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CBH ENDORSES MAJOR COMPANY TRANSFORMING TRANSACTION WITH TOHO ZINC

CBH Resources Limited (“CBH” or the “Company”) is pleased to announce that it has entered into a binding heads of agreement (“HOA”) with its major shareholder Toho Zinc Co., Ltd (“Toho”).

Highlights of the HOA include:

- **CBH to sell a 50% interest in the Rasp Project at Broken Hill (“Rasp” or the “Project”) to Toho for \$57.5 million and to establish a 50/50 joint-venture for the ownership and development of Rasp (the “Rasp Transaction”);**
- **CBH to raise \$10 million by placing 50 million CBH shares to Toho at \$0.20 per CBH share (the “Placement”). The Placement represents a 48.1% and 54.2% premium to CBH’s last closing price¹ and 30 day VWAP², respectively. Toho shareholding to increase to between 29.6% to 31.8%³;**
- **Following completion of the Rasp Transaction and the Placement, CBH intends to make an offer of \$500 in cash and 1,800 CBH shares per convertible note for all of CBH’s outstanding convertible notes⁴ (the “Notes”);**
- **Toho to tender all of its Notes into the proposed Note offer. If all Noteholders accept the Note offer, CBH’s interest bearing debt position will be reduced by \$98.8 million (or 81%) leaving the Company with total debt outstanding of only \$22.6 million;**
- **The transactions contemplated by the HOA will leave CBH with a total cash position of approximately \$60 million, assuming all Noteholders accept the Note offer;**
- **Toho to purchase all zinc and lead concentrates produced by Rasp for life of mine;**
- **Toho will provide support to CBH to enable CBH to secure debt funding for the Project;**
- **CBH’s Board of Directors has fully endorsed all aspects of the HOA, subject to the emergence of a superior transaction or proposal;**
- **All transactions contemplated by the HOA are conditional upon CBH shareholders providing all necessary approvals; and**
- **The total consideration to be paid by Toho, pursuant to the Rasp Transaction and Placement (the “Toho Transaction”) is \$67.5 million.**

CBH is pleased to announce a Company transforming transaction involving its major shareholder, Toho, which will assist to unlock the significant underlying value of the Company’s Rasp Project and substantially clear the Company’s existing debt, if all outstanding Notes are acquired by CBH.



The CBH Board of Directors (Messrs Tejima and Marks excepted due to their association with Toho) have fully endorsed the Toho Transaction. This endorsement is subject to the emergence of a superior transaction or proposal.

CBH's Managing Director, Stephen Dennis said the transaction will position the Company for sustained future growth.

"This transaction with Toho, our major shareholder, provides the impetus to bring Rasp into production at the earliest opportunity, transforming CBH into a leading zinc and lead producer with cashflow from two producing mines," Mr Dennis said.

Nyrstar NV Proposal

As announced on 11 January 2010, CBH received a conditional, confidential and incomplete proposal (the "Proposal") from Nyrstar NV ("Nyrstar") in late 2009. The Proposal contemplated an acquisition of all the ordinary shares in CBH for \$0.135 per share (payable in either cash or Nyrstar shares) and was expressed to be conditional upon:

- Nyrstar successfully acquiring CBH's Notes at no more than \$750 per Note, with consideration in either cash, Nyrstar shares or Nyrstar convertible notes; and
- Other customary conditions including due diligence, a period of exclusivity to complete due diligence and definitive documentation, the entering of a mutually satisfactory implementation agreement and Nyrstar Board approval.

The Directors of CBH who are independent of Toho believe that the Toho Transaction is superior to the Nyrstar Proposal.

In light of this, CBH has advised Nyrstar that it does not intend to have substantive discussions with Nyrstar, based on the existing Proposal.

"Given the current trading price of CBH shares, the implied value ascribed to Rasp from the transaction with Toho and the underlying value of Endeavor and the Company's other assets, the Proposal from Nyrstar clearly does not fully reflect the value of CBH shares, nor does it provide any upside for our shareholders," Mr Dennis said.

Rasp Transaction

Through the Rasp Transaction, Toho will purchase a 50% interest in Rasp from CBH for \$57.5 million, which equates to an implied value of \$115 million for 100% of Rasp, or \$0.105⁵ per CBH share. Toho has agreed to provide support to CBH in securing debt funding for the development of Rasp, significantly de-risking the path to production.

Upon the sale of a 50% interest in Rasp, a 50/50 joint-venture will be established between CBH and Toho. CBH will be the operator of the joint-venture and Toho will purchase all zinc and lead concentrates produced by Rasp for life of mine, reflecting the same principles under which Toho currently purchases all zinc concentrates from CBH's Endeavor Mine.

Rasp is based on a new underground development at Broken Hill focused on mining high grade pillars and the unmined Western Mineralisation and Centenary deposits.



The preliminary feasibility study and design of the processing plant and associated facilities for Rasp have been completed, based on a project with a 15 year mine life processing up to 750,000 tonnes per annum. A decline access to the resource was completed in early 2008.

First production is planned for 2010 from a smaller scale mine that will access high grade remnant pillars. From 2012 the larger scale integrated Rasp Mine (which includes all necessary processing facilities) is scheduled to exploit the undeveloped Western and Centenary Lodes. Between 2013 and 2026, contained annual metal production is planned to average 39,000 tonnes of lead, 48,000 tonnes of zinc and 2.3 million ounces of silver. When in full production it is anticipated that the Rasp Mine will provide employment for approximately 150 people.

Placement to Major Shareholder Toho

As part of the Toho Transaction, CBH will raise \$10 million by placing 50 million shares to Toho at \$0.20 per share. The placement represents a 48.1% and 54.2% premium to CBH's last closing price¹ and 30 day VWAP² respectively.

Offer for CBH Notes

Subject to the precondition that completion of the Rasp Transaction and the Placement has occurred, CBH intends to make an offer through a mechanism and subject to conditions yet to be determined for all of its outstanding Notes. Noteholders will be offered \$500 in cash and 1,800 CBH shares per Note⁴. Toho has agreed to tender all of its 50,000 Notes into the offer (which equates to 50.6% of total Notes outstanding). It is expected that the Note offer will be made in about mid April 2010. The Note offers are unlikely to be able to be made before then because of the steps required to achieve completion of the Rasp Transaction and the Placement, which includes the calling of the necessary shareholders' meeting and the preparation of associated documentation including an independent expert's report.

Standby Facility

CBH and Toho have agreed that the \$40 million standby facility established between CBH and Toho in August 2009 will no longer be required should the Toho Transaction proceed. The standby facility will therefore be cancelled upon the Toho Transaction proceeding.

Summary

Total consideration to be paid by Toho under the Toho Transaction is \$67.5 million. Following the Toho Transaction and acceptance by Toho of the Note offer, Toho's ownership of CBH will increase to between 29.6% and 31.8%, depending on the uptake of acceptances under the Note offer from Noteholders other than Toho³.

"These transactions will create significant value for CBH shareholders, by identifying and securing a clear development path for Rasp," Mr Dennis said.

"Toho has again showed its strong support for CBH and we greatly look forward to further strengthening our relationship as the new joint venture is established."



“CBH’s Board of Directors (other than Messrs Tejima and Marks who are associated with Toho) has fully endorsed all aspects of the Heads of Agreement and looks forward to building on the partnership with Toho.”

Shareholder Approval and Timetable

CBH currently anticipates that in February 2010 it will despatch its Notice of Meeting and an Independent Experts Report to shareholders seeking all necessary approvals to enable completion of the transactions described above. The shareholders' meeting is expected to take place in [late] March 2010.

CBH is being advised by RBC Capital Markets and Clayton Utz.

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Footnotes:

¹ Calculated on CBH’s closing price on the Australian Securities Exchange on 20 January 2010.

² Calculated on CBH’s 30 trading day VWAP to 20 January 2010.

³ 31.8% ownership assumes no other Noteholders accept the Note offer. 29.6% ownership assumes all Noteholders accept the Note offer.

⁴ At \$0.14 per share, CBH’s proposed Note offer equates to a value of \$752 per Note

⁵ Calculated using CBH’s ordinary shares outstanding sourced from CBH’s Appendix 3B released 12 January 2010 and a \$115 million implied value for 100% of Rasp