



12 April 2010

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

Dear Sir / Madam

### **New Proposal from Nyrstar**

After market close on 9 April 2010 the Company received a new proposal from Nyrstar NV ("Nyrstar"), which could lead to a takeover offer for the Company being made at 19.5 cents per CBH share and \$1000 per CBHGA convertible note. A copy of the Nyrstar proposal dated 9 April 2010 is attached.

The new proposal from Nyrstar is subject to certain preconditions, including a request to complete limited scope, confirmatory due diligence. The Directors of CBH independent of Toho ("Independent Committee") have approved Nyrstar's request to undertake such due diligence and this process has now commenced.

The conditions foreshadowed by Nyrstar in any takeover bid include that the resolutions to be considered by the meeting of CBH shareholders scheduled for 28 April 2010 be not approved or be withdrawn prior to the meeting. At this point the arrangements for this meeting will remain in place, however shareholders will be notified of any changes beforehand.

**Pending further advice from the Independent Committee, shareholders should take no action.**

Yours sincerely,

Stephen Dennis  
Managing Director

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**Strictly Confidential**

9 April 2010



The Board of Directors  
CBH Resources Limited  
C/- Mr. Stephen Dennis  
Level 3, 2 Elizabeth Plaza  
North Sydney, NSW 2060  
AUSTRALIA

Dear Stephen,

## **NYRSTAR and CBH RESOURCES**

### **1. Introduction**

I refer to your letters of 15, 16 and 18 March 2010.

Nyrstar NV ("**Nyrstar**") has now had the opportunity to consider at length the transaction structure of the Revised Proposal set out in our letter of 12 March 2010 with a view to addressing the comments of the CBH Board Independent Committee ("**Committee**") made following CBH's receipt of the Revised Toho Offer.

At this stage we believe that there is a structure that is capable of implementation that addresses the Committee's comments. Specifically, we believe that an offer to acquire all of CBH's ordinary shares (with a 50.1% minimum acceptance), combined with an offer to acquire all of CBH convertible notes with no minimum acceptance condition (see further below) would address the concerns raised by the Committee.

We believe that such a structure, incorporating the terms and conditions set out in sections 3 and 4 below (the "**Possible Nyrstar Proposal**"), would provide a superior outcome to shareholders and noteholders of CBH, in comparison to the Revised Toho Proposal, and is capable of implementation with the support of holders of only 50.1% of CBH shares, thereby addressing the comments of the Committee that resulted from Toho's declared objections to our earlier approach to you.

### **2. Preconditions**

As you will appreciate, in order for us to advance our deliberations in respect of the Possible Nyrstar Proposal it will be necessary for us to complete a limited scope confirmatory due diligence. The scope of this due diligence would be limited to the matters outlined in Attachment A and we believe that it should be capable of completion within 7 business days, subject to CBH making available the necessary people and information. Due diligence in relation to Endeavour would be centred around updating the results of our earlier due diligence conducted in June 2009 and an assessment of the performance since then.

#### **NYRSTAR**

101 WIGMORE ST  
LONDON W1U 1QU  
UNITED KINGDOM

T +44 (0)20 7408 8100  
F +44 (0)20 7408 8101

info@nyrstar.com  
www.nyrstar.com

Nyrstar is a UK branch of  
Nyrstar NV, a company  
incorporated in Belgium.  
Branch number BR009477,  
registered in England and  
Wales.



Obtaining access to relevant people and due diligence materials, and Nyrstar's investigations being satisfactory to it, are preconditions to the Possible Nyrstar Proposal.

Pending satisfactory completion of our due diligence investigations (and execution of an implementation agreement (see below)), no announcements should be made by either party. We believe that such an approach is in the best interests of all stakeholders rather than announcing a possible transaction that remains subject to such preconditions.

The Possible Nyrstar Proposal would also be subject to a precondition that CBH and Nyrstar successfully negotiate a mutually acceptable implementation agreement ("IA"). We anticipate that the IA would be negotiated in parallel with our due diligence review. Nyrstar would expect an IA to include customary M&A implementation agreement provisions.

### **3. Possible Nyrstar Proposal**

If the preconditions described above were satisfied, the proposal that Nyrstar would consider making would be a takeover bid in respect of all of the ordinary shares in CBH at a cash price of A\$0.195 per CBH share or, at CBH shareholders' election, scrip consideration comprising Nyrstar shares at an exchange ratio which would be set prior to announcement of the transaction at a level that would deliver value equivalent to A\$0.195 per CBH share.

The Possible Nyrstar Proposal would apply to 100% of the issued ordinary share capital of CBH, together with any ordinary shares that are issued up to the date of the acquisition as a result of the exercise of options.

Nyrstar would also offer to acquire 100% of the convertible notes on issue at their par value of A\$1,000 per note. Nyrstar would discuss with CBH the optimal form of consideration for acquiring the convertible notes.

Nyrstar believes that the Possible Nyrstar Proposal would adequately address the structuring concerns which have been raised while at the same time providing a superior value proposition to CBH shareholders far exceeding the latest proposed transactions involving Toho.

The Possible Nyrstar Proposal would also provide convertible noteholders with the opportunity to receive a certain and attractive price for their notes (100 cents in the dollar). Nyrstar would consider structuring the offer to noteholders as a takeover offer for all of the notes held by each noteholder. Structuring the offer in this way would allow for more rapid receipt of cash consideration by convertible noteholders compared to relying upon the right to have their notes redeemed in the event of a change in control of the shares.

The offer price per CBH share of A\$0.195 compares to the valuation range of Grant Thornton Corporate Finance ("GTCF") of A\$0.187 - A\$0.232 per CBH share on a control basis. With the Possible Nyrstar Proposal allowing for a note acquisition price of 100 cents in the dollar (consistent with the approach adopted by GTCF), the



Possible Nyrstar Proposal would fall comfortably inside GTCF's assessed valuation range.

#### **4. Conditions**

If an IA were agreed by CBH and Nyrstar, it would set out the detailed conditions applicable to a takeover bid for CBH ordinary shares and a takeover bid for CBH convertible notes. We have not sought to set these out in full in this letter but any takeover bid for CBH ordinary shares would include the following conditions:

- a minimum acceptance condition of 50.1% of CBH ordinary shares;
- CBH not proceeding with any component of the Rasp Transactions, being the transactions relating to CBH's Rasp Project (including the proposed sale of CBH's share of lead and zinc concentrates from the Rasp Project) referred to in CBH's 18 March 2010 announcement to the ASX;
- each of the proposed resolutions set out in the notice of meeting of CBH shareholders dated 29 March 2010 not being approved or being withdrawn prior to the meeting;
- all regulatory approvals and no regulatory actions;
- no material adverse change in CBH's business; and
- other customary conditions such as: no material acquisitions or divestments and no "prescribed occurrences".

Any takeover bid for the CBH convertible notes would include the following additional conditions:

- Nyrstar's takeover bid for the CBH ordinary shares becoming unconditional; and
- All regulatory approvals and no regulatory actions.

#### **5. Other Matters**

The Possible Nyrstar Proposal set out in this letter is incomplete, non-binding and is not intended to constitute, and is not, an offer. The Possible Nyrstar Proposal will not become a proposal of Nyrstar unless and until such time as the preconditions mentioned above are fulfilled.

If your legal advisors believe that this letter or its substance requires public disclosure, we request that you advise Nyrstar prior to making any public announcement.

For the avoidance of doubt, this letter is not, and cannot be considered to be, a proposal, or notification of a proposal, to make a takeover bid for any CBH securities for the purposes of section 631 of the Corporations Act.

We look forward to your response to this letter. In the meantime, should you have any questions please do not hesitate to call me.



Yours sincerely,

A handwritten signature in black ink, consisting of several loops and a trailing flourish.

Erling Sorensen  
Chief Commercial Officer

## Attachment A

### Operational

- Review current performance of Endeavour mine plan versus budget
- Review operating condition of Endeavour concentrator
- Assess development plan for Rasp project
- Critically assess mining methodology and plan for Rasp project
- Review CAPEX requirements for Rasp project

### Technical

- Review mining reserve and resource estimates and grades for Rasp

### Commercial

- Assessment of commercial terms of:
  - key off-take agreements for Endeavour and Rasp (e.g. Toho zinc off-take, CDE silver streaming agreement)
  - key freight agreements for Endeavour and Rasp (e.g. Pacific National, Gear bulk)
  - Newcastle ship-loader lease

### Financial

- Review recent financial performance
- Review actual versus budget operating costs

### Tax

- Identify existence of any material tax issues
- Assess availability of carried forward tax losses

### Legal

- Review status of transactions between CBH and Yunnan Tin Group in relation to Hera assets announced 18 June 2009 (including the proposed tolling agreement in relation to the Endeavour concentrator)
- Review status of announced transactions with Toho
- Confirm CBH equity capital structure (including ordinary shares, notes and options)
- Assess implications of a change of control (>50%) in CBH on CBH noteholders, Toho equity and noteholding and CBH options
- Confirm ownership or rights of use/access of key assets (Endeavour, Rasp and Newcastle Shiploader facility) including key plant and equipment and real property
- Confirm ownership and validity of key mining concessions at Endeavour and Rasp
- Confirm validity of key regulatory approvals/permits for Endeavour, Rasp and Newcastle shiploader facility
- Identify any material encumbrances affecting key assets identified above
- Critically assess terms (including applicable change of control provisions) of:
  - key off-take agreements for Endeavour and Rasp (e.g. Toho zinc off-take, CDE silver streaming agreement (e.g. the implications of a shortfall in silver production))

- key freight agreements for Endeavour and Rasp (e.g. Pacific National, Gearbulk)
- Newcastle ship-loader lease
- other key agreements (e.g. JV agreements) and permits/approvals
- Review status of material disputes or litigation, including current or threatened regulatory investigations (other than those relating to Safety and Environment)
- Identify any required regulatory approvals to affect the transaction

#### **HR and Safety**

- Critically review HR and safety performance at Endeavour and Rasp
- Review status of any current or threatened regulatory investigations relating to safety matters
- Review HR key performance indicators (e.g. employee turnover)
- Review remuneration policies
- Review employment contracts for management team

#### **Environment**

- Critically review environmental performance at Endeavour and Rasp
- Review status of any current or threatened regulatory investigations relating to environmental matters