dispose of, or agreed to dispose of, any interest in any mining or exploration tenement or surrendered or relinquished the whole or part of any mining or exploration tenement other than to give effect to any relinquishment requirement pursuant to the conditions of a tenement, or closed a mine for a period of in excess of five Business Days;
- (c) entered into or offered to enter into any joint venture, asset or profit sharing, partnership or merger of businesses (including through a multiple listed companies structure) or of corporate entities, or concentrate sale agreement, involving a material commitment in aggregate;
- (d) other than in the ordinary course of business, incurred, committed to or brought forward the time for incurring or committing to, or granted to another person a right the exercise of which would involve a member of the Perilya Group incurring or committing to, any capital expenditure or liability, or forgone any revenue, for one or more related items or amounts that are material in aggregate;
- (e) issued or agreed to issue, or authorised or proposed the issue of, any equity, debt or hybrid security (including any security convertible into



shares of any class) or rights, warrants, performance rights or options (including under any Employee Share Scheme) to subscribe for or acquire any such securities;

- (f) recommended, declared, paid or made, or resolved to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash, in specie or otherwise, except for the distribution of Chalice shares to Perilya shareholders referred to in condition 10 below;
- (g) issued or agreed to issue any debentures, or except in the ordinary course of business incurred or increased any indebtedness or become subject to any contingent liability for a material amount in aggregate;
- (h) implemented or entered into any scheme or arrangement or compromise (including one for a reconstruction or amalgamation of any members of the Perilya Group), or a deed of company arrangement, or any analogous procedure, scheme or arrangement in any jurisdiction;
- (i) entered into, renewed or changed the terms of, any contract of service with any director or senior executive of Perilya or another material member of the Perilya Group;
- (j) had any claim made or threatened against it, or litigation, arbitration proceedings, prosecution or other legal proceedings commenced against it;
- (k) waived or compromised any claim for a material amount (or for amounts which in aggregate are material);
- (l) made any changes in its constitution or passed any special resolution;
- (m) borrowed or agreed to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business) for a material amount (or for amounts which in aggregate are material);
- (n) publicly disclosed the existence of any matter described in paragraphs (a) to (m) above;
- (o) entered into any contract, commitment, arrangement or agreement, passed any resolution or made any offer (which remains open for acceptance) with respect to, or publicly announced an intention to, or proposal to, do anything described in paragraphs (a) to (m) above; or
- (p) made any material correction or restatement to any documents lodged by Perilya with ASX or ASIC under its periodic or continuous disclosure obligations under the ASX Listing Rules or the Corporations Act prior to the Announcement Date.

9. Prescribed Occurrences



Before the end of the Offer Period, no Prescribed Occurrence occurs.

10. **Tax consequences of Mount Oxide transaction and distribution of Chalice shares**

The Perilya Group does not incur, and is not reasonably likely to incur, any Tax liability:

- (a) as a result of the transfer of the Mount Oxide Copper-Cobalt Project from Perilya to Chalice in consideration of the issue by Chalice of 200 million ordinary shares to Perilya (as described in the *Agreement to acquire Mount Oxide Copper-Cobalt Project* dated 11 September 2008 lodged by Perilya and Chalice with ASX); or
- (b) if and to the extent at any time it makes an in specie distribution to Perilya shareholders of the 200 million ordinary shares in Chalice to be acquired by Perilya upon completion of the transfer referred to in paragraph (a) above, as a result of that in specie distribution including the transfer of the Chalice shares.

11. **Third party consents**

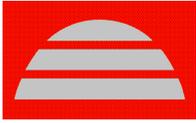
If any member of the Perilya Group is a party to, is bound by, or is subject to, a material agreement, arrangement or understanding which as a result of the acquisition of Perilya shares by CBH under the Offer or a change in control of Perilya as a result of the Offer entitles a Third Party to exercise any rights (including termination rights or pre-emptive rights), then before the end of the Offer Period the Third Party:

- (a) does not exercise, purport to exercise, or state an intention or claim a right to exercise, those rights; and
- (b) gives its unconditional consent to the acquisition of Perilya shares by CBH or otherwise waives unconditionally its entitlement to exercise rights as referred to above.

12. **No persons exercising rights under certain instruments**

After the Announcement Date and before the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any material agreement, arrangement or understanding to which Perilya or any Subsidiary of Perilya is a party, or by or to which Perilya or any Subsidiary of Perilya or any of its assets may be bound or be subject, which results, or could result, in:

- (a) any money borrowed by Perilya or a Subsidiary being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;



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- (b) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
- (c) the interest of Perilya or any Subsidiary in any firm, joint venture, trust, corporation or other entity (or any arrangements related to such interest) being terminated or modified; or
- (d) the business of Perilya or any Subsidiary with any other person being adversely affected,

as a result of the acquisition of Perilya shares by CBH.

Dictionary

Announcement Date means 2 October 2008.

Approvals includes approvals, licences, authorisations, authorities, consents, permissions, clearances, grants, confirmations, orders, exemptions, waivers or rulings.

ASIC means the Australian Securities and Investments Commission.

Associate has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time).

ASX means ASX Limited ACN 008 624 691.

Business Day means a day other than a Saturday, Sunday or public holiday in Sydney.

CBH means CBH Resources Limited ACN 009 423 858.

CBH Group means CBH and its Subsidiaries.

Chalice means Chalice Gold Mines Limited ACN 116 648 956.

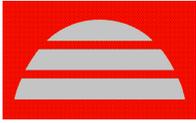
Corporations Act means the Corporations Act 2001 (Cth).

EBIT means earnings before interest and tax.

Employee Share Acquisition Plan means the Perilya employee share acquisition plan that commenced at the end of the 2005/2006 financial year.

Employee Share Option Plan means the Perilya employee share option plan which was approved by Perilya shareholders in November 2006.

Employee Share Scheme includes the Employee Share Acquisition Plan, the Employee Share Option Plan and the Long Term Incentive Plan and any other plan aimed at recruiting, motivating and retaining Perilya employees and executives.



FATA means the Foreign Acquisitions and Takeovers Act 1975 (Cth).

Long Term Incentive Plan means the Perilya long term incentive plan which was approved by Perilya shareholders in October 2007.

Offer means the offer to be made by CBH to acquire all the ordinary shares of Perilya shares.

Offer Period means the period during which the Offer will remain open for acceptance.

Perilya means Perilya Limited ACN 009 193 695.

Perilya Group means Perilya and its Subsidiaries.

Perilya Material Adverse Change means:

- (a) there is a cessation of operations at Perilya's Broken Hill Operation, other than as described in Perilya's announcement to ASX on 21 August 2008;
- (b) any event, matter, change, thing or condition including a decline in cash balances (which individually or when aggregated with all such events, matters, changes, things or conditions) which has occurred or has been disclosed to the market or of which CBH has otherwise become aware since 1 October 2008 and which had, or could reasonably be expected to have (whether now or in the future), a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Perilya Group (taken as a whole) or causes a material delay in operations; or
- (c) Perilya or a Related Entity of Perilya is or becomes unable to pay its debts as and when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act.

Prescribed Occurrence means any of the following events:

- (a) Perilya converts all or any of its shares into a larger or smaller number of shares;
- (b) Perilya or a Subsidiary of Perilya resolves to reduce its capital in any way, except in relation to the distribution of Chalice shares to Perilya shareholders;
- (c) Perilya or a Subsidiary of Perilya:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
- (d) Perilya or a Subsidiary of Perilya issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) Perilya or a Subsidiary of Perilya issues, or agrees to issue, convertible notes;



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- (f) Perilya or a Subsidiary of Perilya disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) Perilya or a Subsidiary of Perilya charges, or agrees to charge the whole, or a substantial part, of its business or property;
- (h) Perilya or a Subsidiary of Perilya resolves to be wound up;
- (i) a liquidator or provisional liquidator of Perilya or of a Subsidiary of Perilya is appointed;
- (j) a court makes an order for the winding up of Perilya or of a Subsidiary of Perilya;
- (k) an administrator of Perilya or of a Subsidiary of Perilya is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Perilya or a Subsidiary of Perilya executes a deed of company arrangement;
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Perilya or of a Subsidiary of Perilya.

Public Authority means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority tribunal, agency or entity.

Related Entity means, in respect of a party, another entity which is:

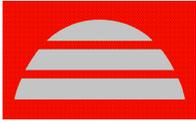
- (a) related to the first entity within the meaning of section 50 of the Corporations Act;
or
- (b) in any consolidated entity (as defined in section 9 of the Corporations Act) which contains the first entity.

Relevant Interest has the meaning given in section 608 and 609 of the Corporations Act.

Subsidiary has the meaning given to that term in section 9 of the Corporations Act.

Tax means any tax, levy, excise, duty (including stamp duty), charge, surcharge, contribution, withholding tax, impost or withholding obligation of whatever nature, whether direct or indirect, by whatever method collected or recovered, together with any penalties, fines, interest or statutory charges.

Third Party means a person other than CBH or a member of the CBH Group.



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