



20 April 2010

Company Announcements Office
Australian Securities Exchange
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam

Toho increases Proportional Offer to 30 cents per share

Following market close on 19 April 2010, the Company received an improved Proposal from Toho Zinc Co., Ltd. ("**Toho**") a copy of which is attached ("**Improved Toho Proposal**").

Under the Improved Toho Proposal, the offer price for Toho's proportional offer for CBH shares has been increased by 20% from \$0.25 per share to \$0.30 per share. The structure and other terms of the proportional takeover offer remain the same as announced to the market on 16 March 2010 (including that Toho will offer to acquire between 26.5% - 28.5% of all shares held by CBH shareholders such that it would acquire a relevant interest in not more than 49.9% of the total issued shares of CBH).

A committee of CBH Directors independent of Toho (the "**Independent Committee**") will meet shortly to consider the Improved Toho Proposal, and will advise shareholders as to its recommended course of action. Before this latest increase in offer price, the Independent Committee had already endorsed Toho's previous proposal which is presently scheduled to be put to CBH shareholders at a general meeting on 28 April 2010.

As advised to shareholders on 12 April 2010, the Company has previously received a new proposal from Nyrstar NV ("**Possible Nyrstar Proposal**") which is to acquire all of the ordinary shares of the Company for \$0.195 per share and to acquire the CBH Convertible Notes at \$1,000 per Note, subject to the satisfaction of certain preconditions. The Company has subsequently facilitated one of the preconditions of the Possible Nyrstar Proposal, being confirmatory due diligence on CBH. Nyrstar



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is yet to advise CBH of the outcome of its due diligence and the impact (if any) on its proposal.

CBH's Independent Committee will shortly provide advice with respect to the Improved Toho Proposal and, until that time, shareholders should take no action. This advice will also include a decision as to whether the 28 April 2010 meeting will proceed as planned

Yours sincerely,

Stephen Dennis
Managing Director

TOHO ZINC CO., LTD.

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19 April 2010

Mr Stephen Dennis
Managing Director
CBH Resources Limited
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2 Elizabeth Plaza
NORTH SYDNEY NSW 2060

Dear Sir

Improved Toho Proposal

We refer to our Revised Toho Proposal (including the Proportional Offer contained in our letter of 29 March 2010) and to Toho Zinc's letter dated 13 April 2010 in response to the Possible Nyrstar Proposal.

Improved Toho Proposal

Toho Zinc advises that it affirms its commitment to the Rasp Transactions as it believes it represents the best strategy forward to develop Rasp and create value for CBH shareholders.

Toho Zinc proposes to improve the Revised Toho Proposal by increasing the offer price under the Proportional Offer component of the Revised Toho Proposal from \$0.25 per share to **\$0.30 per share (Improved Toho Proposal)**.

A pre-condition of the Improved Toho Proposal is that CBH shareholders approve the Rasp Transactions (as disclosed to CBH shareholders by a notice of meeting dated 29 March 2010) on or before Monday, 10 May 2010 either unconditionally or on terms and conditions no less favourable to Toho Zinc than were contained in CBH's notice of meeting dated 29 March 2010.

The other pre-condition (no superior proposal) and proposed terms and conditions of the Improved Proportional Offer will remain the same as advised in our letter dated 29 March 2010 (which was released to ASX on 31 March 2010).

In particular, the Proportional Offer component of the Improved Toho Proposal will not extend to any CBH shares issued pursuant to CBH's proposed offer for Convertible Notes (CBHGA) and will be structured so that, after the implementation of the Rasp Transactions and assuming Toho Zinc's improved proportional offers were taken up by all eligible CBH shareholders, Toho Zinc would have a relevant interest in not more than 49.9% of the total issued shares of CBH.

Improved Toho Proposal is superior to the Possible Nyrstar Proposal

Toho Zinc believes that the Improved Toho Proposal is financially and strategically superior to the Possible Nyrstar Proposal.

The improved Proportional Offer price is financially superior because:

- It represents a **53.8% premium** to CBH's closing share price on Friday 16 April 2010 of 19.5 cents.
- It represents a **53.8% premium** to the offer price under the Possible Nyrstar Proposal of 19.5 cents.
- It implies a value of **21.7 - 25.1 cents** per CBH share, representing approximately a **11.3% - 28.6% premium** to the offer price under the Possible Nyrstar Proposal of 19.5 cents¹

The Improved Toho Proposal is strategically superior for CBH because:

- It provides CBH shareholders the opportunity to realize a significant proportion of their shares at a significant premium to current market prices and to continue as a shareholder and participate in CBH's future operational activities under a clear development strategy.
- It will result in the injection of \$57.5 million cash into CBH and provide CBH with a greater capacity to fund its share of the Rasp project development costs, underpinned by Toho Zinc's commitment to provide CBH with support to secure debt funding for the development of Rasp.
- It ensures that CBH has a committed and well funded joint venture partner for the development and operation of the Rasp project.
- Toho has commenced discussions with Japanese Governmental Institutions JBIC (Japan Bank for International Cooperation) and JOGMEC (Japan Oil, Gas and Metals National Corporation) to fund the Rasp mine development and acquisition.

The Possible Nyrstar Proposal does not give CBH any funding commitment to develop the Rasp Project and does not disclose any strategy for the development of Rasp, if Nyrstar does not acquire 100% of CBH.

The Improved Toho Proposal should be put to CBH shareholders

Toho Zinc believes even if the Possible Nyrstar Proposal becomes a firm proposal, the Independent Board Committee should put the Improved Toho Proposal to CBH shareholders at the 28 April 2010 general meeting and, in any event, by no later than 10 May 2010.

¹ The lower end of the implied valuation range has been determined as the weighted average calculated using a proportional bid for 26.5% of the CBH Shares that Toho does not already own, the lower end of the Independent Expert's valuation range of 18.7 cents per CBH Share prior to the completion of the Revised Toho Transaction (on a control basis) and the improved proportional offer price of \$0.30 per CBH Share.

The higher end of the implied valuation range has been determined as the weighted average calculated using a proportional bid for 27.5% of the CBH Shares that Toho does not already own, the higher end of the Independent Expert's valuation range of 23.2 cents per CBH Share prior to the completion of the Revised Toho Transaction (on a control basis) and the improved proportional offer price of \$0.30 per CBH Share.

CBH should not enter into a takeover agreement with Nyrstar

Toho Zinc confirms that it considers that it would be unreasonable for the Independent Board Committee to lock up CBH under a takeover agreement with Nyrstar and that the Independent Board Committee should provide to Toho the same Due Diligence Information and access to CBH personnel as it provides to Nyrstar.

Other matters

Toho reserves the right not to proceed with the improved Proportional Offer and to withdraw this proposal at any time without notice if an event occurs between the date of this letter and the making of offers under the proportional bid which triggers any of the preconditions or defeating conditions set out or referred to in this letter.

Toho Zinc has not made any final decisions on its response if the CBH shareholders meeting was cancelled or postponed past 10 May 2010 or if Nyrstar publicly proposes a takeover offer. Toho Zinc reserves the right to act in its best interests, to make decisions in light of the prevailing circumstances at the time of its decision and to change earlier decisions, all in its absolute discretion.

Yours faithfully



Tejima Tatsuya
President

Schedule 1 - Conditions

No Superior Proposal

- 1 Before the end of the Offer Period, there is no Superior Proposal.
- 2 **A Superior Proposal** means:
 - 2.1 a takeover bid for CBH Shares on terms and conditions which are more favourable to CBH Shareholders than the Offer; or
 - 2.2 a bona fide Third Party Proposal which the CBH Board determine is more favourable to CBH Shareholders than the Offer.
- 3 **A Third Party Proposal** means any expression of interest, proposal or offer by any person (other than Toho Zinc or any of its associates) to evaluate or enter into any transaction under which:
 - 3.1 that person (together with its associates) may acquire a relevant interest in more than 50% of CBH Shares (including an interest by way of swaps or other equivalent instruments);
 - 3.2 that person may acquire voting power of more than 50% in CBH or any Related Entity of CBH;
 - 3.3 that person may acquire, directly or indirectly (including by way of joint venture or otherwise), any interest in all or a substantial part of the business or assets of CBH or of any Related Entity of CBH;
 - 3.4 that person may otherwise acquire control of or merge or amalgamate with CBH or any Related Entity of CBH;
 - 3.5 CBH will issue more than 15% of its total share capital as at the date of this agreement as consideration for the assets or share capital of another person; or
 - 3.6 CBH will effect or implement any reorganisation, recapitalisation or dissolution.

Shareholder approval of Rasp Transactions

- 4 That CBH shareholders approve the Rasp Transactions (other than the Placement) on or before 10 May 2010 either unconditionally or on terms and conditions no less favourable to Toho Zinc than were contained in CBH's notice of meeting dated 29 March 2010.

FIRB Approval

- 5 Before the end of the Offer Period, one of the following occurring:
- 5.1 the Treasurer of the Commonwealth of Australia (**Treasurer**) advising Toho Zinc, on an unconditional basis, before the end of the Offer Period to the effect that there are no objections to the Revised Toho Proposal in terms of the Federal Government's foreign investment policy; or
 - 5.2 no order being made in relation to the Revised Toho Proposal under the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* within a period of 40 days after Toho has notified the Treasurer of the Revised Toho Proposal and that it proposes to acquire CBH Shares under the Revised Toho Proposal, and no notice being given by the Treasurer to Toho Zinc during that period to the effect that there are any such objections; or
 - 5.3 where an order is made under section 22 of the Foreign Acquisitions and Takeovers Act 1975 (Cth), a period of 90 days having expired after the order comes into operation and no notice having been given by the Treasurer to Toho Zinc during that period to the effect that there are any such objections.

No breach of Rasp Transaction Documents

- 6 Before the end of the Offer Period, all of the conditions precedent to the completion of the Rasp Transactions:
- 6.1 that are not within the sole control of Toho Zinc or its associates; or
 - 6.2 the satisfaction of which are not subject to the direct result of action by Toho Zinc or its associates,
- have been satisfied and there is no outstanding breach of the Rasp Transaction Documents by CBH or any of its Related Entities.
- 7 The **Rasp Transaction Documents** means definitive legally binding agreements relating to the Rasp Transactions including without limitation a Mine Sale Agreement, a Concentrate Sales Agreement and Joint Venture Agreement and the documents contemplated within those documents.

No Material Adverse Change

- 8 Between the date on which Toho Zinc's formal proposal was announced to the market by CBH (**Announcement Date**) and the end of the Offer Period, no event occurs or is announced which, individually or when aggregated with all such events, has or is likely to have a material adverse effect on the business, assets, liabilities, financial or operating position, profitability or prospects of CBH (after taking into account any matters which offset the impact of the event or events giving rise to the adverse effect), other than:
- 8.1 anything which is fully and fairly disclosed in an ASX filing by CBH prior to the Announcement Date; or
 - 8.2 a change in generally accepted accounting principles or the interpretation of them.

Prescribed Occurrences

- 9 Before the end of the Offer Period, none of the following Prescribed Occurrences occur, except as contemplated in the Revised Toho Proposal or as agreed in the Rasp Transaction Documents:
- 9.1 CBH converting all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
 - 9.2 CBH or a subsidiary of CBH resolving to reduce its share capital in any way;
 - 9.3 CBH or a subsidiary of CBH:
 - 9.3.1 entering into a buyback agreement; or
 - 9.3.2 resolving to approve the terms of a buyback agreement under subsections 257C(1) or 257D(1) of the Corporations Act;
 - 9.4 CBH or any company in which CBH holds more than 50% of the issued shares making an issue of Shares or granting an option over the Shares or agreeing to make such an issue or grant such an option other than pursuant to the Note Offer;
 - 9.5 CBH or a subsidiary of CBH issuing, or agreeing to issue, convertible notes;
 - 9.6 CBH or a subsidiary of CBH disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
 - 9.7 CBH or a subsidiary of CBH charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
 - 9.8 CBH or a subsidiary of CBH resolving that it be wound up;
 - 9.9 the appointment of a liquidator or provisional liquidator of CBH or of a subsidiary of CBH;
 - 9.10 the making of an order by a court for the winding up of CBH or of a subsidiary of CBH;
 - 9.11 an administrator of CBH or of a subsidiary of CBH being appointed under section 436A, 436B or 436C of the Corporations Act;
 - 9.12 CBH or a subsidiary of CBH executing a deed of company arrangement; or
 - 9.13 the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of CBH or of a subsidiary of CBH.