



21 April 2010

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

Dear Sir / Madam

Advice from Nyrstar

After market close on 20 April 2010, the Company received the enclosed advice from Nyrstar NV. This is being considered by the Independent Committee of CBH Directors.

We continue to recommend that shareholders should take no action pending further advice from the Independent Committee .

Yours sincerely,

Stephen Dennis
Managing Director

20 April 2010

The Board of Directors
CBH Resources Limited
C/- Mr Stephen Dennis
Level 3, 2 Elizabeth Plaza
North Sydney NSW 2000
Australia



Dear Stephen

Nyrstar and CBH Resources—satisfactory conclusion of due diligence

1. Introduction and transaction update

I refer to your letters of 15, 16 and 18 March 2010 and your announcement to the ASX of 12 April 2010.

Nyrstar NV ("**Nyrstar**") has now concluded our due diligence investigations into CBH Resources Limited ("**CBH**").

We can confirm that nothing has arisen which could cause Nyrstar to amend the terms of the Possible Nyrstar Proposal which was described in our letter to you dated 9 April 2010 and we can confirm that we have no outstanding questions at this stage. The due diligence was completed within the seven business days we had indicated as the maximum time Nyrstar would require. Nyrstar would like to express our gratitude to all of the CBH staff in assisting us with our due diligence enquiries.

You also received from us last Friday a draft Takeover Bid Implementation Agreement ("**TBIA**"). As we mentioned at the time of providing this to you, we have drafted this to minimise the offer conditionality, to reduce the obligations on CBH during the bid implementation phase and to permit CBH to conduct any further discussions with Toho that CBH considers appropriate. We trust you appreciate the spirit in which this document has been drafted, but note that we have not had any communication from you in respect of the document.

I can also confirm that the Board of Nyrstar met on Tuesday 20 April 2010 (European time) and approved proceeding with the Possible Nyrstar Proposal, subject to the following three remaining preconditions (the "**Preconditions**"):

- ♦ finalisation of the TBIA;
- ♦ cancellation or postponement of the Extraordinary General Meeting ("**EGM**") scheduled for 28 April 2010; and
- ♦ each of the Independent Directors recommending offers from Nyrstar in substantially the same form as the Possible Nyrstar Proposal.

These are the only steps that need to be taken to enable Nyrstar to proceed with the Possible Nyrstar Proposal.

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

2. Possible Nyrstar Proposal

Subject to satisfaction of the Preconditions, Nyrstar would be prepared to make offers on the following terms:

- ♦ A takeover bid in respect of all of the ordinary shares in CBH at a cash price of A\$0.195 per CBH share.
- ♦ An offer to acquire 100% of the convertible notes on issue at their par value of A\$1,000 per note.
- ♦ Importantly, the takeover bid for the ordinary shares would be subject to a minimum acceptance condition of only 50.1% while the offer for the convertible notes would not be subject to a minimum acceptance condition.

The Possible Nyrstar Proposal implies an Enterprise Value for CBH of approximately A\$300 million (fully diluted), assuming a CBH cash balance (after deducting interest bearing debt of A\$23.0 million) of A\$14.0 million. Prior to Nyrstar making its initial indicative proposal to CBH on 18 December 2009, the ordinary shares had traded at A\$0.096 and the convertible notes had been trading at \$570 per convertible note at that time. The company had a last disclosed cash position at that time (net of other interest bearing debt) of A\$5.3m which gave CBH an Enterprise Value of A\$157.2 million at that time. The Possible Nyrstar Proposal represents, therefore, a premium of almost 100% to the standalone market valuation of CBH as at December 2009.

3. Offer Conditions

The conditions of a Nyrstar offer for CBH ordinary shares and a Nyrstar offer for CBH convertible notes have been set out in the TBIA provided to you last Friday.

4. Revised Toho proposal

We note that Toho has provided an increased proportional offer for CBH shares on 19 April. We continue to believe that the Possible Nyrstar Proposal provides CBH shareholders with a significantly superior outcome to Toho's proposal for a number of reasons, namely:

- ♦ The Possible Nyrstar Proposal gives CBH shareholders an attractive cash price across 100% of their shareholding in CBH;
- ♦ The Toho proposal still involves the dilutionary approach to buying back the CBH convertible notes. Acquisition of all of the CBH convertible notes will cost CBH shareholders approximately A\$49 million in cash and the issue of approximately 176 million CBH shares at an issue price of only 14¢ per share (of which 90 million will be issued to Toho). This would lift the CBH ordinary shares on issue by 16% to 1,271 million post-transaction;
- ♦ The increased CBH ordinary share count will make it more difficult for CBH shares to trade at the required level to ensure shareholders receive at least the same value available under the Possible Nyrstar Proposal of 19.5¢ per share. If a CBH shareholder accepted the Toho proportional offer of 30¢ per share for 26.5% - 28.5% of their shareholding, the price of their remaining shares would



need to be at least 16¢ per share to provide equivalent value to the Possible Nyrstar Proposal (as mentioned, the share count of CBH will also have increased by up to 16% as a result of the CBH convertible note buyback);

We believe there are several features of the Toho proposal which will limit investor interest in CBH post-transaction. These include:

- ♦ CBH's Rasp off-take will have been provided to Toho as part of the Toho transactions;
- ♦ CBH will have sold 50% of the company's most important growth asset (Rasp) to the company's major shareholder;
- ♦ Toho will emerge with a shareholding of up to 49% which will deliver them effective control of CBH and which will likely reduce trading liquidity in CBH shares and remove any takeover premium in the ongoing trading of CBH shares on market;
- ♦ Under the Toho proposal, the level of acceptances from convertible note holders (other than Toho) is uncertain. Consequently, CBH could still have a material convertible note liability outstanding post-transaction; and
- ♦ While Toho will become a 50% owner of the Rasp deposit, there can be no guarantee that the joint venture between CBH and Toho will proceed to development of Rasp.

5. Other matters

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. However, upon satisfaction of the Preconditions, Nyrstar would proceed immediately to announce the offers comprising the Possible Nyrstar Proposal.

6. Next steps

Nyrstar requires that the Independent Directors confirm in writing by no later than 1.00pm EST on 22 April 2010 that the EGM will be cancelled or postponed and that they will recommend the offers comprising the Possible Nyrstar Proposal (subject to finalisation of the remaining points under the TBIA).

Should the Independent Directors not provide the written confirmation by the specified time, Nyrstar will consider withdrawing its interest in CBH.



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 overlapping loops and a long horizontal stroke at the end.

Erling Sorensen
Chief Commercial Officer