

ASX and Media Release

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PERILYA WELCOMES PANEL DECISION, WITHDRAWAL OF CBH TAKEOVER OFFER - FOCUSES ON ZHONGJIN LINGNAN TRANSACTION

Perilya (ASX:PEM), the New South Wales zinc and lead miner said today that it welcomed the announcement by the Takeovers Panel (Panel) that it had 'decided not to conduct proceedings in relation to the (CBH) application'.

In their announcement of 21 January 2009, the Panel concluded there was no reasonable prospect that it would make a declaration of unacceptable circumstances. Accordingly, the Panel declined to conduct proceedings.

The reasons for the Panel's decision are set out in full on the Panel's website, www.takeovers.gov.au, and Perilya encouraged its shareholders to read the Panel's reasons for its decision in full¹.

Perilya Managing Director, Paul Arndt responded to the Panel's dismissal of CBH's claims, and CBH's subsequent withdrawal of its unsolicited all scrip offer, saying:

"The Perilya Board had been concerned from the outset by CBH's high debt levels, their failure to substantiate claims of 'financial and operational synergy' particularly in the current, adverse metal price environment and failure to provide updated financial information on its operating and financial performance and balance sheet to the market.

"By contrast, the cash received from the proposed \$45.5 million placement to Zhongjin Lingnan, China's third largest zinc producer, will help put Perilya's Broken Hill Operations in the best possible position to weather a prolonged period of low metal prices.

"The Panel's decision smooths the way for the proposed placement of shares to Zhongjin Lingnan to proceed, subject to the approval of our shareholders and FIRB.

"Zhongjin Lingnan conducted a due diligence on Perilya's Broken Hill Operations and revised operating plan, and they are fully supportive of the plan, and the team's achievements to date.

"We believe that Zhongjin Lingnan is an ideal, long-term, strategic partner.

"Perilya's Board stands by its original recommendation to shareholders; that is to vote in favour of the proposed placement to Zhongjin Lingnan and the election of Zhongjin Lingnan's representatives to the Perilya Board.

The President of Zhongjin Lingnan, Mr Zhang Shuijian, said that "this represents a good opportunity to invest in the Australian market and support Perilya."

"Zhongjin is fully supportive of Perilya, its current management team and operating plan. This support will extend to future opportunities for Perilya and its shareholders as they arise," Mr Zhang Shuijian said.

¹ Australian Government Takeovers Panel – [2009] ATP 1 Perilya Limited 02 Reasons for Decision.

The Perilya Board encourages Perilya shareholders to support the proposed Zhongjin Lingnan transaction at the Extraordinary General Meeting scheduled for Thursday, 5 February 2009.

“In the interim, we remain focussed on operating our Broken Hill Operations in a productive, sustainable and responsible manner,” Mr Arndt said.

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Zhongjin Lingnan Transaction

Full details on the Zhongjin Transaction including a profile on Zhongjin Lingnan and an Independent Expert’s Report on the proposed transaction are set out in the company’s Notice of Meeting and Explanatory Memorandum. A copy of which is available by contacting Perilya’s Company Secretary or via the company’s website.

About Perilya

Perilya Limited is an Australian base metals mining and exploration company. Perilya is the operator of the Broken Hill zinc, lead and 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.

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