



QUARTERLY REPORT for the period ending 30 September 2009

KEY DEVELOPMENTS

OPERATIONS

ENDEAVOR

- The Endeavor Mine has delivered another strong quarter of production and continues to perform consistently ahead of plan. During the quarter the mine produced 15,250 tonnes of zinc concentrates and 8,400 tonnes of lead concentrates, with contained zinc and lead metal production exceeding budget by 21% for zinc and 25% for lead.
- Although the current low tonnage/higher grade operating strategy will continue throughout FY2010, planning is well advanced for a doubling of production to 850,000 tonnes per annum. To facilitate this production ramp up, recommissioning of the paste plant is scheduled for December.
- C1 cash costs for the September quarter averaged US54.7 cents per pound zinc equivalent, and notional cash flow from operations was \$3.9 million for the quarter.
- Endeavor's excellent safety performance has been maintained with the Lost Time Injury (LTI) free period extending to 549 days at the end of September 2009.

RASP

- The development approvals process for Rasp has commenced with approvals being sought for early stage mining of high grade remnant ore and the integrated development of the Main Lode Orebody and Western Mineralisation. Further drilling is planned to confirm resource categories and in situ tonnages within remnant areas during the December quarter.
- A Project Manager for the development of Rasp is expected to be appointed by the end of the year.

PANORAMA

- A Scoping Study has been undertaken on a potential underground development at Panorama with very encouraging preliminary results.

CORPORATE

- The recapitalisation of the Company was completed during the September quarter after shareholders approved several initiatives on 31 August 2009. A total of \$20.5 million was raised through a Share Purchase Plan ("SPP") and an institutional top up facility, in addition to which the Company now has available to it a \$40 million secured standby loan facility at 5% p.a. interest provided by Toho Zinc Co., Ltd. ("Toho"), CBH's largest shareholder.
- In September the Company completed the sale of its Hera and Nymagee mineral tenements to YTC Resources Limited for \$12 million plus a 5% gold production royalty.
- Cash balance of \$44.9 million at 30 September 2009 (excluding restricted cash of \$12.1 million).



- Buyback of a further \$14.7 million of CBHGA Convertible Note debt for a total cost of \$7.4 million (average 50 cents in the dollar). The total amount of notes bought back and cancelled to date is \$92 million and there remain \$104 million of notes outstanding of which \$50 million are held by Toho.

OPERATIONS

ENDEAVOR MINE, NSW *Zinc, Lead, Silver*

The Endeavor Mine has extended its excellent performance run through the September quarter and has again exceeded budget with production of 15,250 tonnes of zinc concentrates and 8,400 tonnes of lead concentrates.

Production of contained zinc and lead metal in the quarter was 21% and 25% ahead of budget respectively.

The results for the quarter are:

Production Results	September 2009 Quarter	June 2009 Quarter	September 2008 Quarter
Ore Mined (tonne)	115,500	125,000	236,809
Ore Treated (tonne)	118,200	118,700	270,900
Zinc %	7.9	7.9	6.6
Lead %	5.1	5.3	3.2
Silver g/t	60	67	50
Zinc Concentrate (dry tonne)	15,250	15,000	30,000
Contained zinc (tonne)	7,700	7,500	15,000
Recovery %	82.7	80.5	84.0
Lead Concentrate (dry tonne)	8,400	9,000	13,000
Contained lead (tonne)	4,500	4,700	6,700
Recovery %	74.1	74.4	76.8
# Contained silver (kg)	3,000	3,500	7,500

Pursuant to agreements with CDE Australia Pty Ltd ("CDE"), revenue from sales of silver derived from the Endeavor Mine accrues to CDE. CBH receives 50% of the revenue from the silver price above US\$7.00/oz. During the quarter the silver price averaged US\$14.70/oz (London Silver Fixing)

All key underground operating targets were met or exceeded in the mine for the quarter.

The mine is currently operating above plan at an effective annualised production rate of 462,000 tonnes, largely because of the excellent productivity rates being achieved by the smaller workforce of 120.

Combined mining grades (zinc plus lead) in the quarter were 13%. Zinc recoveries increased by over 2% in comparison to the previous quarter following a change in operating strategy to improve recoveries with fine grained complex ores.

Under the revised operating plan implemented in November last year, an annualised production rate of 420,000 tonnes was planned during the current financial year. Planning is well advanced to return the mine to 850,000 tonnes per annum in mid 2010 at the current mining grades. The paste plant is expected to be recommissioned in December ahead of the planned ramp up in production.

Safety performance at Endeavor remains excellent, and the Lost Time Injury (LTI) free period has been extended to 549 days at the end of September 2009. The Total Injury Frequency Rate (TIFR) has also been maintained at an improved level and at the end of September 2009 was 17.3 on a rolling 12 month average basis.



During the September quarter, Endeavor generated notional operating cash flow of \$3.9 million. This result represents a significant turnaround in comparison to the financial results for 2008/9 when significant operating losses were sustained as a consequence of a higher mine cost structure and lower metal prices.

C1 cash costs for the quarter averaged US54.7 cents per pound zinc equivalent, and for the month of September averaged below US 50 cents per pound zinc equivalent.

RASP MINE, BROKEN HILL, NSW *Zinc, Lead, Silver*

Work on defining resources and reserves has continued in the Main Lode orebody with the focus being on blocks 8 and 11 which lie to the south and north respectively of the resources announced in June.

Discussions with the NSW State Government and Broken Hill City Council have taken place to clarify the development approvals process for Rasp, and the requisite applications will be lodged in the December quarter.

A Project Manager for the development of Rasp is expected to be appointed by the end of the year.

PANORAMA, WA *Copper, Zinc*

During the quarter a Scoping Study was undertaken on a possible underground development at Panorama with very encouraging results. Earlier studies had focused on an open cut development of 1.5 million tonnes per annum, however the mines high strip ratio and high capital costs have resulted in a review of alternative development options, including underground mining.

Further work on the underground mine option will be undertaken in the current quarter which will include validation of capital and operating cost estimates.

NEWCASTLE SHIPLoader

The Company's Shiploader at the Newcastle Port services the Endeavor Mine and three other mines in New South Wales. The facility continued to operate efficiently with shipments handled on schedule.

Production Results	September 2009 Quarter	June 2009 Quarter	September 2008 Quarter
Loaded Tonnes (WMT)	96,951	107,260	83,712
Tonnes in storage (WMT - period end)	26,057	19,834	46,018

During the quarter, the Company reached agreement with the owners of the CSA mine, an existing customer, to handle increased concentrate shipments during the next 4 years.

EXPLORATION

An exploration drilling program aimed at defining new resources within a 20km radius of the Endeavor Mine will commence early in the December quarter. This will consist of 5000m of RC drilling and 2000m of diamond core.

Drill programs have been designed for exploration targets close to the Panorama project where 5000m of RC drilling will be undertaken during the current quarter. This will complete the Company's earn in from Sipa Resources Limited of a 60% joint venture interest in the 30 kilometre long belt of mineralised volcanics to the south of Panorama.



RC drilling programs will also commence at the Rasp project in this quarter.

Consolidation of the Groups tenement position continued during the quarter to enable focus of future exploration expenditure on targets close to the Endeavor, Rasp and Panorama projects.

CORPORATE

Group Cash Position

The Company's cash balance at the end of September 2009 was \$44.9 million (excluding restricted cash of \$12.1 million), an increase of \$16.8 million from \$28.1 million at 30 June 2009. The cash position was affected by the following items during the quarter:

- A significant improvement in the operating cash flow performance of Endeavor;
- The receipt of equity proceeds of \$20.5 million raised through the SPP and institutional top-up facility;
- The receipt of sales proceeds of \$11 million received on completion of the sale of Hera to YTC Resources Limited;
- Payment of \$7.4 million for buyback of additional convertible notes ;
- Payment of semi-annual interest of \$4.3 million on outstanding convertible notes.

Sale of Hera Deposit

The sale of the Hera deposit and Nymagee mineral tenements to YTC Resources Limited for \$12 million was completed in late September with the receipt of the balance of \$11 million. A \$1.0 million non-refundable deposit was received in June 2009.

Convertible Notes Buy Back

During September the Company bought back and cancelled a further 14,720 CBHGA Convertible Notes at an average price of \$500 per note. The total cost of this buy back was \$7.4 million. The total number of notes which have been bought back and cancelled to date is 91,983 (\$91.983 million) at an average price of \$302 per Note.

Group Debt

As at 30 September 2009 there were 103,967 convertible notes (\$103.967 million) outstanding which are not due for repayment until May 2012 of which \$50 million are held by Toho.

Other corporate debt consists of an unsecured loan from Toho of JPY1,361.4million (A\$17.3million) and \$6.3 million in equipment commercial hire purchase arrangements.

The A\$40 million standby loan recently made available to the Company by Toho remains undrawn.

Company Recapitalisation

In early July the Company announced a recapitalisation plan which was approved by shareholders at a General Meeting on 31 August 2009. This plan comprised:

- A \$40 million standby loan from Toho secured by the Rasp Mine and the Newcastle Concentrates Shiploader. The loan is for 3 years at an interest rate of 5% p.a. and remains undrawn.
- An SPP which gave shareholders the opportunity to invest up to \$15,000 in equity in the Company at 10 cents a share. The SPP raised \$17.0 million in equity.
- A share top up facility through which existing institutional investors were offered the opportunity to subscribe for additional shares to maintain their pre-SPP percentage shareholdings. The top-up facility raised an additional \$3.5 million.



This new funding will allow CBH to pursue the development of its Rasp Project and ramp up ore production at the Endeavor Mine by mid 2010.

Financial Risk Management

Although the Company continues to fix its exposure to Quotational Price ("QP") price risk for metal sales that have already occurred, there were no QP hedge contracts outstanding at the end of September 2009.

Metal Prices & Currency

The LME zinc cash price averaged US\$1,761/tonne (US\$0.80/lb) for the quarter, up 20% from US\$1,473/tonne (US\$0.67/lb) for the previous quarter.

The LME lead cash price averaged US\$1,928/tonne (US\$0.87/lb) for the quarter, up 29% from US\$1,499/tonne (US\$0.68/lb) for the previous quarter.

The average AUD/USD exchange rate was 0.8331 for the quarter compared to 0.7588 for the previous quarter.

Annual General Meeting

In late August the Company announced its financial results for the year to June 2009. The Annual Report will be available on the Company's website by mid October. The Annual General Meeting is scheduled for Wednesday 17 November 2009 and the Notice of Meeting will be mailed to shareholders in mid October.

OUTLOOK

The outlook for the Company continues to improve as a result of higher metal prices and the successful implementation of recapitalisation initiatives approved by shareholders in August. The Company will continue to pursue a simplified corporate strategy which focuses on the gradual and sustainable ramp up of production at Endeavor to a higher level, and the development of the Rasp Mine at Broken Hill. The potential for an underground mine development at Panorama is encouraging, however it is likely the Company will seek a new development partner for this project. Exploration drilling of high potential targets close to Endeavor will commence in the current quarter.

CBH RESOURCES LIMITED

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