

27th January 2006

DECEMBER 2005 QUARTERLY REPORT

KEY QUARTER HIGHLIGHTS

- Operations at the Endeavor Mine were interrupted by waste fall within the main 6Z2 production stope;
- Output of zinc and lead concentrates down by 69% and 68% respectively compared to the previous quarter due to the production interruption;
- A new mine plan has been adopted that concentrates on mine development over the next two quarters with a build up to sustained production from mid 2006;
- The Company is progressing towards its second mining operation with the bankable feasibility study for the Sulphur Springs Copper-Zinc deposit at an advanced stage;
- The Company expects to make a loss for the December 2005 half year of around \$15 million with operations expected to return to profitability in the fourth quarter of the 2005-06 financial year.



OPERATIONS

ENDEAVOR MINE, COBAR, NSW

Zinc, Lead, Silver

Production was suspended at the Endeavor Mine on 21 October 2005 for a period of five weeks following intermittent falls of waste ground into the large 6Z2 crown pillar stope. This void continued to gradually self mine upwards for a period of 3 weeks until it reached a geotechnically stable configuration with no further movement being detected by the daily monitoring regime. At the time, the 6z2 stope was the principal production stope for the Mine, and loss of this stope resulted in a 70% reduction in ore output for the quarter compared to the precious quarter.

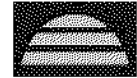
Production Results	Mar 2005 Quarter	Jun 2005 Quarter	Sept 2005 Quarter	Dec 2005 Quarter
Ore Treated (tonnes)	292,200	229,803	271,533	77,558
Zinc %	7.4	7.7	6.8	7.5
Lead %	4.6	4.4	4.1	4.4
Silver g/t	34.9	54.8	51.1	58.0
Zinc Concentrate (tonnes)	34,236	29,014	29,741	9,247
Containing zinc (tonnes)	18,009	15,022	15,392	4,779
Recovery %	83.4	84.5	83.9	82.8
Lead Concentrate (tonnes)	18,203	15,108	15,948	5,035
Containing lead (tonnes)	9,540	7,970	8,507	2,595
Recovery %	70.6	78.0	77.0	76.1
Containing silver (kgs)	5,464	7,471	6,979	2,267

A thorough geotechnical review of the Mine, which included a series of risk assessments, was completed prior to the recommencement of underground operations. Apart from mitigating any potential hazards, this review also highlighted the need to advance development for new production stopes and accelerate backfilling of mined voids so that secondary stopes and pillars are available for extraction.

The detailed geotechnical investigation established that the rock failure was confined to the 6Z2 stope. This is only one of more than 60 stopes contained within the Mine. The main cause for the failure was the presence of a large void above the 6z2 mining stope and was not due to rock stress within that area of the mine.

The geotechnical review also highlighted the need for accelerated backfill in the lower areas of the Mine, and in particular those areas in the existing mine schedule that were shown to be stressed, or had potential to become stressed as mining progressed. However, the review also showed that the upper sections of the mine were de-stressed, with a large amount of pillars and secondary stopes available within the area.

A new Mine Plan has been adopted that emphasises sourcing ore from three areas of the Mine as well as accelerating backfill for mining of secondary stopes. These are the 2 level sulphide near the top of the Mine, the de-stressed section between the 2 level and 5 level and a complete new production level at the base of the current mine development.



The Company has now focused on advancing development ahead of mining in accordance with the new Mine plan. Resources have been diverted to complete a new production level for the Mine that will deliver a series of primary stopes over the next 2 years followed by a series of secondary stopes after backfilling. This area has been advanced following successful drilling of the lower levels of the mine that demonstrated continuity of the ore below the current bottom production level.

The fall of ground above the 6z2 stope damaged the paste backfill lines and delivery hole from the pastefill plant on surface. Paste backfill operations are expected to be re-established in February. In the meantime, waste backfill is being trucked directly to fill those voids that do not require cemented backfill. Arrangements are being pursued to access additional sand fill material for the paste plant within close trucking distance of the Mine in order to provide back-up for the tailings previously used as the bulk material in the paste fill mix. This material could accelerate the delivery of paste fill once the plant recommences operation.

The new production plan with the focus on development has a production build up over the next two quarters to the full mining rate of 1.2 million tonnes per year from mid 2006. From that point forward the Mine will have a series of production areas available both from the new development level and from backfilling operations. The planned build up in Mine output is for 30% capacity or 100,000 tonnes of ore in the quarter ending March 2006 and 60% of capacity or 180,000 tonnes of ore in the quarter ending June 2006.

The long term plan for the Mine is based on a 9 year mine life at a 1.2 million tonnes ore per year production rate. Underground drilling is continuing to add to the reserves and expansion to a Mine output rate of 1.4 million tonnes per year is being reviewed.

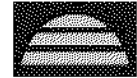
Operating costs at Endeavor have been significantly reduced over the last quarter with the replacement of contractor operations with owner operations from 1 December 2005. During this process, the work force was reduced from 260 to 160 people providing a further substantial cut in costs during the period of low production. Some additions to the workforce will be required as the mine moves back to full production.

NEWCASTLE CONCENTRATE SHIPLOADER

Throughput for the quarter was effected by the reduced production from the Endeavor Mine but shipments for other customers were above budget.

Production Results	Mar 2005 Quarter	Jun 2005 Quarter	Sept 2005 Quarter	Dec 2005 Quarter
Loaded Tonnes	57,334	81,743	70,607	116,770

The new addition to concentrate storage completed in the previous quarter was brought on line, expanding the storage capacity by 25%. The loading facility can now handle more than 500,000 tonnes per year of concentrates.



PROJECT DEVELOPMENT

SULPHUR SPRINGS

Copper, zinc

The bankable feasibility study for a fully integrated open pit operation at Sulphur Springs is on schedule for completion in June 2006.

The Sulphur Springs development is contained within two mining leases located in the Pilbara Region approximately 160 kilometres by road from Port Hedland, one of the world's largest mineral exporting ports.

Production is scheduled to commence by the end of 2007 at a mining rate of 1.25 million tonnes per year of ore to produce 65,000 tonnes per year of copper concentrates (25% Cu) and 75,000 tonnes per year of zinc concentrates (53% Zn) making Sulphur Springs one of Western Australia's largest copper-zinc mines.

The Sulphur Springs deposit is a volcanogenic massive sulphide (VMS) deposit located within a strongly mineralised volcanic horizon that is known to extend for more than 15 kilometres in strike length. The deposit dips at 50° and recent infill drilling has shown that sulphide mineralisation extends to within a few metres of the surface below creek level. These conditions are well suited for open pit development with a geological environment having the potential to extend the orebody along strike.

During the quarter design work was undertaken on the processing plant, water supply, tailings dam, open pit, access roads and power supply to update the previous feasibility study completed by Outokumpu in 2002. Environmental approvals for open pit mining operation are advanced and access agreements are in progress with native title claimants.

BROKEN HILL CML7

Zinc, Lead, Silver

The Company holds Consolidated Mining Lease 7 (CML7) that covers the central 3.8 kilometres of the historic Broken Hill orebody and contains a substantial tonnage of unmined zinc lode mineralisation and remnant lead-zinc-silver lodes which are under evaluation for development. A detailed understanding of the mineralisation, geology and structural trends within CML7 has been developed through drilling programs together with integration of geophysics surveys and digital compilation of past records.

A scoping study into the potential extension of the Kintore open cut has found that a viable project is possible subject to further drilling to more adequately define the distribution of stope fill and remnant sulphides in areas of past underground mining, much of which was mined more than 100 years ago. The remnant sulphides are high grade (+ 20% Zn + Pb) while the stope fill includes sand tailings from past mining that has, in places, returned assays of up to 8% zinc. Variations to the stope fill along the length of CML7 reflect the mining practices of the various previous operators over time. Metallurgical studies for some of the sand fill and oxide ore types have commenced.

The Company is also reviewing mining options for an underground operation for the Western Mineralisation. Previous drilling by the Company has identified a large low to



medium grade resource (16.7mt at 2.2%Pb, 3.3% Zn and 26g/t Ag @ 2%Pb+Zn cutoff). Higher grade zones are present within the Western Mineralisation that are the target for initial production with project planning in progress.

EXPLORATION

COBAR DISTRICT EXPLORATION

Zinc, Lead, Silver, Copper, Gold

The Company holds exploration title covering over 75km of strike length along the eastern margin of the Cobar Basin. Fault structures along this eastern margin host the copper, copper-gold and zinc-lead-silver deposits of the Cobar mining field.

CBH has targeted major fault structures and established mineralisation at four prospect areas through drilling. These prospects are located 10 to 20 kilometres north of the Endeavor Mine. Follow up induced polarisation geophysical surveys were completed over two of these prospects and a further three new prospects to delineate drill targets. Drilling is expected to commence on four of the five targets in the second quarter of 2006.

BROKEN HILL DISTRICT EXPLORATION, NSW

Zinc, Lead, Silver, Copper, Gold

The Company holds a significant exploration land position in the Broken Hill region that hosts numerous occurrences of Pb-Zn-Ag and Cu-Au.

A surface geochemical survey using a portable XRF analyser has commenced in Broken Hill within the "ZincSearch" (CBH - Platsearch - Eaglehawk) JV titles. The programme is utilising a new technology that provides in-situ analysis of surface soil for a wide range of elements with results available immediately. Coupled with GPS positioning, the NITON XRF analyser enables areas to be geochemically mapped rapidly and with an unprecedented level of detail. The technology is effective where there are large areas of shallow residual soils, such as much of the Broken Hill Block.

The sampling programme commenced during the December 2005 quarter within the Copper King tenement, located 14 kilometres south east of Broken Hill. Approximately 1,700 sites have been sampled to date. Results have defined a zone of strong lead and zinc values (up to 3.1% lead and 1.8% zinc) that extends over a strike length of at least 800 metres. This zone had been defined only partially by previous conventional soil sampling and has not been drill tested by previous explorers.

The joint venture is confident that the ZincSearch sampling programme will quickly generate a large number of new drilling targets.

CBH is funding the Stage One geochemical programme after which it will hold a 60% interest in the Joint Venture tenements.

The remaining CBH exploration titles at Broken Hill are under joint venture with Minotaur Exploration (ELs 6002 and 6070) and Perilya Mines (EL 6059). The parties are currently proceeding through the Right to Negotiate process in order to obtain approvals to commence drilling.



PANORAMA EXPLORATION, WA

Zinc, Copper

CBH Resources is earning a 60% equity stake in the Panorama JV with Sipa Resources by funding exploration. Field activities commenced in the quarter, with geological mapping and geochemical sampling on the Marker Chert from Sulphur Springs through to Anomaly 45. In addition, compilation of the geological, geophysical and geochemical data sets of the historical Panorama project has started, and will provide a digital basis for targeting exploration in 2006.

CORPORATE - FINANCE

The interruption to production at the Endeavor Mine and the subsequent recommencement at reduced production levels has had a significant impact on operating cash flows and profitability.

The audited half yearly results for the Company will not be available until mid March however the unaudited operating cash flow figures for the Company for the half year to 31 December 2005 show a deficit of \$9.5 million. During that period an additional \$13.9 million of capital was spent on exploration, mine development and plant equipment.

At 31 December 2005 the Company had cash reserves of \$7.5 million, bank debt of \$5.1 million and commercial hire purchase financing of \$1.8 million. The Company has on issue \$19.9 million in convertible notes (ASX Code CBHG).

In addition to the operating losses for the December 2005 half year the Company will be writing down items of capital expenditure, in particular paste plant commissioning costs, such that the Group loss for the half year is expected to exceed \$15 million.

The new production plan adopted for the Endeavor Mine provides for a gradual build up of production output over the second half of this financial year and a return to profit in the fourth quarter. The cash flow from operations is expected to break even for the half year to June 2006.

A return to full production and strong profitability is expected from August 2006.

At the time of the waste fall in the 6z2 stope the Company was in discussion with Coeur d'Alene as to whether the reserves test had been satisfied so as to entitle CBH to the payment of the remaining \$30 million of the silver sale transaction. As the new mine production plan has impacted on aspects of the current arrangements, Coeur and CBH are negotiating changes to the original agreement to better define the payment schedule.

Greg Jones joined the Company at the beginning of January 2006 in the role of General Manager - Exploration and Geology. Greg is an important addition to the Company's management and will strengthen the Company's ability to undertake exploration programmes and evaluate projects. Greg has 25 years exploration and mining experience in Australia, North America, the Pacific and Asia.



CBH RESOURCES LIMITED

A handwritten signature in black ink, appearing to read 'R. Besley', written in a cursive style.

Robert E. Besley
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Robert E. Besley, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Besley 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 Besley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.