



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

12 March 2010

Dear Sir / Madam

### **Revised Proposal from Nyrstar NV**

The Company has today received a proposal from Nyrstar NV which could lead to a change of control transaction ("Revised Proposal"). A copy of the Revised Proposal is attached. This follows an earlier proposal from Nyrstar in December 2009 which, after consideration by the Board, was not considered to be a superior proposal to certain transactions involving the Company's major shareholder, Toho Zinc Co., Ltd ("Toho"), as announced on 21 January 2010.

The CBH Board intends to provide a preliminary response to Nyrstar in respect of the Revised Proposal early next week, and has appointed a committee of the Directors independent of Toho to consider the terms of this response.

A decision as to whether to proceed with the shareholders meeting scheduled for March 30, 2010 to consider the Toho transactions will also be made shortly, and shareholders will be notified at the earliest opportunity.

Yours faithfully

**CBH RESOURCES LIMITED**

Stephen J Lonergan  
Company Secretary

**Strictly confidential**

12 March 2009

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

Dear Stephen,

**Improved proposal by Nyrstar NV to acquire all of the ordinary shares and convertible notes in CBH Resources Limited**

**1. Introduction**

Since the initial proposal (dated 18 December 2009) from Nyrstar NV ("**Nyrstar**") to acquire all of the ordinary shares in CBH Resources Limited ("**CBH**") at A\$0.135 per share by scheme of arrangement was rejected, an extensive amount of work has been undertaken by Nyrstar with a view to presenting an improved confidential and conditional proposal ("**Revised Proposal**").

We are pleased to provide you with Nyrstar's Revised Proposal which is a significant enhancement to Nyrstar's initial proposal.

**2. Improved proposal**

Subject to the matters outlined in this letter, Nyrstar's Revised Proposal would include an improved cash payment of A\$0.195 per CBH share or, at CBH's 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 Revised Proposal would proceed by scheme of arrangement and 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 currently outstanding options.

Any acquisition would need to be conditional upon Nyrstar successfully acquiring by a separate scheme of arrangement 100% of CBH's convertible notes at no more than 75% of their face value. Nyrstar would discuss with CBH the optimal form of consideration for acquiring the convertible notes which could involve cash payments to note holders or the issue to them of Nyrstar shares.

Nyrstar believes that its Revised Proposal provides a superior value proposition to CBH shareholders than the transactions involving Toho Zinc Co. for the following reasons:

- The Revised Proposal provides a certain outcome to CBH shareholders at a share price that, prior to Nyrstar's initial proposal, CBH had not achieved since 7 July 2008;
- There is no certainty that Rasp will be developed under the Toho proposal and even if it is developed, it is unclear how CBH would fund its 50% share



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

of the estimated project capital given the limited institutional ownership of CBH;

- The Revised Proposal represents a 44% increase on Nyrstar's initial proposal of A\$0.135 per CBH share;
- The Revised Proposal will provide premiums which greatly exceed the average paid in Australian change in control transactions - a premium of 103% to CBH's closing share price of A\$0.096 on 17 December 2009 and a premium of 93 % to CBH's 30 day volume weighted average share price through to 17 December 2009 of A\$0.101.

The offer price per share of A\$0.195 compares to the valuation range of Grant Thornton Corporate Finance ("GTCF") of A\$0.178-A\$0.227 per CBH share. The GTCF valuation was based on an assumed convertible note valuation of approximately A\$98 million for the remaining convertible notes. Adjusting the convertible note valuation to the price of A\$0.75 in the dollar (consistent with the approach to the notes in Nyrstar's Revised Proposal) would increase the range of the GTCF valuation per share to A\$0.200-A\$0.248 per CBH share.

Nyrstar's offer price would be within 3% of the low end of this adjusted GTCF valuation range. In reviewing the GTCF valuation, we note that the valuation range has been based on a:

- Long term zinc price assumption of US\$1906-1955/t.
- Long term lead price assumption of US\$1808-1857/t.

These long term assumptions have (unusually) not been sourced to a reputable commodity price forecaster or to consensus estimates but rather are solely attributable to GTCF. The assumptions are 10.2-12.5% higher than consensus long term prices in the case of zinc and 34.7-36.4% higher than consensus long term prices for lead.

While sensitivity analysis has not been provided in the concise GTCF report (again, we consider the absence of sensitivity analysis to guide shareholders as being highly unusual), Nyrstar has conducted its own valuation analysis of CBH. Nyrstar estimates that adopting consensus long term zinc and lead prices would reduce the valuation of CBH's assets by at least A\$0.06 per share. After adjusting the GTCF valuation range for consensus pricing rather than GTCF's estimates, we believe Nyrstar's Revised Proposal would be well above the mid point of an adjusted valuation range.

### 3. Conditions

Nyrstar's Revised Proposal is subject to conditions which will include the following key conditions:

**Confirmatory Due Diligence** - Prior to entering into a binding agreement, Nyrstar would complete remaining due diligence investigations on CBH. CBH will recall that Nyrstar carried out extensive due diligence on the Endeavor asset in 2009. Consequently, we are very confident all due diligence could be completed within 15 business days of commencement, subject to the availability of information. Assuming the process to provide relevant information began by 18 March, Nyrstar would finalise its due diligence by 8 April.



***Scheme Implementation Agreement (“SIA”)*** - Successful negotiation of a mutually satisfactory scheme implementation agreement which we expect to negotiate in parallel with our due diligence review. This SIA would include a break fee on terms customary for M&A transactions in Australia. The SIA would be expressed to be subject to customary conditions precedent, including a favourable recommendation being provided by the CBH Board, receipt of regulatory approvals, no material adverse change and Nyrstar shareholder approval should the issue of any Nyrstar shares be required as part of the offer consideration. The SIA would also be conditional upon the convertible notes being dealt with in a manner satisfactory to Nyrstar.

***CBH postponing the Extraordinary General Meeting (EGM) which has been convened to consider the Toho proposal and the CBH transactions involving Toho not being approved by CBH shareholders*** - Further information regarding Nyrstar’s process is set out in this letter. Nyrstar would require a binding SIA to be signed by no later than 8 April. Nyrstar is very confident of completing our due diligence and documentation to achieve this timing. Consequently, only a very short postponement to the CBH EGM for the Toho transactions would be required.

For the avoidance of doubt, the Nyrstar transaction will not proceed if the EGM proceeds on 30 March 2010 and the resolutions to be considered are approved by CBH shareholders.

Nyrstar’s Revised Proposal will contain other standard conditions for an Australian control transaction.

#### **4. Options**

We envisage that Nyrstar would put forward a proposal that would result in the cancellation of all of the CBH options which are on issue on terms which are consistent with the consideration for CBH ordinary shares through the Revised Proposal.

#### **5. Proposed implementation method**

The final structure / implementation method of the transaction would be mutually agreed upon by the parties having regard to financial, legal and tax implications. We believe the most effective means of implementation would be interdependent schemes of arrangement involving all of the ordinary shares and convertible notes of CBH and the Revised Proposal assumes that the transaction proceeds by way of schemes of arrangement. However, Nyrstar would be open to discussions with CBH regarding the optimal structuring approach.

#### **6. Other matters**

This letter is intended to convey Nyrstar’s strong interest in a possible transaction. The Revised Proposal set out in this letter is non-binding and is not intended to constitute, and is not, an offer. The Revised Proposal will remain incomplete until such time as CBH and Nyrstar reach satisfactory agreement with respect to the conditions mentioned above (including negotiation of a mutually satisfactory SIA).



This letter and any subsequent discussions or contact with you and your advisers should be kept strictly confidential. Nyrstar reserves the right to terminate discussions immediately and without any obligation on its part.

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

For the avoidance of doubt, this letter does not, and cannot, be considered to be notification of an offer pursuant to section 631 of the Corporations Act.

## 7. Proposed timing

In light of the CBH EGM scheduled for 30 March 2010, and in order to allow a sufficient period of time for Nyrstar to complete its confirmatory due diligence, Nyrstar requires a response to this letter before the commencement of trading on ASX on Monday, March 15. Should no response be provided, Nyrstar will make a release to Euronext that CBH had failed to provide any response to Nyrstar's materially improved proposal, involving a cash price of A\$0.195 per share.

Should CBH be interested in progressing the Revised Proposal, we would anticipate CBH making an ASX release that Nyrstar had provided an improved proposal and that CBH believed this was a superior proposal to the Toho transactions. CBH would add that it was consequently progressing the Nyrstar proposal so that it could be put to CBH shareholders for their consideration.

Nyrstar could then commit to rapid conclusion of remaining due diligence investigations and prepare transaction documentation (as indicated, by no later than 8 April). Nyrstar will be working towards announcing a definitive agreement by 8 April and would intend to terminate any discussions with CBH should an agreement not be conducted by this date.

We look forward to your response to this letter. In the meantime, should you have any questions please do not hesitate to call either myself or Richard Saywell at UBS AG, Australia Branch.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Erling Sorensen".

Erling Sorensen  
Chief Commercial Officer