

**CBH Resources Limited and its Controlled Entities
December 2009 Half Year ASX Report**

APPENDIX 4D – HALF YEAR REPORT

CBH Resources Limited

ABN: 27 009 423 858

Half yearly statement for 6 months to 31 December 2009

Previous comparative reporting period being 6 months to 31 December 2008

Results for announcement to the market

| | | | \$'000 |
|---|-------------|----------------|---------------|
| Revenue from ordinary activities | down | 24% to | 61,110 |
| Net profit/(loss) after tax from ordinary activities | up | 120% to | 18,867 |
| Net profit/(loss) attributable to members | up | 120% to | 18,867 |

Dividend

The Company does not propose to pay a dividend in respect of the current period.

Net Tangible Asset Backing

Net tangible assets per fully paid share were \$0.09 as at 31 December 2009 compared with \$0.07 at 31 December 2008.

Explanation of the profit

The Group after tax profit for the 6 month period to 31 December 2009 was \$18.9 million, which includes the reversal of previously recognised impairment losses of \$9.0 million and a gain on the buy back of CBHGA Convertible Notes of \$9.7 million.

The Group operating profit was \$3.5 million. The Endeavor Mine's operating profit was \$7.5 million and the Newcastle Shiploader contributed a profit of \$1.2 million. The increase in base metal prices, along with excellent production performance at Endeavor Mine, were the primary contributing factors to the Group operating profit.

Items which had a significant impact on the Group profit for the six month period included:

- Reversal of previously recognised impairment losses totalling \$9.0 million primarily in relation to the Panorama Project as a result of the completion of a scoping study confirming its economic viability as a high grade underground mine;
- Gain of \$9.7 million on the buy back and cancellation of Convertible Notes which was achieved at an average of 51 cents for every \$1 of Notes bought back; and
- Unrealised foreign exchange gain of \$1.1 million on the yen denominated loan from Toho Zinc Co., Ltd.

Appendix 4D – Half Year Report (continued)

Explanation of revenue

Revenue in the current period of \$61.1 million was lower than for the half year ended 31 December 2008 due primarily to the change in operating strategy and resulting production profile implemented at Endeavor during the financial year 2008/9 in response to deteriorating economic conditions. During the half year ended 31 December 2009 a combined total of 47,200 tonnes of zinc and lead were sold compared to 87,400 tonnes during the half year ended 31 December 2008. The reduced volume of sales was offset by a significant increase in commodity prices with the average Australian dollar price of both lead and zinc being 21% higher during the six months to 31 December 2009 than in the corresponding period in 2008.

The profit after tax attributable to members

Profit after tax attributable to members for the period was \$18.9 million compared to a loss of \$93.2 million in the corresponding half year. The result was a significant improvement on the previous corresponding period due to the increase in base metal prices, the continued excellent production performance of the Endeavor mine under its revised operating strategy, and the absence of any significant impairment losses.



CBH RESOURCES LIMITED
A.B.N. 27 009 423 858

HALF YEAR REPORT

Financial Report
For the Half Year ending
31 December 2009

**CBH Resources Limited – Half Year Report
Contents**

| | |
|---|----|
| Company particulars | 2 |
| Directors' report | 3 |
| Statement of comprehensive income | 7 |
| Statement of financial position | 8 |
| Statement of changes in equity | 9 |
| Statement of cash flows | 10 |
| Notes to and forming part of the Financial Report | 11 |
| Directors' declaration | 16 |
| Independent review report | 17 |
| Auditors' independence declaration | 19 |

CBH Resources Limited – Half Year Report
Company particulars

This half year report covers the consolidated entity comprising CBH Resources Limited and its subsidiaries ("the Group"). The Group's functional and presentation currency is Australian dollars.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' Report on page 3.

| | |
|---|--|
| <p>DIRECTORS Mr. Stephen B Dennis (Chief Executive Officer & Managing Director) Mr. Lewis Marks Mr. Ian R Plimer Mr. Tatsuya Tejima (alternate Fujio Hattori) Mr. Robert M Willcocks</p> <p>COMPANY SECRETARY Mr. Stephen J Lonergan</p> <p>REGISTERED AND HEAD OFFICE Level 3, 2 Elizabeth Plaza North Sydney NSW 2060 PO Box 1967 North Sydney NSW 2059 Telephone: +61 2 9925 8100 Facsimile: +61 2 9925 8111 Email: office@cbhresources.com.au Website: www.cbhresources.com.au</p> <p>SHARE REGISTRY Registries Limited Level 7, 207 Kent Street Sydney NSW 2000 Telephone: +61 2 9290 9600 Facsimile: +61 2 9279 0664</p> | <p>AUDITORS PKF Chartered Accountants Level 10, 1 Margaret Street Sydney NSW 2000 Telephone: +61 2 9251 4100 Facsimile: +61 2 9240 9821</p> <p>SOLICITORS Gadens Lawyers Skygarden Building 77 Castlereagh Street Sydney NSW 2000 Telephone: +61 2 9931 4999 Facsimile: +61 2 9931 4888</p> <p>STOCK EXCHANGE LISTING The Company's shares and convertible notes are quoted on the Official List of Australian Stock Exchange Limited. The Home Exchange is Perth. ASX Code: CBH (Shares) CBHGA (Convertible Notes)</p> <p>AUSTRALIAN COMPANY NUMBER: 009 423 858</p> <p>AUSTRALIAN BUSINESS NUMBER: 27 009 423 858</p> |
|---|--|

CBH Resources Limited – Half Year Report Directors' report

The directors present their report for the half year ended 31 December 2009.

DIRECTORS

The names of the company's directors during the half year ended 31 December 2009 and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr. Stephen B Dennis (Chief Executive Officer & Managing Director)
Mr. Lewis Marks
Professor Ian R Plimer
Mr. Tatsuya Tejima (alternate Mr. Fujio Hattori)
Mr. Robert Willcocks

REVIEW AND RESULTS OF OPERATIONS

Financial Results

The Consolidated results for the half year ending 31 December 2009 and the previous corresponding period are detailed in the statement of comprehensive income and summarised as follows:

| | 2009 | 2008 |
|--|---------------|----------|
| | \$'000 | \$'000 |
| Revenue | 61,110 | 80,278 |
| Loss before income tax, gain on convertible note buy back and impairment | (14) | (51,721) |
| Profit / (loss) before income tax | 18,666 | (90,630) |
| Profit / (loss) after income tax | 18,867 | (93,175) |

Operational Results

Endeavor Mine

The mine operated above plan and achieved an effective annualised production rate of 462,000 tonnes for the half year ended 31 December 2009. The resulting profit for the period was \$7.5 million before interest and tax.

During the half year to 31 December 2009, 231,295 tonnes of ore were treated at an average grade of 7.8% zinc, 4.5% lead and 63 g/t silver. Forecast production was exceeded for the six months to 31 December 2009 with 29,480 tonnes of zinc concentrate (containing 14,900 tonnes of zinc metal) and 14,400 tonnes of lead concentrate (containing 7,340 tonnes of lead metal and 5,800 kgs of silver) being produced.

Mining activities associated with doubling the production rate to 850,000 tonnes per year from July 2010 commenced in the second quarter. Additional development and production drilling activities, together with the successful recommissioning of the paste fill plant in December 2009, have been undertaken to provide Endeavor with the necessary development and drilled stocks for a successful production ramp up during 2010.

C1 cash costs averaged US\$0.66 per pound zinc equivalent for the December half year reflecting the additional work (and costs) associated with the commencement of ramp up activities and below target lead and zinc recoveries.

Safety performance at Endeavor remains excellent and the Lost Time Injury (LTI) free period at 31 December 2009 was 641 days.

**CBH Resources Limited – Half Year Report
Directors' report (continued)**

Newcastle Shiploader

The ship loading facility at the Port of Newcastle handles exports of concentrates from a number of mines in NSW. A total of 202,000 tonnes of concentrate was loaded for the half year compared with 217,000 tonnes in the previous corresponding period. At the period end there were 23,400 tonnes of concentrate in storage awaiting shipment.

The shiploader contributed \$1.2 million profit before interest and tax to the half year result.

Panorama Project Development

A scoping study has confirmed the economic viability of the Panorama Project in Western Australia as a high grade underground mine. The current reserves are predominantly in the Sulphur Springs ore body, and are supplemented by some additional tonnage from the nearby Kangaroo Caves deposit. CBH recently completed an earn in of a 60% interest in the Kangaroo Caves deposit from Sipa Resources Limited.

The scoping study demonstrated that an underground mine with a production rate of 600,000 tonnes per annum is capable of supporting an initial mine life of around seven years at relatively high grades. This initial mine life can be extended by a further two years with production from Kangaroo Caves which is located six kilometres from Sulphur Springs. By targeting ore at average grades of 2% copper and 6% zinc, the mine is expected to produce approximately 279,000 tonnes of zinc (as metal in concentrate), 85,000 tonnes of copper (as metal in concentrate) and 1,170,000 ounces of silver throughout its anticipated nine year life. The geology of the mineralisation lends itself to low cost sub-level open stope mining, and this will enable the operation to generate attractive operating margins.

The total capital expenditure for the underground mine and surface works at Panorama is estimated to be \$160 million, with a further \$16 million required to develop Kangaroo Caves.

CBH has commenced a search for a suitable partner to develop Panorama, and PCF Capital Group has been appointed to undertake a world wide selection process which is expected to be completed by April 2010.

Broken Hill, Rasp Mine Project

Applications for recommencing mining at the Rasp Mine were lodged with the New South Wales State Government and Broken Hill City Council during the period and approvals from both the NSW Department of Primary Industries and the Broken Hill City Council have now been received. Mining operations are expected to commence during the second half of the 2010 calendar year.

Applications for necessary planning approvals for the integrated development of the Main Lode Ore Body and the Western Mineralisation will be lodged in February 2010.

Work has continued on the Main Lode pillar resource with void and geological modelling progressing in the Block 11 and 12 areas to the north of the Kintore Pit. An RC drilling program in and around the Kintore Pit has recently commenced, and it is anticipated that this program will facilitate further upgrades of the Main Lode pillar resource and reserve. This program is expected to be completed by April 2010.

Exploration

Exploration continues to focus on prospective targets within trucking distance of existing and planned operations at Endeavor, Rasp and Panorama.

Dividends

At the date of this report no dividend has been declared or paid in the half year ended 31 December 2009.

CBH Resources Limited – Half Year Report Directors' report (continued)

Finance

During the period shareholders subscribed for \$17 million of shares under a Share Purchase Plan announced by the Company in July 2009. Institutional holders subscribed for a further \$3.5 million of shares under a top up facility bringing the total amount received from subscriptions under these arrangements to \$20.5 million.

In September 2009 the Company completed the sale of its Hera and Nymagee mineral tenements to YTC Resources for \$12 million plus a 5% gold production royalty. An \$11 million cash inflow was recorded during the period to 31 December 2009 in relation to this transaction.

Group debt reduced to \$117.2 million at 31 December 2009 from \$135.6 at 30 June 2009 principally due to the buy back of CBHGA Convertible Notes.

During the period the Company bought back and cancelled 19,930 Notes, with a face value of \$19.9 million, at an average price of \$511 per Note. The total cost of the buy back was \$10.2 million and a profit of \$9.7 million was therefore recorded for the period. The buy back during the half year resulted in a reduction of total future interest obligations to maturity of \$3.9 million. Since commencement of the note buy back initiative in 2008, there have been 97,193 notes with a face value of \$97.2 million which have been bought back at an average price of \$315 representing a reduction in interest obligations of \$24.1 million to maturity of the Notes.

As at 31 December 2009, there were 97,757 Notes on issue with a face value of \$97.8 million. Notes with a face value of \$50 million are held by the Company's largest shareholder, Toho Zinc Co., Ltd. The Notes are unsecured with a fixed interest rate of 7.25% and are not due for repayment until May 2012.

The Company recently announced its intention to make an offer to repurchase all remaining Notes for a combined consideration of \$500 cash and 1,800 CBH shares per Note, subject to shareholders approving the recently announced Toho Transaction in late March 2010 (refer below).

Other corporate debt consists of an unsecured loan from Toho of JPY1,361.4 million (A\$16.4 million) repayable in November 2011, \$6.2 million in equipment commercial hire purchase arrangements and \$0.4 million in insurance premium funding.

The A\$40 million standby loan recently made available to the Company by Toho Zinc Co. Ltd. remains undrawn, however it is expected this facility will be cancelled as part of the Toho Transaction (refer below).

Review of Asset Carrying Values

As at 31 December 2009 the Company reviewed its asset carrying values. Following this review, a net reversal of previously recognised impairment losses, amounting to \$9.0 million, has been recognised as detailed in Note 6 to the Financial Statements.

Financial Risk Management

The Company continues to fix its exposure to Quotational Price ("QP") price risk for metal sales that have already occurred. QP price fixing as at 31 December 2009 had been arranged for 1,450 tonnes of lead at an average price of \$2,286/tonne. Subsequent to 31 December 2009, QP price fixing in respect of sales in late December 2009 was arranged for a further 625 tonnes of lead at an average price of \$2,500/tonne, and 4,300 tonnes of zinc at an average price of \$2,579/tonne.

**CBH Resources Limited – Half Year Report
Directors' report (continued)**

Toho Transaction

On 21 January 2010, the Company announced that it had entered into a binding heads of agreement ("HOA") with its major shareholder, Toho Zinc Co., Ltd ("Toho") in relation to a major company transforming transaction (the "Toho Transaction"). The Toho Transaction includes the sale of 50% of Rasp Mine for \$57.5 million (the "Rasp Transaction") and a placement to Toho to raise an additional \$10 million at 20 cents per share (the "Placement"). Conditional on the Rasp Transaction and the Placement, CBH also announced a proposed buy back of CBHGA convertible notes at \$500 cash plus 1,800 CBH shares per note, with Toho having committed to tender all of its Notes.

The transformational Toho Transaction will assist CBH in unlocking the significant underlying value of its Rasp Project and will strengthen the Company's financial position through a substantial reduction in net indebtedness.

CBH currently anticipates that in February 2010 it will despatch its Notice of Meeting and an Independent Experts Report to shareholders. The shareholders' meeting is expected to take place in March 2010. Further detail is available in the announcement released to the ASX on 21 January 2010.

Nyrstar Proposal

In December, 2009 the Company received a conditional, confidential and incomplete proposal from Nyrstar NV, which could have lead to a change of control transaction. Subsequent to entering into the Toho Transaction in January, the Company notified Nyrstar NV that it did not intend to pursue this proposal.

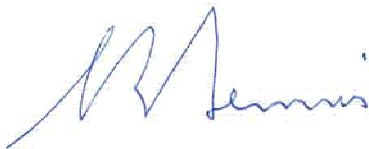
AUDITORS' INDEPENDENCE DECLARATION

In accordance with the audit independence requirements of the Corporations Act 2001, the directors have received and are satisfied with the "Auditors' Independence Declaration" provided by the CBH Group external auditors PKF. The Auditors' Independence Declaration has been attached with the "Independent Review Report" on page 17 of this half year financial report.

ROUNDING AMOUNTS

Pursuant to class order 98/0100 made by the Australian Securities and Investments Commission, the Company has rounded amounts in this report and the accompanying financial statements to the nearest thousand dollars unless specifically stated to be otherwise.

This report is made in accordance with a resolution of the directors.



Stephen B Dennis
Managing Director
Sydney, 11th February 2010

CBH Resources Limited – Half Year Report
Statement of comprehensive income
for the half year ended 31 December 2009

| | Consolidated | |
|---|---|--|
| | For the half year ended 31 December 2009 | For the half year ended 31 December 2008 |
| | Notes | |
| | \$'000 | \$'000 |
| Sale of goods | 58,480 | 76,764 |
| Rental revenue | 289 | 258 |
| Finance revenue | 4 <u>2,341</u> | <u>3,256</u> |
| Revenue from continuing operations | 61,110 | 80,278 |
| Cost of sales | (26,602) | (57,927) |
| Gross profit | 34,508 | 22,351 |
| Other income | 4 <u>11</u> | <u>1,346</u> |
| Distribution expenses | (20,659) | (43,211) |
| Marketing expenses | (76) | (138) |
| Administration expenses | (7,271) | (12,649) |
| Other expenses | 4 <u>(641)</u> | <u>(1,602)</u> |
| Finance costs | 4 <u>(5,886)</u> | <u>(17,818)</u> |
| | (14) | (51,721) |
| Gain on buy back of convertible notes | 5 <u>9,711</u> | <u>49,020</u> |
| Impairment | 6 <u>8,969</u> | <u>(87,929)</u> |
| Profit/(loss) from continuing operations before income tax | 18,666 | (90,630) |
| Income tax benefit/(expense) | 201 | (2,545) |
| Profit/(loss) from continuing operations after income tax | 18,867 | (93,175) |
| Other comprehensive income | | |
| Net change in fair value of available for sale financial assets | 476 | - |
| Total comprehensive income/(loss) for the period attributable to owners | 19,343 | (93,175) |
| | Cents | Cents |
| Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company | | |
| Basic earnings/(loss) per share | 1.8 | (10.55) |
| Diluted earnings/(loss) per share | 1.7 | (10.55) |

The accompanying notes form part of these half year financial statements

CBH Resources Limited – Half Year Report
Statement of financial position

as at 31 December 2009

| | | Consolidated | |
|---------------------------------------|--------------|--|--|
| | Notes | As at 31 December 2009 \$'000 | As at 30 June 2009 \$'000 |
| Current assets | | | |
| Cash and cash equivalents | | 47,145 | 28,183 |
| Trade and other receivables | | 8,923 | 6,747 |
| Other financial assets | | 470 | 163 |
| Inventories | | 11,736 | 11,615 |
| Assets classified as held for sale | | 8,000 | 16,719 |
| Total current assets | | <u>76,274</u> | <u>63,427</u> |
| Non-current assets | | | |
| Available-for-sale financial assets | | 1,344 | 664 |
| Other financial assets | | 11,981 | 11,961 |
| Deferred tax assets | | 26,362 | 22,799 |
| Property, plant and equipment | | 56,572 | 58,885 |
| Development | 7 | 109,036 | 67,948 |
| Exploration and evaluation | 7 | 29,802 | 56,960 |
| Total non-current assets | | <u>235,097</u> | <u>219,217</u> |
| Total assets | | <u>311,371</u> | <u>282,644</u> |
| Current liabilities | | | |
| Trade and other payables | | 16,829 | 11,711 |
| Deferred income | 8 | 1,599 | 2,330 |
| Interest bearing loans and borrowings | 9 | 3,244 | 3,054 |
| Provisions | | 2,213 | 1,999 |
| Total current liabilities | | <u>23,885</u> | <u>19,094</u> |
| Non-current liabilities | | | |
| Deferred income | 8 | 40,260 | 41,480 |
| Interest bearing loans and borrowings | 9 | 113,977 | 132,525 |
| Deferred tax liabilities | | 26,362 | 22,799 |
| Provisions | | 7,423 | 6,893 |
| Total non-current liabilities | | <u>188,022</u> | <u>203,697</u> |
| Total liabilities | | <u>211,907</u> | <u>222,791</u> |
| Net assets | | <u>99,464</u> | <u>59,853</u> |
| Equity | | | |
| Contributed equity | 10 | 181,153 | 160,943 |
| Reserves | | 2,453 | 2,136 |
| Accumulated losses | | <u>(84,142)</u> | <u>(103,226)</u> |
| Total equity | | <u>99,464</u> | <u>59,853</u> |

The accompanying notes form part of these half year financial statements

CBH Resources Limited – Half Year Report
Statement of changes in equity
for the half year ended 31 December 2009

| Consolidated | Share capital \$'000 | Equity compensation reserve \$'000 | Fair value reserve \$'000 | Accumulated losses \$'000 | Total \$'000 |
|---|---------------------------------|---|--------------------------------------|--------------------------------------|-------------------------|
| As at 1 July 2009 | 160,943 | 2,136 | - | (103,226) | 59,853 |
| Profit for the period | - | - | - | 18,867 | 18,867 |
| Other comprehensive income | - | - | 476 | - | 476 |
| Total comprehensive income for the period | - | - | 476 | 18,867 | 19,343 |
| Transactions with owners in their capacity as owners | | | | | |
| Buy back of convertible notes (net of tax) | (454) | - | - | - | (454) |
| Shares issued | 20,541 | - | - | - | 20,541 |
| Employee shares issued | 143 | - | - | - | 143 |
| Equity settled transactions | - | 58 | - | - | 58 |
| Forfeiture/cancellation of employee options | - | (217) | - | 217 | - |
| Transaction costs (net of tax) | (20) | - | - | - | (20) |
| At 31 December 2009 | 181,153 | 1,977 | 476 | (84,142) | 99,464 |

| Consolidated | Share capital \$'000 | Equity compensation reserve \$'000 | Fair value reserve \$'000 | Accumulated losses \$'000 | Total \$'000 |
|---|---------------------------------|---|--------------------------------------|--------------------------------------|-------------------------|
| As at 1 July 2008 | 161,652 | 3,793 | - | (9,388) | 156,057 |
| Total comprehensive loss for the period | - | - | - | (93,175) | (93,175) |
| Transactions with owners in their capacity as owners | | | | | |
| Buy back of convertible notes (net of tax) | (581) | - | - | - | (581) |
| Equity settled transactions | 93 | 324 | - | - | 417 |
| Transaction costs (net of tax) | (18) | - | - | - | (18) |
| At 31 December 2008 | 161,146 | 4,117 | - | (102,563) | 62,700 |

The accompanying notes form part of these half year financial statements

CBH Resources Limited – Half Year Report
Statement of cash flows

for the half year ended 31 December 2009

| | Consolidated | |
|--|--|--|
| | For the half year ended 31 December 2009 \$'000 | For the half year ended 31 December 2008 \$'000 |
| Cash flows from operating activities | | |
| Cash receipts in the course of operations | 57,211 | 82,119 |
| Payments to suppliers and employees | (47,138) | (118,837) |
| Interest received | 993 | 3,926 |
| Finance costs | (4,827) | (7,644) |
| Income tax | - | - |
| Net cash inflow/(outflow) from operating activities | 6,239 | (40,436) |
| Cash flows from investing activities | | |
| Proceeds on sale of other financial assets | - | 24 |
| Proceeds from sale of exploration assets | 11,000 | - |
| (Deposit) / release of cash backed security bonds | (20) | 905 |
| Payment for property, plant and equipment | (1,584) | (4,095) |
| Proceeds from sale of plant and equipment | 4 | 365 |
| Payments for exploration, evaluation and development | (5,396) | (5,510) |
| Net cash inflow/(outflow) from investing activities | 4,004 | (8,311) |
| Cash flows from financing activities | | |
| Proceeds from the issue of shares | 20,541 | - |
| Payment of share issue costs | (23) | (21) |
| Repayment of borrowings | (180) | (202) |
| Repayment of hire purchase | (1,435) | (1,418) |
| Payment for convertible note buy back | (10,184) | (18,608) |
| Net cash inflow/(outflow) from financing activities | 8,719 | (20,249) |
| Net increase/(decrease) in cash held | 18,962 | (68,996) |
| Cash at the beginning of the reporting period | 28,183 | 125,140 |
| Cash at the end of the reporting period | 47,145 | 56,144 |

The accompanying notes form part of these half year financial statements

CBH Resources Limited – Half Year Report
Notes to the financial statements for the half year ended 31 December 2009

1 Corporate information

The financial report of CBH Resources Limited (“the Company”) for the half year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 11 February 2010.

CBH Resources Limited is a company limited by shares that is incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Stock Exchange. CBH Resources Limited has prepared a consolidated financial report incorporating the entities that it controlled during the period. The nature of the operations and principal activities of the Group are described in the Directors’ Report.

2 Summary of significant accounting policies

The half year consolidated financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year consolidated financial report should be read in conjunction with the annual financial report of CBH Resources Limited as at 30 June 2009. It is also recommended that the half year consolidated financial report be considered together with any public announcements made by CBH Resources Limited during and subsequent to the half year ending 31 December 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of preparation

The half year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

(b) Significant accounting policies

The half year financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2009 annual financial statements contained in the Annual Report of CBH Resources Limited.

(c) Basis of consolidation

The half year consolidated financial report comprises the financial statements of CBH Resources Limited and its subsidiaries as at 31 December 2009 (“the Group”).

(d) Rounding of amounts

Amounts in this financial information have, unless otherwise indicated, been rounded to the nearest thousand dollars.

(e) Comparatives

Where applicable, comparatives have been adjusted to disclose them on the same basis as current period figures.

3 Segment information

The consolidated entity operates in two reportable segments being the Endeavor operating zinc/lead mine in Cobar, NSW and the Rasp zinc/lead development project in Broken Hill NSW. For the half year ended 31 December 2009, the Rasp development project contributed an operating loss of \$0.6 million to the net profit before tax of the Group for the period of \$18.7 million. For the half year ended 31 December 2008, the Rasp project contributed an operating loss of \$1.6 million to the net loss before tax of the Group for the period of \$90.6 million. The Rasp project is currently in the development phase and has yet to generate operating revenue.

4 Revenue, income and expenses from continuing operations

| | Consolidated | |
|---|--|--|
| | For the half year ended 31 December 2009 | For the half year ended 31 December 2008 |
| | \$'000 | \$'000 |
| Finance revenue | | |
| Interest revenue | 931 | 3,256 |
| Gain on foreign currency translation | 1,070 | - |
| Fair value gain on held-for-trading financial assets | 340 | - |
| | <u>2,341</u> | <u>3,256</u> |
| Other income | | |
| Net gain on sale of property, plant and equipment | - | 1,280 |
| Scrap and miscellaneous disposals | 4 | 27 |
| Other revenue | 7 | 39 |
| | <u>11</u> | <u>1,346</u> |
| Other expenses | | |
| Exploration and evaluation | 23 | 1,185 |
| Share based payments | 201 | 417 |
| Net loss on sale of property, plant and equipment | 417 | - |
| | <u>641</u> | <u>1,602</u> |
| Finance costs | | |
| Fund raising costs | 28 | 20 |
| Interest costs | 5,256 | 8,055 |
| Unwinding of discount on mine rehabilitation provision | 392 | 215 |
| Net change in fair value of cash flow hedges | 210 | - |
| Loss on sale of held-for-trading financial assets | - | 274 |
| Net change in the fair value of held-for-trading financial assets | - | 853 |
| Net loss on foreign exchange | - | 8,401 |
| | <u>5,886</u> | <u>17,818</u> |
| Depreciation and amortisation | | |
| Depreciation of property, plant and equipment | 5,202 | 4,766 |
| Amortisation of leasehold improvements | 48 | 46 |
| Amortisation of development expenditure | 1,967 | 5,829 |
| Amortisation of resource | 52 | 107 |
| | <u>7,269</u> | <u>10,748</u> |

5 Gain on buy back of convertible notes

During the period 19,930 CBHGA Convertible Notes were bought back at a weighted average cost of \$511 per \$1,000 note. This resulted in a gain of \$9,711,000 being recognised in the statement of comprehensive income as follows:

| | Consolidated | |
|--|---|--|
| | For the half year ended 31 December 2009 | For the half year ended 31 December 2008 |
| | \$'000 | \$'000 |
| Carrying value of convertible notes bought back: | | |
| - classified as financial liability | 19,441 | 66,798 |
| - classified as equity | 454 | 830 |
| | <u>19,895</u> | <u>67,628</u> |
| Cost of buy back of convertible notes | <u>(10,184)</u> | <u>(18,608)</u> |
| Gain on buy back of convertible notes | <u>9,711</u> | <u>49,020</u> |

6 Impairment

| | | |
|---|--------------|-----------------|
| Impairment loss reversal on amount due from Kimberley Metals Ltd. | 1,100 | - |
| Impairment loss on assets held for sale | (1,461) | - |
| Impairment loss on development assets | - | (35,210) |
| Impairment loss reversal / (loss) on exploration assets* | 9,330 | (47,444) |
| Impairment loss on goodwill | - | (5,275) |
| | <u>8,969</u> | <u>(87,929)</u> |

*Following the completion of a scoping study confirming the economic viability of the Panorama Project as a high grade underground mine, previously recognized impairment losses have been reversed to reflect the Directors' assessment of value likely to be realized through exploitation or sale.

7 Development and exploration assets

Movements in the carrying values of development and exploration assets for the period are as follows:

| | Development | Exploration & evaluation | Total |
|---|--------------------|---|----------------|
| Consolidated | \$'000 | \$'000 | \$'000 |
| As at 1 July 2009 | 67,948 | 56,960 | 124,908 |
| Additions | 3,957 | 3,267 | 7,224 |
| Amortisation | (2,019) | - | (2,019) |
| Transfer of Rasp project* | 39,755 | (39,755) | - |
| Transfer to property, plant and equipment | (605) | - | (605) |
| Reversal of impairment loss | - | 9,330 | 9,330 |
| At 31 December 2009 | <u>109,036</u> | <u>29,802</u> | <u>138,838</u> |

*As at 31 December 2009, the Rasp project, previously designated as an exploration asset, has been reclassified as a development project to reflect the fact that the Company is implementing its integrated development plan which will result in mining operations commencing at Broken Hill in the second half of the calendar year.

8 Deferred income

Deferred income relates to the deferral of income received from CDE Australia Pty Ltd (“CDE”) pursuant to the Silver Sale Arrangement. Advance payments received from CDE are amortised as silver is delivered under the terms of the arrangement and there are no future cash outflows associated with this liability.

| | Consolidated | |
|------------------------|---------------------------------------|-----------------------------------|
| | As at 31 December 2009 | As at 30 June 2009 |
| Consolidated | \$'000 | \$'000 |
| Deferred silver income | | |
| Current | 1,599 | 2,330 |
| Non current | 40,260 | 41,480 |
| | 41,859 | 43,810 |

9 Interest bearing loans and borrowings

| Consolidated | Note | Unsecured loans \$'000 | Premium Funding Loan \$'000 | Finance lease liabilities \$'000 | CBHGA* \$'000 | Total \$'000 |
|--|------|---------------------------------------|--|---|--------------------------|-------------------------|
| As at 1 July 2009 | | 17,508 | - | 5,344 | 112,727 | 135,579 |
| Finance charge - unwinding of discount | | - | - | - | 890 | 890 |
| Foreign exchange movement | 4 | (1,070) | - | - | | (1,070) |
| Advances | | - | 599 | 2,279 | - | 2,878 |
| Repayment | | - | (180) | (1,435) | - | (1,615) |
| Buy back of CBHGA | 5 | - | - | - | (19,441) | (19,441) |
| At 31 December 2009 | | 16,438 | 419 | 6,188 | 94,176 | 117,221 |
| Current | | - | 419 | 2,825 | - | 3,244 |
| Non-current | | 16,438 | - | 3,363 | 94,176 | 113,977 |
| At 31 December 2009 | | 16,438 | 419 | 6,188 | 94,176 | 117,221 |

* The face value of the CBHGA convertible notes totals \$98,757,000. The difference between the face value and the carrying value of \$94,176,000 as at 31 December 2009 amounts to \$4,581,000 which is included in equity.

10 Contributed equity

| | Consolidated | |
|---|--|--|
| | As at 31 December 2009 \$'000 | As at 30 June 2009 \$'000 |
| (a) Issued and fully paid up ordinary shares: | | |
| 1,094,602,625 (30 June 2009 – 887,743,425) | <u>181,153</u> | <u>160,943</u> |
| | As at 31 December 2009 Number of shares | As at 31 December 2009 \$'000 |
| (b) Movements in ordinary share capital | | |
| Opening balance 1 July 2009 | 887,743,425 | 160,943 |
| Issue of shares under the Share Purchase Plan announced 8 July 2009 | 169,914,757 | 16,991 |
| Issue of shares under the Institutional Placement announced 8 July 2009 | 35,500,000 | 3,550 |
| Issue of shares under the Employee Share Plan November 2009 | 1,444,443 | 143 |
| Buy back of CBHGA convertible notes | - | (454) |
| Transaction costs (net of tax) | - | (20) |
| | <u>1,094,602,625</u> | <u>181,153</u> |

11 Events subsequent to balance date

Subsequent to 31 December 2009, the Company announced that it had entered into a binding heads of agreement (“HOA”) with its major shareholder, Toho Zinc Co. Ltd (“Toho”) in relation to a major company transforming transaction (the “Toho Transaction”). The Toho Transaction includes the sale of 50% of Rasp Mine for \$57.5 million (the “Rasp Transaction”) and a placement to Toho to raise an additional \$10 million at 20 cents per share (the “Placement”). CBH also announced that conditional on the Rasp Transaction and the Placement being approved by shareholders, it intends to make an offer to buy back all remaining CBHGA convertible notes at \$500 cash plus 1,800 CBH shares per note, with Toho having committed to tender all of its Notes.

In December 2009 the Company received a conditional, confidential and incomplete proposal from Nyrstar NV, which could have lead to a change of control transaction. Subsequent to entering into the Toho Transaction in January 2010, the Company notified Nyrstar NV that it did not intend to pursue this proposal.

All other significant events subsequent to 31 December 2009 have been announced to the Australian Stock Exchange in accordance with the continuous disclosure requirements of the Corporations Act 2001.

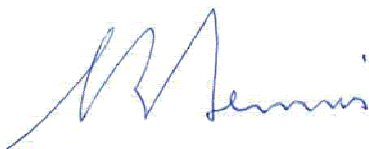
CBH Resources Limited – Half Year Report
Directors' declaration

In the opinion of the directors of CBH Resources Limited ("the Company"):

- 1) the financial statements and notes set out on pages 7 to 15, are in accordance with the *Corporations Act 2001* including:
 - a. giving a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance, as represented by the results of its operations and cash-flows for the half year ended on that date; and
 - b. complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- 2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Signed at Sydney this 11th day of February 2010.

A handwritten signature in blue ink, appearing to read 'Stephen B Dennis', is written over a light blue horizontal line.

Stephen B Dennis
Managing Director



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of CBH Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CBH Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the consolidated entity of CBH Resources Limited. The consolidated entity comprises both CBH Resources Limited (the company) and the entities it controlled at 31 December 2009 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CBH Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CBH Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

PKF

Tim Sydenham
Partner
Sydney, 11 February 2010



Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION – HALF YEAR FINANCIAL REPORT

Auditor's Independence Declaration

As lead auditor for the review of CBH Resources Limited for the half-year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of CBH Resources Limited and the entities it controlled during the half year.

PKF

Tim Sydenham
Partner
Sydney, 11 February 2010