CBH RESOURCES LIMITED

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15 October 2009

Company Announcements Office
Australian securities Exchange
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

2009 Annual Report

Attached is a copy of the Company's 2009 Annual Report. This will be available on the Company's website www.cbhresources.com.au. Shareholders who have provided email addresses to the Company are being so informed. Printed copies are being dispatched to shareholders who have opted to receive a printed copy.

Yours faithfully

Stephen J Lonergan
Company Secretary

CBH Resources Limited

Annual Report 2009

Positioning for **sustainable growth**

CBH Resources Limited

Company Particulars

DIRECTORS

Stephen Dennis (Managing Director)

Lewis Marks

Ian R Plimer

Tatsuya Tejima (alternate – Fujio Hattori)

Robert M Willcocks

COMPANY SECRETARY

Stephen J Lonergan

REGISTERED AND HEAD OFFICE

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AUDITORS

PKF – Chartered Accountants

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Sydney, NSW 2000

Telephone: +61 2 9251 4100

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SOLICITORS

Dibbs Barker

Level 8 Angel Place

123 Pitt Street, Sydney NSW 2000

Telephone: +61 2 8233 9500

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)

ANNUAL GENERAL MEETING

The Annual General Meeting will be held 17 November 2009

AUSTRALIAN COMPANY NUMBER:
009 423 858

AUSTRALIAN BUSINESS NUMBER:
27 009 423 858

CBH Resources Limited

Annual Report 2009

Contents

Key Developments

Operations

Endeavor Mine

- Excellent safety performance with no Lost Time Injuries.
- Successful implementation of new lower tonnage/ higher grade operating plan based on an annualised ore throughput rate of 420,000 tonnes.
- Production of 41,900 tonnes of zinc (106% of budget) 21,300 tonnes of lead (105% of budget) and 17,000kg of silver.
- Substantial reduction in operating costs as reflected by C1 zinc equivalent cash costs averaging US58.6c/lb in the second half of the financial year compared to US97.6c/lb in the first half of the financial year.
- Aggregate deliveries of silver to Coeur d'Alene Australia reached the threshold level of 2,073,000 ounces in November 2008 resulting in all further silver production from Endeavor attracting 50% of the gross revenue to the extent that the silver price exceeds US$7.00/oz

Rasp Project

- Significant resource upgrade with the overall metal content of the Mineral Resource increasing by approximately 225%.
- New Mineral Resource of 16.5 Mt @ 6.6% zinc, 5.1% lead, and 89 g/t silver, with further significant increases expected as the process of geological assessment continues on the remaining 80% of the Main Lode orebody.
- Initial Ore Reserve of 3.2 Mt @ 6.0% zinc, 4.6% lead, and 64 g/t silver.

Corporate

- Cash balance of $28.2 million at 30 June 2009 (excluding restricted cash of $12.0 million held on deposit as security for environmental bonds).
- Significant reduction in corporate debt through the buyback and cancellation of $77.3 million CBHGA Convertible Notes for a total cost of $20.4 million (average 26 cents in the dollar).
- Sale of the Hera and Nymagee mineral tenements to YTC Resources Limited for $12 million plus a 5% gold production royalty. The transaction was completed on 22 September 2009.
- A new 30 year lease for the Carrington Concentrates Shiploader at Newcastle was signed with the Newcastle Port Corporation.
- Decision in January 2009 not to proceed with takeover bid for Perilya Limited.

Subsequent Event – Recapitalisation

- In July 2009, the Company announced a major recapitalisation plan which consisted of:
    - A $40 million secured standby loan facility to be provided by Toho Zinc Co., Ltd ("Toho"), CBH's largest shareholder.
    - A Share Purchase Plan ("SPP") whereby eligible shareholders may purchase up to $15,000 of CBH shares at 10 cents per share.
    - A Toho and institutional shareholder top-up facility to allow Toho and certain other shareholders to subscribe for additional shares at the same price as the SPP after shares under the SPP are allocated.

Shareholders have subscribed for $17.0 million of shares under the SPP and institutional holders have subscribed for an additional $3.5 million of shares under the top-up facility offered by the Company. The total amount received from subscriptions under these arrangements is $20.5 million. Toho did not subscribe for additional shares under the top-up facility.

The recapitalisation plan together with the subscriptions under the SPP and the top-up facility were approved by the shareholders at the Company's Extraordinary General Meeting on 31 August 2009.

With the recapitalisation and unrestricted cash on hand, CBH expects to be able to fund essential capital development at Endeavor and to pursue early stage development activities at the Rasp Project.

Outlook for 2009/10

The 2009 financial year was a very challenging period for the Company. Metal prices collapsed in the first half of the financial year, and as a result production at Endeavor was substantially reduced (regrettably with a large number of resultant job losses) in order to ensure the Company's survival. Other project and corporate activities were also suspended. There was some improvement in metal prices during the second half of the financial year and the Company's financial position stabilised towards the end of this period.

The Company recently announced a number of major recapitalisation initiatives which were approved by shareholders at an Extraordinary General Meeting on 31 August 2009. This has resulted in the Company being reasonably well placed going forward in the 2009/10 financial year. The Company intends to pursue a simplified corporate strategy, focusing on its core operations particularly at Endeavor and Rasp.

Plans for the 2009/10 financial year include:

- The current low tonnage/higher grade operating plan at Endeavor (based on ore throughput of 420,000 tonnes per annum) will be maintained, however a gradual return to higher production (up to 850,000 tonnes per annum) will be pursued provided the recent recovery in metal prices is sustained.
- Recommencing the necessary environmental and governmental approvals for the development of the Rasp Mine. It is likely an integrated mining development will be pursued at Rasp which will involve early stage mining of high grade remnant ore in parallel with an open cut extension of the Kintore pit and the development of the Western Mineralisation.
- Further evaluation work is planned for the Panorama project in Western Australia, and the Company will also consider alternative ownership structures for this project.
- An increase in exploration activity around core operations, particularly at Endeavor.
- Consideration of a restructure and/or buy back of the May 2012 CBHGA Convertible Notes.

Letter from the Managing Director

Dear Shareholder/Noteholder,
The past year has been a very difficult one for CBH and its employees and shareholders.

The global financial crisis saw metal prices fall dramatically throughout 2008 and in response we were faced with no alternative but to undertake a major downsizing of our operations at Endeavor. Regrettably this also resulted in a significant number of job losses, however I can assure you these changes were essential to our very survival as a company.

Metal prices are now recovering and, with strong shareholder support, CBH has been successfully recapitalised through a number of initiatives which were approved by shareholders on 31 August 2009. We are therefore emerging from the recent downturn in a reasonably secure position.

Over the next 2 years, we will be pursuing a much simplified corporate strategy, with the following key objectives:

- The planned and sustainable ramp up of Endeavor Mine from 420,000 tonnes per annum to 850,000 tonnes per annum as metal prices continue to recover
- An integrated mine development at the Rasp Mine in Broken Hill
- Re-evaluation of the Panorama copper/zinc project in Western Australia, with the possible introduction a new development partner.
- A focussed exploration program around our existing operations, particularly at Endeavor

The Rasp Mine continues to show great promise as the process of proving up mineral resources and reserves continues. In July we announced our first mine reserve and an updated mineral resource. We are confident we will be able to develop a new mine at Broken Hill which will have a life span well in excess of 10 years. The process of securing government approvals for the development of Rasp is under way and we are hopeful that some early stage mining activity will be able to commence at Rasp by the middle of next year.

A lot of good work has been done in CBH over the last 12 months in reducing our costs of operation and we intend to continue these efforts going forward. Our financial results for 2008/9 were clearly disappointing, however you will be pleased to know that Endeavor is now generating positve operating cashflow. We also plan to continue to address our level of corporate debt, highlighted by the fact that in the last 12 months we have repurchased and cancelled $92 million of convertible note debt.

I would also like to pay tribute to our Operations team at Endeavor who have been able to maintain an excellent safety record during what has been a very challenging period for CBH. It is indeed a credit to them that they have been able to achieve a period of 457 days without any lost time injuries.

In conclusion, I would like to thank shareholders for their patience and support during 2009 and, in particular, for the strong response we received to our recapitalisation initiatives in August 2009. I would also like to thank all of our employees who have had to bear the brunt of transitional changes implemented during the last year. There is currently a turnaround well under way in CBH and I am confident of better times ahead.

Sincerely

Stephen Dennis
Managing Director

Operating Results

The Group incurred a loss before tax of $93.5 million compared to a loss of $41.0 million for the previous year.

FINANCIAL SUMMARY	2009	2008	2007
Revenue from ordinary activities	$133.2M	$183.2M	$269.5M
Cash flow from operations	($52.7M)	$ 10.9M	$65.0M
Profit / (Loss) before tax	($93.5M)	($41.0M)	$56.2M
Profit / (Loss) after tax	($96.6M)	($29.1M)	$38.7M
Earnings / (loss) per share, undiluted	(10.9) cents	(3.4) cents	5.1 cents
Dividend declared	–	–	–

The Endeavor Mine recorded an operating loss before impairment, interest and tax of $37.0 million. This was a disappointing result which reflected lower production (as a result of production cutbacks) and lower zinc and lead metal prices. The costs associated with downsizing production at the mine are also reflected in this result.

The Newcastle shiploader recorded a profit before interest and tax of $2.1 million for the year.

Sales

Revenue from operating activities was $133.2 million, 27% below the 2007/08 financial year revenues due to a combination of lower metal production and lower zinc and lead metal prices. The Newcastle Shiploader contributed $5.7 million to revenue (including revenue on throughput from the Endeavor Mine).

Cash Flow

The Group incurred an operating cash flow deficit of $52.7 million after interest charges and corporate costs, primarily as the result of the production cutbacks at Endeavour and the significant fall in metal prices which occurred during the year.

The Group's total cash reserves decreased by $97.0 million during the year. The cash outflow from investing activities totalled $20.5 million ($153.2 million in 2007/08) which included funding of $6.5 million in capital expenditure, $6.4 million in exploration and evaluation expenditure and mine development expenditure at Endeavor Mine of $1.9 million. In March 2009, $7.8 million was paid to the National Australia Bank (NAB) to fully cash collateralise environmental bonds issued by the bank. Previously the NAB required the bonds to be cash collateralised to the extent of $4 million. The cash position was also reduced by the $20.4 million cost of buying back and cancelling $77.3 million of CBHGA Convertible Notes at 26 cents in the dollar.

Capital Expenditure

Capital expenditure was $6.5 million during the year, with approximately $5.8 million being for the Endeavor Mine. Capital expenditure at Panorama and Rasp was $0.4 million and $0.3 million respectively.

Exploration and evaluation expenditure

Exploration and evaluation expenditure was $6.4 million during the year. Rasp Mine exploration expenditure was $1.9 million, which predominantly related to the exploration decline prior to it being placed on care and maintenance in June 2008. Endeavor mine exploration expenditure was $2.5 million and Panorama project evaluation expenditure was $1.3 million.

Investments

The company's investment in 16.2 million TNG Limited (TNG) shares originally acquired for $10.9 million was written down further in the profit and loss account at year end by $0.809 million to $0.664 million. The TNG share price at year end was 4.1 cents per share.

The company holds 2 million shares in Cobar Consolidated Resources Limited (CCU) received during the year in consideration for the cancellation of resource clawback rights held by Triako Resources Limited (100% owned by CBH) under the terms of the Wonawinta joint venture agreement. These shares were originally priced at 10.5 cents per share. The CCU share price was 6.5 cents per share at year end and the investment is recorded at a value of $0.13 million.

Sale of Hera Deposit and Nymagee Mineral Tenements

In June 2009 the Company announced the sale of the Hera deposit and the Nymagee mineral tenements to YTC Resources Limited for $12 million. A $1.0 million non-refundable deposit was received in June 2009 and the remaining $11 million purchase price received in mid September.

Impairment Loss

As reported in the half year result to December 2008, the company incurred an impairment loss of $87.9 million. The impairment loss for the full year is $87.7 million which includes:

- Endeavor Mine development and exploration assets – $38.7 million
- Panorama project evaluation and acquisition costs – $15 million
- Hera Deposit & associated exploration – $22 million
- Kimberley Metals Limited receivable payable on commencement of production at Mineral Hill – $6.0 million
- Goodwill associated with the Endeavor Mine – $5.3 million
- TNG investment – $0.8 million

This impairment loss has been partially offset by a $55.2 million gain from the buy back of $77.3 million "CBHGA" Convertible Notes.

Funding

The Group had on issue $118.687 million in convertible bonds (CBHGA) maturing in

May 2012 at year end with $77.3 million having been bought back and cancelled during the year for a gain of $55.2 million. The cost of the buy back was $20.4 million representing a buy back price of 26 cents in the dollar. The Company also has outstanding a yen denominated loan JPY1,361,400,000 ($17.5 million) payable to Toho at an interest rate of 2%p.a. This loan matures in November 2011.

The total amount outstanding under commercial hire purchase funding arrangements was $5.3 million at year end which relates to mobile equipment and certain surface assets at the Endeavor mine.

Cash on deposits with banks at 30 June 2009 totalled $28.2 million, excluding restricted deposits of $12.0 million which are placed with banks as cash collateral deposits as security for environmental bonds issued by those banks.

Recapitalisation

In July 2009, the Company announced a major recapitalisation plan which consisted of:

- A $40 million secured standby loan facility at 5% p.a. interest to be provided by Toho Zinc Co., Ltd ("Toho"), CBH's largest shareholder.
- A Share Purchase Plan ("SPP") whereby eligible shareholders may purchase up to $15,000 of CBH shares at 10 cents per share, a discount of 24.5% to the volume weighted average price of CBH shares over the ASX trading days in the 30 days to 3 July 2009.
- A Toho and institutional shareholder top-up facility to allow Toho and certain other shareholders to subscribe for additional shares at the same price as the SPP after shares under the SPP are allocated.

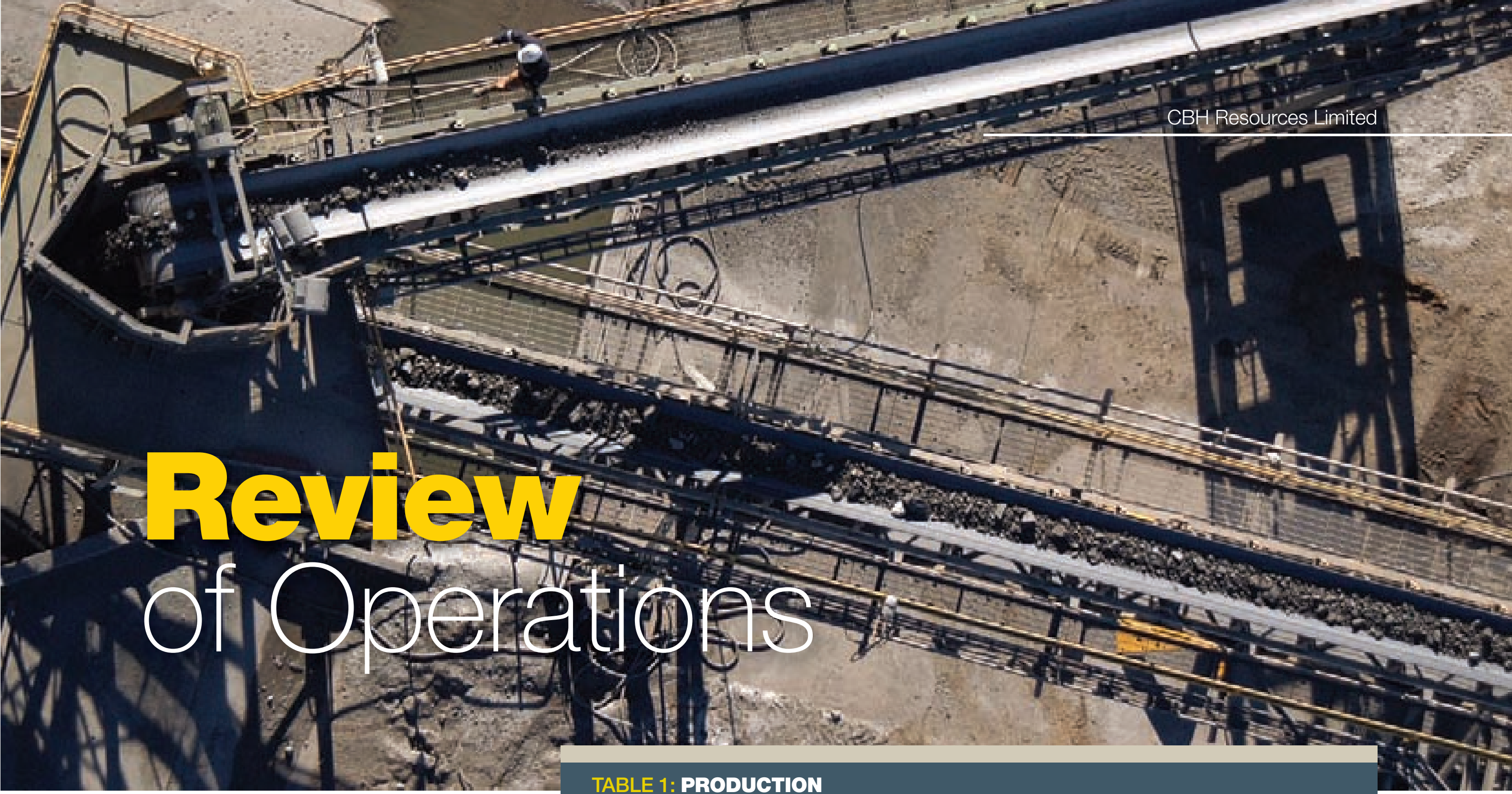
Shareholders have subscribed for $17.0 million of shares under the SPP and institutional holders have subscribed for an additional $3.5 million of shares under the top–up facility offered by the Company. The total amount received from subscriptions under these arrangements is $20.5 million. Toho did not subscribe for additional shares under the top-up facility.

The recapitalisation plan together with the subscriptions under the SPP and the top up facility were approved by the shareholders at the Company's Extraordinary General Meeting on 31 August 2009.

With the recapitalisation and unrestricted cash on hand, CBH expects to be able to fund essential capital development at Endeavor and to pursue early stage development activities at the Rasp Project.

Financial Risk Management

Base metal hedging consisted of a contract to sell 1,000 tonnes of zinc to fix an August 2009 Quotational Period exposure at a zinc price of US$1,569.50 per tonne. There were no foreign exchange contracts outstanding at year end.



Review of Operations

Endeavor Mine

Production from the Endeavor Mine for the full year was stronger than that expected under the revised 420,000 tonne operating plan. Metal production exceeded budget by 6% for zinc and 5% for lead. Mine productivity has improved substantially.

Endeavor's higher grade/ lower tonnage operating plan has achieved consistency in mining grades by significantly reducing external dilution and at the same time improving mine stability. The average combined mining grade (zinc and lead) for 2008/09 was 11%, however this is expected to increase to 12.6% in 2009/10.

Lead recoveries were slightly down from the previous year as a consequence of campaign milling causing some oxidation of ore.

The improved operating performance in the mine was reflected in a significant reduction in the operational cost structure with C1 costs reducing to US58.6c/lb in the second half of the financial year compared to US97.6c/lb in the first half.

Planned production for 2009-10 is:

- 420,000 tonnes of ore processed
- 53,300 tonnes of zinc concentrate
- 28,300 tonnes of lead concentrate

The current plan is to ramp production up to 850,000 tonnes of ore processed in 2010, with zinc and lead concentrate production to effectively double, subject to the outlook for metal prices continuing to improve.

To facilitate the planned increase in production, the paste fill plant at Endeavour is expected to be recommissioned in December this year.

TABLE 1: PRODUCTION

	2009	2008
Ore Treated (tonnes)#	724,900	1,032,500
Zinc %	7.0	5.4
Lead %	4.0	2.8
Silver g/t ##	47	57
Zinc Concentrate (tonnes)	84,000	92,000
Contained Zinc (tonnes)	41,900	46,100
Recovery %	83.2	82.3
Lead Concentrate (tonnes)	41,900	42,600
Contained Lead (tonnes)	21,300	21,300
Recovery %	72.8	73.9
Contained Silver (kgs)##	17,000	26,500

\# *The 420,000 tonne operating plan was not in place for the full year, resulting in higher production than otherwise would be during a 12 month period*

\## *Pursuant to an Amended and Restated Silver Sale and Purchase Agreement dated 28 March 2006 between Cobar Operations Pty Ltd and CDE Australia Pty Limited, a wholly owned subsidiary of Coeur d'Alene Mines Corporation("Coeur"), silver in ore mined or to be mined at the Endeavor Mine has been purchased by Coeur up to 20 million ounces of payable silver. Delivery of such silver commenced on 9 June 2005. CBH now receives 50% of the revenue from the silver price above US$7.00/oz.*

Mineral Resources and Ore Reserves

Mineral Resources for 2009 showed a small increase over the 2008 resource due to additions from the Western Mineralisation and remodelling of the upper mine resource above 9600RL. Drilling was focussed on stope infill programs as well as further definition of the Western Mineralisation. Table 1 shows the Mineral Resource estimates for September 2009. The Mineral Resource estimate is based on a cut-off grade of 3.7% combined lead and zinc.

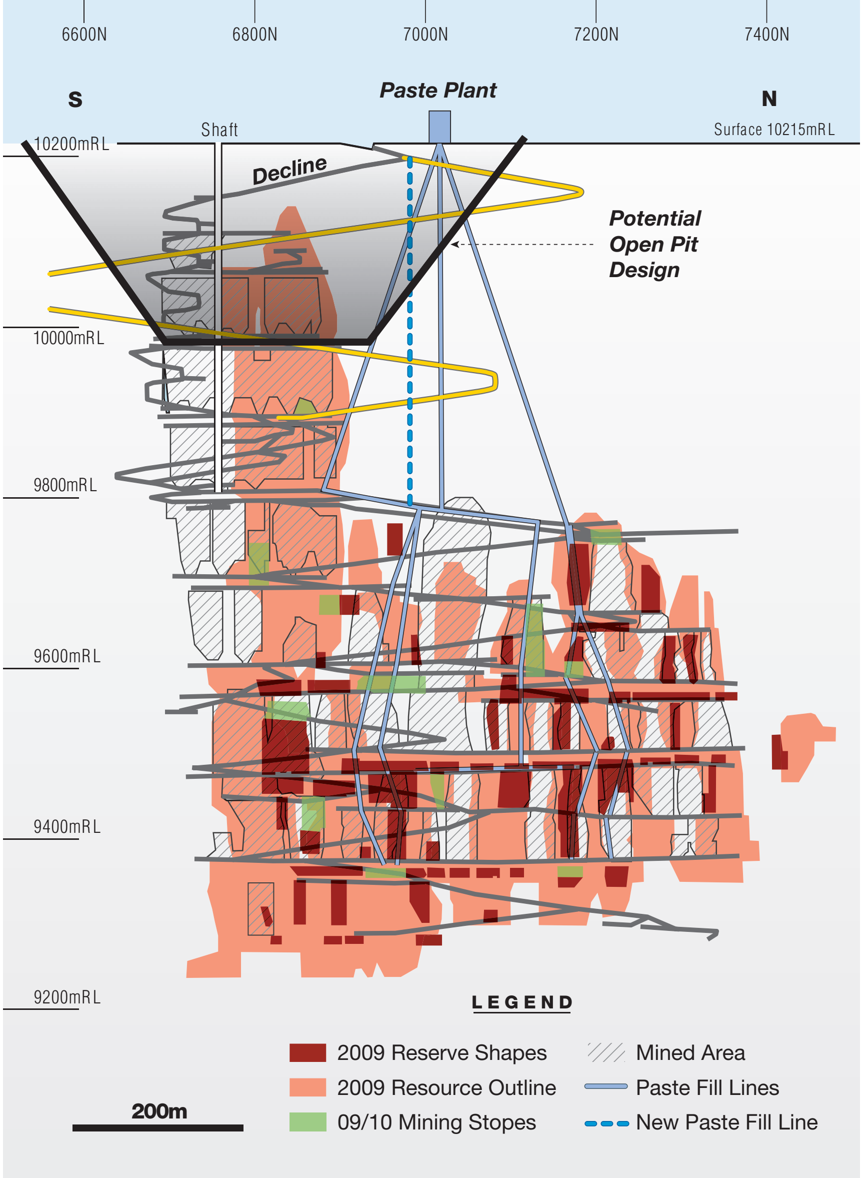
There is potential to add to this resource in a number of areas of the deposit, namely to the north and west of the currently defined ore envelope. Extensional resource drilling will focus on the both the Western Zone and Northern Pods mineralisation in 2009/10 due to their relative proximity to existing underground infrastructure.

The reserves for the Endeavor Mine for 2009 are comprised of both open pit and underground reserves. The open pit reserves were

derived from results from the "Life of Mine – Open Pit Optimisation" provided by Mining One Consultants.

The underground ore reserves were derived from a combination of methods. The bulk of the underground reserve was derived from intersecting three dimension stope shapes with the resource model and applying dilution factors to the in-situ quantities consistent with the previous statement. The remainder of the underground reserve was derived by applying mining factors to the remnant resources.

The ore reserves have been depleted for ore mined up to 31 August 2009. The ore reserves are shown in tables 2 and 3.



Endeavor Reserves and Mine Infrastructure

TABLE 2: ENDEAVOR MINE MINERAL RESOURCE ESTIMATES *

Category	Million Tonnes	Zinc%	Lead%	Silver g/t	Copper%
Measured Resource	10.0	6.6	3.9	61	0.19
Indicated Resource	15.7	6.8	4.2	62	0.18
Inferred Resource	0.5	7.5	5.1	90	0.19
TOTAL	**26.2Mt**	**6.7**	**4.1**	**62**	**0.18**

TABLE 3: ENDEAVOR MINE ORE RESERVE ESTIMATES *

Category	Million Tonnes	Zinc%	Lead%	Silver g/t	Copper%
Proven Reserve	1.8	7.7	5.0	66	0.2
Probable Reserve	5.8	7.5	4.8	108	0.2
TOTAL	**7.6mt**	**7.6**	**4.9**	**98#**	**0.2**

* *The estimated Ore Reserves and Mineral Resources were prepared in accordance with the 2004 Edition of the "Australasian Code for Reporting of Exploration Mineral Resources and Ore Reserves" (the "JORC Code"). The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled under the supervision of Stuart Hutchin (who is employed by Endeavor Operations Pty Ltd) and Visko Sulicich (who is employed by CBH Resources Ltd) and the Ore Reserves were reviewed by Brendan Barker (who is employed by Broken Hill Operations Pty Ltd). Both Mr Hutchin and Mr Barker have sufficient experience which is relevant to the style of mineralisation, the type of deposit under consideration and the activity that he is undertaking to qualify as a Competent Persons as defined by the JORC Code. Each of Mr Hutchin and Mr Barker consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

\# *Pursuant to an Amended and Restated Silver Sale and Purchase Agreement dated 28 March 2006 between Cobar Operations Pty Ltd and CDE Australia Pty Limited, a wholly owned subsidiary of Coeur d'Alene Mines Corporation ("Coeur"), silver in ore mined or to be mined at the Endeavor Mine has been purchased by Coeur up to 20 million ounces of payable silver. Delivery of such silver commenced on 9 June 2005.*

Newcastle Shiploading Facility

The Company owns and operates a concentrate shiploading facility at the Port of Newcastle which handles concentrates for four base metal mines in NSW including the Company's Endeavor Mine. A new 30 year lease has been finalised with the Newcastle Port Corporation. The new lease significantly modernises the original lease which was entered into when the shiploader commenced operations in 1983. Historic restrictions limiting the bulk materials which can be handled by the shiploader have been removed and this will provide the Company with significant scope to increase utilisation of the loader and its associated facilities. The loader has potential to be utilised for imports as well as exports of a variety of bulk products, including coal.

A total of 411,662 tonnes of concentrate was loaded during the year compared to 376,128 tonnes in 2007/08. There was 19,834 tonnes of concentrate in storage awaiting shipment at the end of June. Total revenue for the year was $5.7 million.

Development Projects

RASP MINE PROJECT, BROKEN HILL

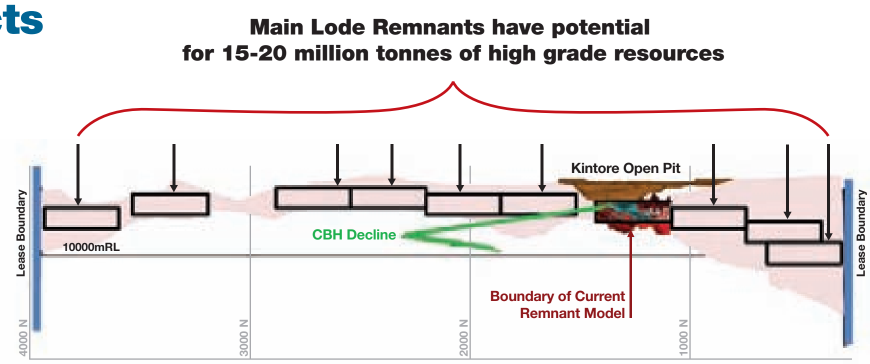
With the Rasp Project decline placed on care and maintenance in June 2008, work has subsequently focussed on upgrading Rasp's Mineral Resource and Reserve. A significant Resource upgrade was announced in July this year, with the lead and zinc metal content of the Resource increasing by 225% and silver by 330%.

With the additional remnant ore identified in the main lode, an integrated operating strategy has been developed that will incorporate a larger extension of the Kintore Pit, both to the south and at depth, operating in parallel with the development of the Western Mineralisation.

Development of the Western and Centenary Mineralisation will be supplemented by mining the higher grade remnants from the original main lode ore body.

Underground mining of the Western Mineralisation will be accessed off the Rasp decline which has been completed to a depth of 350 m below the surface.

Further drilling of the high grade remnants will take place through Quarters 2 and 3 of 2009/10 to provide further information for the open pit



The Rasp Main Lode Ore Body, Section Looking East

Rasp Mine Project, Broken Hill

extensions. The environmental approvals process for the development of Rasp is being fast tracked.

CBH is very confident the Rasp Mine will be developed into a low cost, long life operation

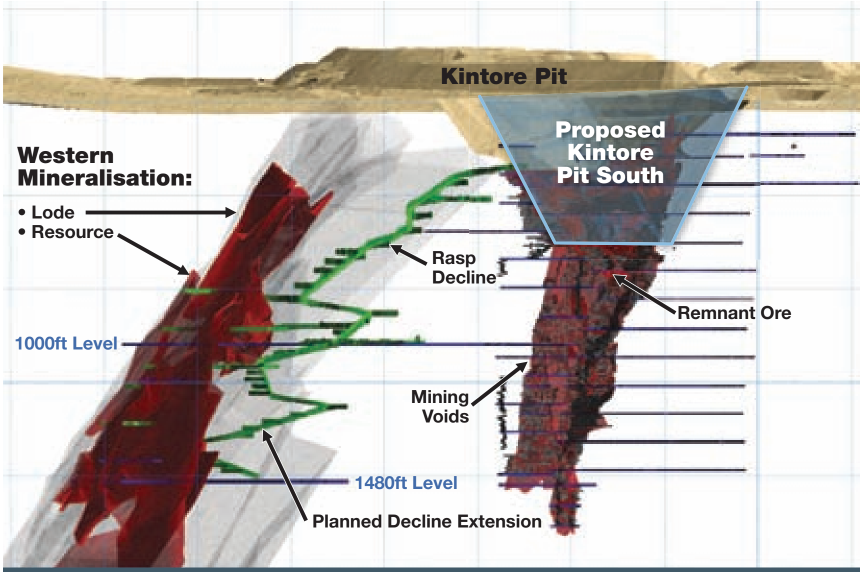
Mineral Resources and Ore Reserves

The Mineral Resource for the project is 16.5 Mt @ 5.1% Pb, 89 g/t Ag & 6.6% Zn an increase from the previously stated 10.1 Mt @ 3.5% Pb, 43 g/t Ag & 4.9% Zn. An initial Ore Reserve has been completed for the project with 3.2 Mt @ 4.6% Pb, 64 g/t Ag & 6.0% Zn.

This follows significant work on the resource models for each of the mineralised lodes for the project. The mineral resource estimate is a combination of the Western Mineralisation, Centenary Mineralisation, Zinc Lodes and the Main Lode Remnants. The development of the mineral resource for the Main Lode Remnants is still in the early stages; with only 420m of the project's 3.5km strike length having been completed providing a Mineral Resource of 3.6 Mt @ 10.6% Pb, 249 g/t Ag & 11.4% Zn. The inclusion of additional Main Lode Remnant material has a significant impact on the economic return of the Rasp Mine Project.

The 2009 Reserves for the Rasp Project are based upon conceptual stope designs within the Western Mineralisation, Zinc Lode and Central Remnant sections of the resource. Further additions to the reserve are possible through definition of conceptual stope shapes in the remainder of the resource areas.

The Mineral Resource and Ore Reserve estimates are shown in tables 4 and 5.



Rasp Mine Integrated Mine Strategy, Section Looking North

TABLE 4: RASP MINE PROJECT **MINERAL RESOURCE ESTIMATES** *

	Category	'000 t	Zn%	Pb%	Ag g/t
Western Mineralisation	Indicated	5,400	5.2	3.9	47
	Inferred	4,500	4.5	3.0	37
Zinc Lode	Indicated	151	11.6	6.6	73
	Inferred	141	9.4	5.1	76
Central Remnants	Indicated	1,294	10.0	9.6	243
	Inferred	2,317	12.2	11.1	251
Centenary Mineralisation	Inferred	2,700	6.1	3.9	49
Total Mineral Resource	**Indicated**	**6,845**	**6.2**	**5.0**	**85**
	Inferred	**9,658**	**6.9**	**5.2**	**92**
	Total	**16,503**	**6.6**	**5.1**	**89**

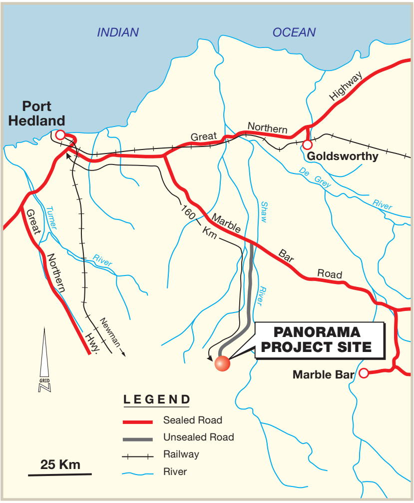
TABLE 5: RASP MINE PROJECT **ORE RESERVE ESTIMATES** *

	Category	'000 t	Zn%	Pb%	Ag g/t
Western Mineralisation	Probable	2,650	5.5	4.1	46
Zinc Lode	Probable	175	7.8	4.2	48
Central Remnants	Probable	344	8.9	8.7	207
Total Ore Reserve	**Probable**	**3,170**	**6.0**	**4.6**	**64**

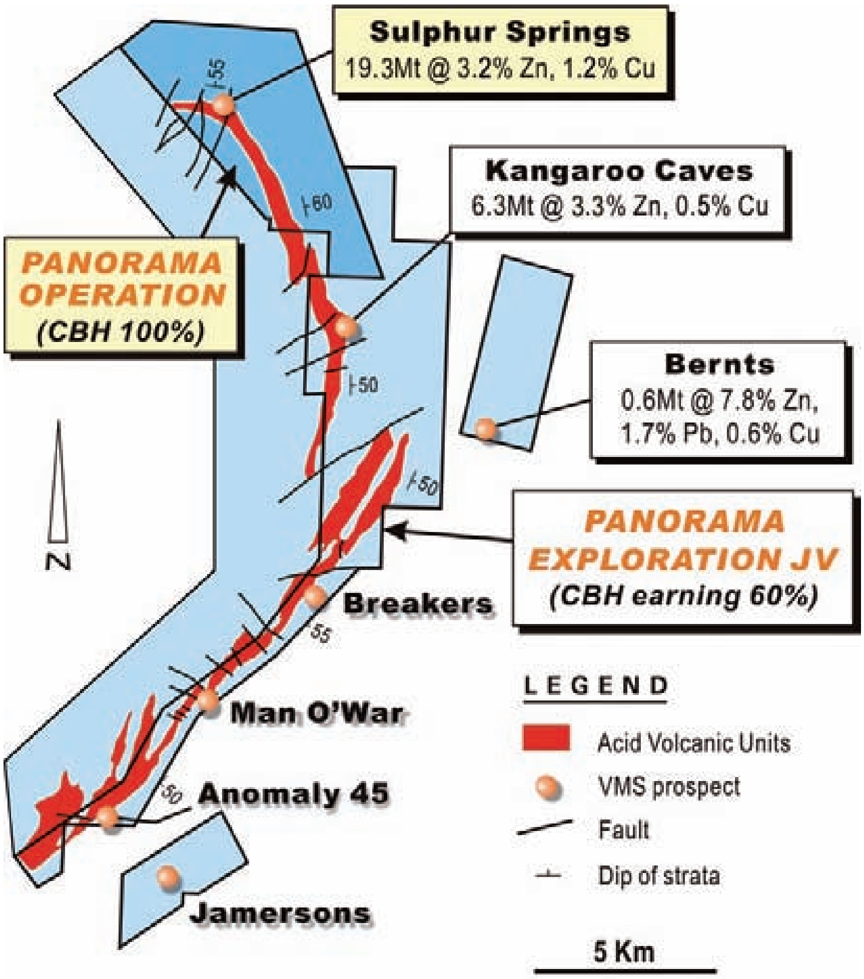
* *The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Colin Lutherborrow (who is employed by Zilloc Pty Ltd) and Brendan Barker (who is employed by CBH Resources Ltd), who are members of The Australasian Institute of Mining and Metallurgy. They have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lutherborrow and Mr Barker consent to the inclusion in the report of matters based on their information in the form and context in which it appears.*

PANORAMA PROJECT

Further evaluation work is planned during 2009/10 to optimise the Panorama project. Negotiations with interested parties are underway in relation to a possible joint venture for the project.



The original plans for Panorama were for an open cut mine producing 1.5 million tonnes per year of ore and an average of 90,000 tonnes per annum of zinc concentrate (55% zinc) and 80,000 tonnes per annum of copper concentrate (25% copper), with all concentrates to be shipped from Port Hedland. These plans are under review. The potential for an underground operation at Panorama is being seriously examined.



The Sulphur Springs deposit at Panorama is one of several deposits of zinc-copper mineralisation that occur within a 35 kilometre long belt of mineralised volcanics. The Company holds a 100% interest in the 5 kilometre strike length that hosts the Sulphur Springs deposit and is earning a 60% joint venture interest from Sipa Resources Limited in the 30 kilometre extension to the north-east and south. Drilling within the joint venture ground has identified a resource with open cut or underground potential at Kangaroo Caves, 6 kilometres south of Sulphur Springs that also requires further evaluation. The Company expects to complete the earn-in phase under this farm-in arrangement during the current financial year.

EXPLORATION

The Company currently controls or is in joint venture over 4,930km^2 of tenements around its existing operating and development projects at Cobar, Broken Hill and Panorama. The strategy is to concentrate exploration expenditure around these core locations.

Cobar Basin

The Cobar project area covers approximately 3,100km2 of highly prospective Devonian aged marine sediments of the Cobar Basin. These rocks host numerous gold and base metal deposits, including the large Endeavor and CSA mines, most of which are positioned within basin margin faults on the eastern margin of the basin. CBH considers the area has excellent potential for the discovery of new deposits.

The Cobar project area incorporates the Hera mineral deposit owned by CBH. In June 2009 CBH accepted an offer from YTC Resources to purchase the Hera project and CBH's 80% interest in the adjacent Nymagee joint venture leases. Under the terms of the agreement with YTC, CBH will receive a 5% gold royalty on the first 250,000 ounces of gold produced and may also toll treat the Hera ore at the Endeavor processing facility. The sale was completed in September 2009.

Consolidation of other exploration licenses in the Cobar area was completed during the year with non-core licenses relinquished to enable the company to focus exploration activities closer to the Endeavor operation.

Broken Hill District

CBH has entered into a joint venture arrangement with Silver City Mining Limited (24.2% owned by PlatSearch Limited) over a number of exploration tenements within the Broken Hill region. The new joint venture includes tenements which were formerly under joint ventures with PlatSearch and other parties in which PlatSearch had held a beneficial interest. PlatSearch has surrendered these interests in exchange for the grant of a net smelter return varying between 2% and 2.5%.

The key terms of the new joint venture arrangement with Silver City Mining Limited are:

- Silver City can earn an initial 30% interest in all the tenements by spending $600,000 on exploration before October 2010.
- Silver City can earn a further 35% interest in any tenement by spending on exploration $500,000 on that tenement within 3 years after the completion of the initial 30% expenditure.
- CBH has the right to clawback a 50% equity in any particular tenement by payment of four times of Silver City's expenditure on that tenement should Silver City make a discovery with an estimated in-situ value greater than $150 million.

Napier Range

The Company has earned a 49% interest in the Napier Range project in northern Western Australia from Lennard Shelf Pty Ltd. The project is located 150 km east of the port of Derby, within the Lennard Shelf zinc-lead district.

The Napier Range tenements cover an area of 112 sq km and are underlain by the same limestone units that elsewhere host the substantial zinc-lead deposits of Teck Cominco's former Pillara operation.

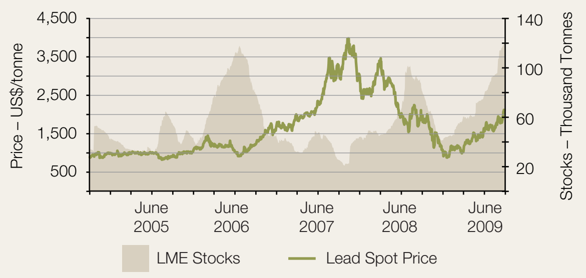
Metal Prices

Having averaged at US$2,598/tonne in 2007/08 the zinc price fell significantly in the first half of the 2008/09 financial year and averaged US$1,400/tonne for the full financial year, a fall of 46%.

The zinc price reached a low of US$1,042/tonne in December 2008 but strengthened in the six months following to be US$1,550/tonne at year end. This strength has continued in the new financial year. The lead price averaged US$2,891/tonne in 2007/08 and along with zinc fell significantly to average US$1,453/tonne for the full financial year, a fall of 50%. The lead price reached a low of US$880/tonne in December 2008 but strengthened in the six months following to be US$1,730/tonne at year end and has also continued to strengthen in the new financial year.

Although the metal prices have strengthened in the new financial year, some of this benefit has been offset by the strength in the AUD/USD exchange rate which has traded up to the high 80 cent range.

LME Stocks vs Lead Spot Price



LME Stocks vs Zinc Spot Price

Safety, Health and Environment

The Company is committed to the safety of its people and protection of the environment at all its projects and operations.

This is evidenced by the Endeavor Mine which achieved a year free from lost time injuries (LTIs) with the LTI free period at 30 June 2009 of 457 days. This commendable achievement was enhanced by a 31% reduction in Endeavor's total injury frequency rate from 36.7 injuries per 1 million hours worked to 25.2 at the end June 2009. None of the Company's projects or operations experienced lost time injuries during the year.

CBH Safety Health and Environment Committee

The CBH Safety Health and Environment (SHE) Committee met three times during the year to review performance and potential SHE issues. These issues focused on water and energy management at Endeavor, compliance with the new NSW Mine Health and Safety Act and regulations which came into force in September 2008, greenhouse gas reporting and the potential impact of emissions trading. The Committee continued its review of serious potential incidents and measures to prevent their recurrence.

SHE Initiatives

During the year the Endeavor Mine introduced a "Major Hazard Champion" initiative. This program included a review of the thirteen Major Hazards that have been identified at the Mine together with the appointment of a Champion for each Major Hazard. The Champion's role is to raise awareness and knowledge of the Major Hazard and the control measures necessary for maintaining safety at the operational level.

During the period, Endeavor also revamped its safety inspection system. The new program redefined inspection areas and placed greater emphasis and responsibility in the departments to identify sub-standard practices and conditions, and to ensure they are rectified. Through this initiative, Endeavor has increased awareness of health and safety and the standards required at the mine site.

At the Carrington Shiploader in Newcastle a number of initiatives were introduced to enhance environmental management and monitoring.

Corporate Governance Statement

The Company's corporate governance arrangements are generally consistent with the ASX Corporate Governance Principles and Recommendations ("the Principles"), however the Company recognises that in some areas it does not meet the standards reflected in these Principles.

The departures from the Principles derive from the particular circumstances of the Company at the present time. The Company has only two operating businesses, the Endeavor Mine and the Newcastle Shiploader. The Sydney Head office of the Company maintains budget and operational oversight of these businesses and their associated risks.

This Statement is structured along the same lines as the Principles, with sections dealing in turn with each of the eight corporate governance principles.

The Board is continually reviewing its corporate governance framework in the light of the development of the Company and, as circumstances require or permit, the Board will make appropriate improvements.

Principle 1: Lay Solid Foundations for Management and Oversight

The Board is responsible for the overall corporate governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals. These include the following:

1. Leadership of the organisation: Appointing and, where appropriate, removing the Managing Director, overseeing the Company and establishing codes that reflect the values of the Company, and guiding the conduct of the Board, management and employees;
2. SHE processes: Ensuring there are effective systems in place so that the Company (including Directors and management) fulfils all responsibilities in respect of the safety and health of employees and meets all requirements with respect to environmental issues;
3. Strategy formulation: Working with the Managing Director to set and review the overall strategy and goals for the Company and ensuring that there are appropriate policies in place to govern the operation of the Company;
4. Overseeing planning activities: Overseeing the development of the Company's strategic plan and approving that plan as well as the annual and long-term budgets;
5. Shareholder liaison: Ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company;
6. Monitoring, compliance and risk management: Overseeing the Company's risk management, compliance, control and accountability systems, and monitoring and directing the financial and operational performance of the Company;
7. Company finances: Approving expenditure in excess of that approved in the annual budget, and approving and monitoring acquisitions, divestitures and financial and other reporting;
8. Delegation of authority: Delegating appropriate powers to the Managing Director to ensure the effective day-to-day management of the Company, and establishing and determining the powers and functions of the Committees of the Board.

There is no formal and published Board Charter. However the Board regularly reviews operational and financial performance, and reviews and approves detailed budgets and investment opportunities.

There is no formalised induction programme for Directors, however all Directors visit the Company's operations from time to time.

Currently, there is no formal, single source articulation of matters that are delegated to management or reserved to the Board or delegated to senior executives. In consequence, there is no discrete document which could be made publicly available on the Company's website. Financial control ultimately lies with the Board as operations are conducted in accordance with an approved annual operating plan and budget, and material variations thereto, including new capital expenditure, require Board approval.

Directors have individual letters of appointment setting out their respective rights and obligations. However, the corporate expectations of the respective non executive Directors are well understood and are broadly as follows:

Non executive Directors

Mr Marks	Marketing and logistics
Mr Willcocks	Legal and corporate governance oversight
Professor Plimer	Exploration (especially Broken Hill aspects)
Mr Tejima	International smelting and marketing

The performance of senior executives is continually assessed by the Managing Director as part of the line accountability structure. Key executives also have performance criteria against which performance based remuneration is considered. These mechanisms ensure that the performance of senior executives is regularly assessed against appropriate measures.

The Company does not have a formal induction programme for senior executives, however being a relatively small company there are no particular barriers to senior executives participating fully and actively in management decision-making. Perspective as to the overall financial position of the Company and its strategies and risks is conveyed through close contact with the Board and a senior management team which normally meets at least fortnightly.

Company Secretary and General Counsel

The role of Company Secretary is currently performed by Mr Lonergan whose qualifications and experience are set out on page 18. Mr Lonergan, as General Counsel, also provides legal advice to the Board and management as required.

Principle 2: Structure the Board to Add Value

Information about the Directors is set out elsewhere in this Report. The Board comprises a blend of skills and experience. The current skill sets of the Board encompasses exploration, development, finance, marketing and logistics, and corporate and legal affairs. Following the resignation of an independent Director during the year, the Board currently does not have a majority of independent Directors. The Board did not complete a self assessment process during the year.

During the year 13 Board meetings were held as set out elsewhere in this Report. The Directors visit the Company's operations and receive briefings on operations from the Managing Director and senior management. The independent Directors maintain close liaison and confer regularly both with and without management.

The CBH Board is presently composed of five members of whom one, the Managing Director is in an executive capacity and four are non-executive. The details relating to their respective skills, experience and committee memberships are set out at page 17.

The status, in terms of independence, of the four non-executive Directors is as follows,

- Mr Tejima is associated with Toho Zinc Co., Ltd ("Toho") which is a substantial shareholder in the Company and Mr Tejima is therefore non-independent. Mr Tejima has appointed Mr F Hattori, an employee of Toho, as his alternate and Mr Hattori is likewise considered to be non-independent.
- Mr Marks is non-independent as he is a nominee of Toho and he is otherwise associated with Toho as a corporate advisor.
- Mr Willcocks is an independent Director.
- Professor Plimer is an independent Director.

The Principles recommend that the chair be an independent Director. The previous Chairman of the Company retired during the year, and a replacement Chairman has not yet been appointed. Currently Messrs, Willcocks and Plimer chair meetings of Directors on a rotating basis.

The Board has agreed that any Director may with the prior approval of the current independent Directors (Mr Willcocks and Professor Plimer) take independent advice at the expense of the Company.

Non executive Directors have direct access to senior executives and the Company Secretary.

The term of office of each of the non executive Directors is as follows:

Director	Retire by Rotation
Mr Lewis Marks	2010 AGM
Professor Ian Plimer	2010 AGM
Mr Tatsuya Tejima	2009 AGM
Mr Robert Willcocks	2009 AGM

There are currently five Board Committees being the Safety, Health and Environment Committee, the Audit Committee, the Remuneration Committee, the Succession and Governance Committee and the Nominations Committee.

The Succession and Governance Committee was established to assist management in succession planning and, in particular, to give guidance in the selection and appointment of senior executives to create a management resource to assist in managing the Company's growth. Members of this Committee are Messrs Marks, Plimer and Willcocks.

During 2007, a Nominations Committee was established to assist the Board with the appointment of, and performance appraisal of, Directors. A copy of the Committee's charter is available on the Company's website. Members of this Committee are Messrs Tejima and Plimer. It is chaired by Professor Plimer.

The mandate of Board's Safety Health and Environment ("SHE") Committee is to provide assurance to the Board that satisfactory processes are established and, in fact, operating effectively within the Group to discharge applicable legal obligations and community expectations with respect to health, safety and the environment in the Company's operations. The SHE Committee is chaired by Professor Plimer, and the other members are the Managing Director, the Chief Operating Officer, and Mr Willcocks. This Committee is very active and regularly engages with management on SHE issues and assessment.

Principle 3: Promote Ethical and Responsible Decision-making

Directors must disclose to the Board any actual or potential conflicts of interest that may, or might reasonably be thought to, exist between the interests of a Director and the interests of any other parties in carrying out the activities of the Company.

A Director affected by a conflict of interest must, in accordance with the Corporations Act, absent himself or herself from discussions and/or voting on matters about which the conflict relates.

The Board delegates to non interested Directors the task of negotiating any arrangement with any Director which may involve remuneration or a financial benefit.

The Board has adopted a Code of Conduct (available on the Company's website) which applies throughout the Company.

A policy (available on the Company's website) has been adopted which sets out restrictions in trading in the Company's securities by potential insiders, including Directors and management. Under this Share Trading Policy, the purchase and sale of Company securities by Directors and employees who are potential "insiders" is only permitted during the 28 day period commencing two days after announcements of price sensitive information (including the full and half year financial statements) to the ASX or at any time following confirmation from the Chairman that, in the Chairman's opinion, there are no matters that the Company is dealing with that he would reasonably consider to be price sensitive and not generally available to the market. In the temporary absence of a Chairman, the role of Chairman pursuant to this Policy is performed by either Mr Willcocks or Professor Plimer.

Principle 4: Integrity in Financial Reporting

The Board's Audit Committee consists of the independent Directors (Mr Willcocks and Professor Plimer) and any other Director may attend meetings of this Committee by standing invitation. The charter of the Audit Committee is available on the Company's website. The membership of the Audit Committee currently does not meet the recommendations of the Principles insofar as it does not consist of at least three members (given the Company has only two independent Directors), and neither of the current members has formal financial qualifications. The basic responsibilities of the Audit Committee are to:

Oversee and appraise the independence, quality, cost effectiveness and extent of the total audit function within the Company;

Perform an independent overview of the financial information prepared by Company management for shareholders and prospective shareholders; and

Evaluate the adequacy and effectiveness of the Company's and the Group's risk management and financial controls, and other internal control systems, and to evaluate the operation thereof.

The Company's auditors attend the Committee meetings except when the Committee is considering matters relating to the performance of the auditors. The Committee also provides the Company's auditors with the opportunity to meet without management being present. The Audit Committee met twice during 2008/9. The Company's auditor is currently PKF which has a policy that the Company's audit engagement partner is rotated every 5 years in favour of a new partner sanctioned by the Company. Rotation last occurred in 2007. The Audit Committee is of the view that this arrangement gives effect to the requirements of Principle 4.

Principle 5: Make Timely and Balanced Disclosure

The Managing Director has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public. There is an internal checking arrangement to ensure that all disclosures are accurate.

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. This is available on the Company's website.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material to be used in the presentation is released to the ASX and posted on the Company's website.

Principle 6: Respect Rights of Shareholders

The Company respects the rights of its shareholders and to facilitate the effective exercise of these rights the Company is committed to:

- Communicating effectively with shareholders through releases to the market via the ASX, the Company's website, mailing information to shareholders and through briefings provided at the general meetings of the Company;
- Giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- Making it easy for shareholders to participate in general meetings of the Company; and
- Requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. The Company maintains a website www.cbhresources.com.au and is committed to continually improving and updating this site. The Company has not adopted a formal communications policy.

Principle 7: Recognise and Manage Risk

The Board has adopted a detailed risk management policy which complies with the Principles. The Company's policy on risk management has been posted on the Company's website.

Each operation is required to maintain its own risk register and manage its assessed risks. The Company also supplements this through an annual detailed insurance review under which external consultants are engaged to identify risk areas in the Company's operations primarily for insurance purposes. Although the Board has not considered that the establishment of an internal risk management function can be justified given the current, relatively simple operational structure of the Company, this position is currently being reviewed and it is likely the Company will move to implement a more formal risk management system.

The Board requires that the Managing Director and the Chief Financial Officer to certify in writing to the Board that the Company's financial statements are founded on a sound system of risk management and internal controls in accordance with section 295A of the Corporations Act.

Principle 8: Remunerate fairly and responsibly

The Company is committed to remunerating its Directors and employees in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders. A comprehensive discussion of remuneration matters is set out in the Director's Report under "Remuneration Report" on page 19. Non executive Director remuneration is clearly differently structured from that of the Managing Director and executives as it does not contain any at risk or performance based component.

The Board is advised by a Remuneration Committee which consists of the two independent Directors. The Committee assists the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration for Directors and remuneration levels and incentive policies for senior employees. The Committee has access to expert external advice. Details of Remuneration Committee meetings are set out on page 18. A copy of the Remuneration Committee charter is available on the Company's website.

Directors' Report

The directors present their report together with the financial report of CBH Resources Limited (the Company) and of the Group, being the Company and its subsidiaries for the year ended 30 June 2009 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

STEPHEN DENNIS – *Managing Director*

Term of office: Executive Director from 9 November 2007 and appointed Managing Director on 12 June 2008.

Age 51. Mr Dennis has considerable commercial, financial and operational experience in the resources industry extending over 25 years. Mr Dennis held various senior management positions with MIM Holdings Limited during a 14 year period, and subsequently held senior operational and financial positions with Minara Resources Limited, including Group General Manager and Chief Financial Officer. Prior to joining CBH in April 2007, he was Regional Director of the minerals transportation and logistics business of Brambles Australia Limited in Western Australia.

Directorships of other listed companies in the last 3 years: Heron Resources Limited from 6 December 2006.

PROFESSOR IAN PLIMER – *Non Executive Director*

Term of office: Director since February 1998.

Age 63. Bachelor of Science with Honours from the University of New South Wales and Doctorate of Philosophy from Macquarie University with a thesis study on the geology of ore deposits. He is currently a non executive Director of CBH and a Member of CBH's Audit Committee, Remuneration Committee, Succession Committee, Governance Committee, Nominations Committee and Safety Health and Environment Committee. Professor Plimer has published numerous scientific papers on Broken Hill and is widely published on the geology of ore deposits in general. He worked at Broken Hill from 1973 to 1980 and from 1980 to 1983 was located at North Broken Hill Limited's Melbourne headquarters. He has consulted widely to mining companies and governments in many parts of the world and was Professor of Geology at the School of Earth Sciences at the University of Melbourne from 1991 to 2005.

Directorships of other listed companies in the last 3 years: Ivanhoe Australia Limited.

ROBERT WILLCOCKS – *Non Executive Director*

Term of office: Director since December 2000.

Age 61. Bachelor of Arts and Bachelor of Laws (Australian National University), Master of Laws (University of Sydney). Member of the Audit Committee, Remuneration Committee, Succession and Governance Committee and Safety, Health and Environment Committee. Formerly partner of Mallesons Stephen Jaques, the Australian law firm, director of Ban-Pu Australia Pty Ltd, Oakbridge Pty Ltd, Emperor Mines Limited, Energy World Corporation Limited, eStar Online Trading Limited, representative of a leading global private equity firm and Member of the Australian International Legal Co operation Committee. He has been an advisor to companies in the resources industry for almost 30 years.

Directorships of other listed companies in the last 3 years: APAC Resources Ltd; Mt Gibson Iron Ltd (Alternate Director); RIM Capital Limited 14 June 1996 to 2 October 2007; Arc Exploration Limited from 10 July 2008.

LEWIS MARKS – *Non Executive Director*

Term of office: Director since July 2002.

Age 58. Bachelor of Science Foreign Service from Georgetown University and a Juris Doctor from the State University of New York at Buffalo NY and licensed to practice law in the State of New York. Member of the Succession and Governance Committee. Lewis Marks has more than 20 years of worldwide experience in the base metals industry with specialist knowledge in metal marketing. Mr Marks is an advisor to Toho Zinc with extensive involvement in the base metal marketing and smelting industries of Asia. He was formerly employed by Glencore International based in Tokyo, Hong Kong and Beijing where he was responsible for marketing/sourcing zinc, lead and copper in the Far East.

TATSUYA TEJIMA – *Non Executive Director*

Term of office: Director since October 2003.

Age 63. Graduate of Keio University, Tokyo. Mr Tejima is President of Toho Zinc Co. Ltd. and has more than 30 years' experience in the international base metals industry with particular worldwide knowledge of the zinc and lead mining, smelting, marketing and metal processing operations. Toho Zinc is the largest shareholder in CBH. Mr Tejima brings to CBH a depth of corporate management expertise and his long association with the Asian metals industry.

FUJIO HATTORI – *Alternate Non Executive Director to Mr Tejima*

On 3 July 2007 Mr Tejima appointed Mr Hattori (age 61) as his alternate. Mr Hattori is the Deputy General Manager of the Lead and Zinc Division of Toho Zinc Co. Ltd. Prior to joining Toho in April 2007, Mr Hattori worked in the Mitsui Group for some 35 years.

ALLAN ANDREW DAVIS – *Non Executive Director*

Term of office: Director from 9 November 2007 to 11 July 2008.

Age 69. Mr Davis was, shortly prior to his appointment, Managing Director of Gosford Quarry Holdings Limited. He was Chairman and Managing Director in the Gosford Quarries Group for 33 years. Mr Davis originally qualified as a lawyer and has extensive business experience in mineral exploration, oil and gas exploration in Australia and the United States, the media industry, the motor vehicle industry and property development.

STEPHEN LONERGAN

– Alternate Non Executive Director to Mr Davis

Mr Lonergan (qualifications and experience detailed below) acted as alternate to Mr Davis from 19 March 2008 to 11 July 2008.

JAMES WALL – *Non Executive Chairman – retired*

Term of office: Executive Chairman September 2000 to 3 February 2008, Non Executive Chairman from 4 February 2008 to 2 March 2009.

Age 63. Bachelor of Engineering from the University of Western Australia. During the 1980s Mr Wall was managing director of Nicron Resources Limited and in 1991 became executive director of Aztec Mining Company Limited. From late 1991 until mid 1997 he was Managing Director of Savage Resources Limited. He is a fellow of the Australian Institute of Mining and Metallurgy. Directorships of other listed companies in the last 3 years: BMA Gold Limited 25 November 2003 to 22 August 2007; Triako Resources Limited 19 September 2006 to 18 October 2006 (removal from listing); Ferraus Limited from 8 November 2007.

ROBERT BESLEY – *Non Executive Director – retired*

Term of office: Managing Director from October 1989 until 12 June 2008, Non Executive Director from 13 June 2008 to 10 November 2008.

Age 63. Bachelor of Science with Honours in Geology from the University of Adelaide. Mr Besley has more than 30 years experience in the minerals industry in Asia, the Middle East, North and South America, Australia and the Pacific Rim. He spent 13 years with Unocal, seven of those as Manager of Minerals for Australia and the Pacific. Mr Besley was general manager of Australmin Holdings Limited when that company developed a minerals sands project in eastern Australia and a gold mine in Western Australia. He is a fellow of the Australasian Institute of Mining and Metallurgy as well as the American Institute of Mining Engineers.

Directorships of other listed companies in the last 3 years: BMA Gold Limited 2 August 2005 to 22 August 2007; Triako Resources Limited 19 September 2006 to 18 October 2006 (removal from listing).

Company Secretary

STEPHEN LONERGAN

Term of office: Company Secretary since September 2004.

Age 62. Bachelor of Laws with Honours from the Australian National University and Master of Laws from McGill University, Montreal. Mr Lonergan is a solicitor admitted to practice in NSW, Victoria, the ACT and the Northern Territory. He was Company Secretary of Savage Resources Ltd and has been company secretary for a number of other ASX listed and non listed public companies. Mr Lonergan has also been a Partner in the law firm of Baker & McKenzie and has worked for the International Air Transport Association, the Department of Defence and Department of Foreign Affairs. He has been involved in corporate law and acquisitions, exploration and resource developments in Canada, USA, Peru, Australia, South Asia and Africa for more than 25 years.

Directors' meetings

The number of meetings of the Company's directors held during the year ended 30 June 2009 which could have been attended by a Director (A) and the number of such meetings actually attended (B) were as follows:

	Meetings	
Directors	**A**	**B**
I R Plimer	13	13
R M Willcocks	13	13
L Marks	13	13
T Tejima (F Hattori as alternate)	13	13
S B Dennis	13	13
J A Wall	8	8
R E Besley	5	4
Audit Committee		
I R Plimer	2	2
R M Willcocks	2	2
S B Dennis	2	2
J A Wall	1	1
Remuneration Committee		
I R Plimer	2	2
R M Willcocks	2	2
Safety Health and Environment Committee		
I R Plimer	3	3
R M Willcocks	3	3
R E Besley	2	2
Succession and Governance Committee		
I R Plimer	1	1
R M Willcocks	1	1
L Marks	1	1
Nominations Committee		
T Tejima	2	2
I R Plimer	2	2
J A Wall	2	2

Remuneration Report

The Board, assisted by the Remuneration Committee, establishes appropriate remuneration for directors and remuneration levels and incentive structures for key management personnel.

The overall objective of the Company's remuneration policies is to retain capable and experienced directors and to attract and retain executives who have reasonable additional incentive for superior performance.

1. Principles of compensation

Key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the Company and the Group and this category includes both the Managing Director of the Company and executives of the Company and the Group.

Compensation levels are set to be in line with Australian resource companies of equivalent size and comparable operations in order to attract and retain suitably qualified and experienced key management personnel. Compensation includes an "at risk" element which is tied to specific Performance Indicators.

Some time ago the Board adopted a policy that long service by directors should be recognised by payment of a termination benefit equivalent to one month's ordinary remuneration for each year of service provided the director has provided services to the Company for a minimum of 5 years. This would be payable on resignation or retirement.

Managing Director

Remuneration policy for the Managing Director follows the above principles. Base salary remuneration in respect of the Managing Director for 2008/09 was $500,000 plus statutory superannuation payments. Mr Dennis also received the benefit of an interest free, non recourse loan of $400,000 which funded a placement to Mr Dennis of 4,000,000 shares at 10 cents per share. This incentive arrangement was approved by shareholders at the 2008 Annual General Meeting. The accounting costs of this remuneration are set out in the remuneration table on page 20. On issue of these shares Mr Dennis's employee share options were cancelled.

The contract with respect to Mr Dennis does not provide any retirement, long service or analogous benefits except he will be entitled to a payment of a termination benefit equivalent to one month's ordinary remuneration for each year of service after a minimum of 5 years service as described in the remuneration policy discussion above.

Chairman and Non-executive directors

From 1 July 2007, the remuneration of the Chairman has been set at $140,000 p.a., however following the retirement of Mr Wall in March 2009, the position of Chairman has remained vacant. Each other non Executive Director is remunerated at the rate of $70,000 p.a. with an additional payment of $10,000 p.a. for membership of the Audit Committee and Remuneration Committee and $5,000 p.a. for each other Board Committee the particular non Executive Director serves on. This remuneration package was confirmed by an external consultant to be reasonable remuneration.

No retirement, superannuation (excluding statutory SGC payments), long service or analogous benefits are provided to non executive Directors except for payment of a termination benefit equivalent to one month's ordinary remuneration for each year of service after a minimum of 5 years service.

Secretary

Currently the Group has only one Company Secretary, Mr Lonergan, who is not a full time employee of the Group. Mr Lonergan provides both legal and company secretarial services to the Group on an hourly rate basis. The Board believes that the prevailing rate reflects the market. There are no retirement, superannuation, tenure or minimum notice conditions attached to the arrangements with Mr Lonergan.

Senior Executives

Senior executives considered to be key management personnel as at the date of this report are:

- Mr S B Dennis, Managing Director
- Mr V P Sulicich, Chief Operating Officer
- Mr I G Pattison, Group Manager, Metallurgy
- Mr S J Lonergan, Company Secretary and General Counsel
- Mr D R Morbey, Chief Financial Officer
- Ms. G Wilson, Group Manager, Safety, Health and Environment
- Mr K M Gallagher, General Manager Corporate Affairs

The remuneration packages for executives reporting to the Managing Director are determined in consultation with the Remuneration Committee and endorsed by the Board. Remuneration of other executives is determined by the Managing Director consistent with the policy adopted by the Board. As with Directors' remuneration, comparable industry benchmarks are used (together with the other elements described in the remuneration policy discussion above).

There are no retirement or analogous benefits contained in the contracts with key management personnel excluding the Managing Director. Except as otherwise specified, contracts with key executives do not have a specified term and all are terminable on 3 months notice either by the Company or the executive.

2. Remuneration details of key management personnel (Company and Consolidated) – audited

		Short-term employment benefits			Post-employment benefits	Share based payments	Total fixed and variable remuneration
		Salary/cash benefits $	Cash incentives $	Other benefits $	Super-annnuation $	$	$
NON-EXECUTIVE DIRECTORS							
I R Plimer	**2009**	**116,000**	**–**	**–**	**9,000**	**–**	**125,000**
	2008	172,003	–	–	9,000	–	181,003
R M Willcocks	**2009**	**100,000**	**–**	**–**	**–**	**–**	**100,000**
	2008	117,500	–	–	4,500	–	122,000
L Marks	**2009**	**89,164**	**–**	**–**	**–**	**–**	**89,164**
	2008	75,000	–	–	–	–	75,000
T Tejima	**2009**	**70,000**	**–**	**–**	**–**	**–**	**70,000**
	2008	70,000	–	–	–	–	70,000
J A Wall	**2009**	**184,746**	**–**	**106,096**	**–**	**–**	**290,842**
	2008	424,000	200,000	–	9,450	–	633,450
R E Besley	**2009**	**37,616**	**–**	**–**	**2,440**	**–**	**40,056**
	2008	288,462	150,000	450,000	311	–	888,773
G W Long	**2009**	**–**	**–**	**–**	**–**	**–**	**–**
	2008	15,750	–	–	–	–	15,750
A A Davis	**2009**	**22,192**	**–**	**–**	**–**	**–**	**22,192**
	2008	31,398	–	–	–	–	31,398
Totals	**2009**	**619,718**	**–**	**106,096**	**11,440**	**–**	**737,254**
	2008	1,194,113	350,000	450,000	23,261	–	2,017,374

- J A Wall retired as non-executive chairman on 2 March 2009 and received a retirement payment of $106,096 included in other benefits.
- R E Besley retired as Managing Director on 12 June 2008 and received a retirement payment of $450,000 included in other benefits in the 2007/08 financial year. R E Besley retired as a non-executive director on 10 November 2008.
- G W Long retired as non-executive director on 5 November 2007.
- A A Davis was appointed as non-executive director 9 November 2007 and resigned 11 July 2008.

		Short-term employment benefits			Post-employment benefits	Share based payments#	Total fixed and variable remuneration
		Salary/cash benefits $	Cash incentives* $	Other benefits $	Super-annnuation $	$	$
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER							
S B Dennis	**2009**	**500,000**	**–**	**–**	**45,000**	**77,349**	**622,349**
	2008	441,526	85,500	–	45,407	660,403	1,232,836

* The STI cash bonuses paid to Mr Dennis during the year to 30 June 2008 was applicable for the year to 30 June 2007.

The amount for 2009 represents the accounting cost of the non-recourse loan and associated placement of shares approved at the 2008 Annual General Meeting.

2. Remuneration details of key management personnel (Company and Consolidated) – audited (continued)

		Short-term employment benefits		Post-employment benefits	Termination benefits	Share based payments	Total fixed and variable remuneration
		Salary/cash benefits $	Cash incentives* $	Super-annnuation $	$	$	$
EXECUTIVES							
S J Lonergan	**2009**	**319,374**	**–**	**–**	**–**	**–**	**319,374**
Company Secretary	2008	292,250	80,000	–	–	–	372,250
D R Morbey	**2009**	**366,600**	**–**	**21,996**	**–**	**9,454**	**398,050**
Chief Financial Officer	2008	240,483	85,250	24,816	–	–	350,549
I G Pattison	**2009**	**260,000**	**–**	**23,400**	**–**	**67,096**	**350,496**
GM, Metallurgy	2008	255,833	53,125	26,400	–	114,702	450,060
V P Sulicich	**2009**	**329,546**	**65,909**	**13,745**	**–**	**101,075**	**510,275**
Chief Operations Officer	2008	324,244	166,544	13,125	–	241,737	745,650
G Wilson	**2009**	**287,585**	**–**	**17,255**	**–**	**9,538**	**314,378**
GM, Safety, Health and Environment	2008	126,912	36,174	15,509	–	33,736	212,331
D Vink#	**2009**	**275,500**	**41,325**	**25,055**	**–**	**98,283**	**440,163**
GM, Endeavor Mine	2008	222,519	25,550	22,326	–	108,955	379,350
K M Gallagher##	**2009**	**121,635**	**–**	**10,947**	**–**	**6,203**	**138,785**
GM, Corporate Affairs	2008	–	–	–	–	–	–
FORMER							
R A Boyer	**2009**	**129,020**	**–**	**–**	**–**	**–**	**129,020**
GM, Human Resources	2008	152,900	15,000	–	–	–	167,900
G F P Jones	**2009**	**48,298**	**–**	**4,347**	**91,087**	**–**	**143,732**
GM, Exploration	2008	280,905	41,175	28,987	–	1,024	352,091
Totals		**2,137,558**	**107,234**	**116,745**	**91,087**	**291,649**	**2,744,273**
		1,896,046	502,818	131,163	–	500,154	3,030,181

\# Mr Vink resigned from the company on 14 August 2009.

\## Mr Gallagher was appointed as General Manager Corporate Affairs on 15 December 2008.

In February 2008 the Company announced that it was having ongoing discussions with Perilya Limited regarding a possible corporate transaction. A proposal to merge the two companies was announced in March 2008. Certain executives and employees, whose continuing services were key to execution of the proposed merger, were put on notice that they were at risk of having their employment terminated if the merger was successful. To ensure that the services of this limited group of employees could be retained by the Company to execute the merger, a retention bonus was offered to these employees which was the equivalent of 6 months salary and which was payable on the earlier of (i) the employee's position being made redundant or (ii) after a period of one year. The executives who received this bonus in February 2009 were Mr S J Lonergan ($119,525), Mr D R Morbey ($122,200) and Ms G Wilson ($95,862). These amounts are included in the table above as salary / cash benefits of the executives.

* The STI cash bonuses paid to Executives during the year to 30 June 2008 were applicable for the year to 30 June 2007.

3. Total and performance related remuneration details of key management personnel

		Total fixed and variable remuneration $	STI cash Bonus* $	STI as proportion of total fixed and variable remuneration %	Value of options as a proportion of total fixed and variable remuneration %	Proportion of remuneration performance related %
NON-EXECUTIVE DIRECTORS						
I R Plimer	**2009**	**125,000**	**–**	**–**	**–**	**–**
	2008	181,003	–	–	–	–
R M Willcocks	**2009**	**100,000**	**–**	**–**	**–**	**–**
	2008	122,000	–	–	–	–
J A Wall	**2009**	**290,842**	**–**	**–**	**–**	**–**
	2008	633,450	200,000	32	–	32
R E Besley	**2009**	**40,056**	**–**	**–**	**–**	**–**
	2008	888,773	150,000	17	–	17
L Marks	**2009**	**89,164**	**–**	**–**	**–**	**–**
	2008	75,000	–	–	–	–
T Tejima	**2009**	**70,000**	**–**	**–**	**–**	**–**
	2008	70,000	–	–	–	–
G W Long	**2009**	**–**	**–**	**–**	**–**	**–**
	2008	15,750	–	–	–	–
A A Davis	**2009**	**22,192**	**–**	**–**	**–**	**–**
	2008	31,398	–	–	–	–
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER						
S B Dennis	**2009**	**622,349**	**–**	**–**	**12**	**–**
	2008	1,232,836	85,500	7	54	7
EXECUTIVES						
S J Lonergan	**2009**	**319,374**	**–**	**–**	**–**	**–**
Company Secretary	2008	372,250	80,000	21	–	21
D R Morbey	**2009**	**398,050**	**–**	**–**	**2**	**–**
Chief Financial Officer	2008	350,549	85,250	24	–	24
I G Pattison	**2009**	**350,496**	**–**	**–**	**19**	**–**
GM, Metallurgy	2008	450,060	53,125	12	25	12
V P Sulicich	**2009**	**510,275**	**65,909**	**16**	**20**	**16**
Chief Operations Officer	2008	745,650	166,544	22	32	22
G Wilson	**2009**	**314,378**	**–**	**–**	**3**	**–**
GM, Safety, Health and Environment	2008	212,331	36,174	17	16	17
D Vink	**2009**	**440,163**	**41,325**	**12**	**22**	**12**
GM, Endeavor Mine	2008	379,350	25,550	7	22	7
K M Gallagher	**2009**	**138,785**	**–**	**–**	**4**	**–**
GM, Corporate Affairs	2008	–	–	–	–	–
FORMER						
R A Boyer	**2009**	**129,020**	**–**	**–**	**–**	**–**
GM, Human Resources	2008	167,900	15,000	9	–	9
G F P Jones	**2009**	**143,732**	**–**	**–**	**–**	**–**
GM, Exploration	2008	352,091	41,175	12	–	12

* The STI cash bonuses paid to Mr Dennis and Executives during the year to 30 June 2008 was for the year to 30 June 2007.

4. Equity instruments

Employee Share Plan

On 29 December 2008, the Company issued $1,000 worth of shares, being 28,571 ordinary shares, to each of 149 employees subject to the terms of an Employee Share Plan dated 10 December 2008. These shares cannot be disposed of by employees for three years or until their employment with the Company has terminated for whatever reason. The fair value of the shares is allocated evenly over the three year period to 10 December 2011. The fair value of the shares at the date of grant was established by reference to the closing CBH share price on the ASX the day before the shares were issued and amounted to $1,000 per employee.

Non recourse share loan

During the year, Mr Dennis received the benefit of a 5 year interest free loan of $400,000 with recourse limited to the underlying shares issued to Mr Dennis at 10 cents each. Full details of this arrangement are set out in the Notice for the Company's 2008 AGM. The shares are not subject to any specific vesting conditions. As required by AASB2, this non-recourse loan and share purchase arrangement is accounted for as an option with repayment of the loan representing exercise of the option. The value at the grant date was 2 cents an option, with the underlying share price at grant date being 4.9 cents per share.

Employee Share Option Plan

Options over ordinary shares of CBH Resources Limited are exercisable on a one for one basis under the Employee Share Option Plan ('ESOP') last approved by shareholders at the 2006 AGM. During the year, 5,300,000 employee options were granted pursuant to the ESOP.

The fair value of options is calculated at the date of grant using the Black-Scholes pricing model. The fair value of options granted is allocated to each reporting period evenly over the period from grant to vesting date. The value disclosed is the portion of the fair value of the options recognised in the reporting period. The following factors and assumptions were used in determining the fair value of options on grant date:

Year	Option life	Weighted average fair value	Weighted average exercise price	Weighted average price of shares	Expected volatility	Risk free rate
2009	**5 years**	**$0.05**	**$0.11**	**$0.08**	**70%**	**5.6%**
2008	5 years	$0.34	$0.52	$0.54	70%	6.2%

4.1 Options and rights over equity instruments granted as compensation – audited

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

	Number	Grant date	Fair value at grant date	Exercise price per option	Expiry date	First exercise date	Last exercise date	Number treated as vested during the period
EXECUTIVES								
D R Morbey	500,000	15/8/2008	$0.07	$0.12	15/8/2013	15/8/2009	15/8/2013	153,506
I G Pattison	400,000	15/8/2008	$0.07	$0.12	15/8/2013	15/8/2009	15/8/2013	122,805
V P Sulicich	800,000	15/8/2008	$0.07	$0.12	15/8/2013	15/8/2009	15/8/2013	245,610
D Vink	600,000	15/8/2008	$0.07	$0.12	15/8/2013	15/8/2009	15/8/2013	184,208
K M Gallagher	500,000	15/12/2008	$0.06	$0.10	15/12/2013	15/12/2009	15/12/2013	89,954
G Wilson	350,000	15/8/2008	$0.07	$0.12	15/8/2013	15/8/2009	15/8/2013	107,454

The number of equity instruments treated as vested in the above table is calculated by reference to the proportion of the period, from grant to ultimate vesting date, which has expired as at the year end. The number of equity instruments disclosed as vested will therefore not necessarily correspond to the number of instruments which are exercisable as at 30 June 2009 which is disclosed at Note 33 of the financial statements. The options were provided at no cost to the employee and expire on the earlier of their expiry date and the cessation of the individual's employment. Further details are in Note 34 to the financial statements.

On issue of the shares pursuant to the limited recourse share loan plan noted above, all employee options held by Mr Dennis were cancelled.

The terms of all other equity-settled share based payment transactions remain unaltered from the Company's prior reporting periods.

No options have been granted since the end of the financial year.

4.2 Exercise of options granted as compensation – audited

No shares were issued during the reporting periods ended 30 June 2009 and 30 June 2008 as a result of the exercise of options by key management personnel.

4.3 Analysis of options granted as compensation – unaudited

Details of vesting profiles of the options (which includes shares issued to the Managing Director) granted as remuneration to key management personnel are as follows:

	Options granted					Value yet to vest	
	Number	Grant date	% vested in year	% cancelled in year	Financial year in which grant fully vests	Min	Max
MANAGING DIRECTOR							
Employee options							
S B Dennis	1,500,000	12/4/2007	33.6%	100.0%	n/a	–	–
S B Dennis	2,500,000	18/10/2007	57.0%	100.0%	n/a	–	–
Non recourse share loan – incentive shares issued							
S B Dennis	4,000,000	11/11/2008	100.0%	–	2009	–	–
EXECUTIVES							
D R Morbey	500,000	15/8/2008	25.9%	–	2012	–	$22,654
I G Pattison	400,000	15/8/2008	25.9%	–	2012	–	$18,115
V P Sulicich	800,000	15/8/2008	25.9%	–	2012	–	$36,230
D Vink#	600,000	15/8/2008	25.9%	–	2012	–	$27,173
K M Gallagher	500,000	15/12/2008	18.0%	–	2012	–	$23,718
G Wilson	350,000	15/8/2008	25.9%	–	2012	–	$15,851

The minimum value of options yet to vest is $nil as the service criteria may not be met and consequently the options may not vest.

these options lapsed on 14 August 2009 upon Mr Vink's resignation from the Company.

4.4 Analysis of movements in options – unaudited

The movement during the reporting period, by value, of options (which includes shares issued to the Managing Director) over ordinary shares in the Company held by each key management person is detailed below:

	Granted in year $	Cancelled in year $	Lapsed in year $	Net $
MANAGING DIRECTOR				
S B Dennis	91,924	(14,574)	–	77,350
EXECUTIVES				
G F P Jones	–	–	(3,822)	(3,822)
D R Morbey	32,676	–	–	32,676
I G Pattison	26,141	–	–	26,141
V P Sulicich	52,281	–	–	52,281
D Vink	39,211	–	–	39,211
K M Gallagher	28,922	–	–	28,922
G Wilson	22,873	–	–	22,873

The value of options granted in the year is the fair value of the options calculated at grant date using the Black Scholes option pricing model. The total value of the options granted is included in the table above and that amount is allocated to remuneration over the vesting period.

The value of the options cancelled and lapsed during the year represents the benefit forgone and is calculated at the date the option was lapsed or cancelled using the Black Scholes option pricing model, assuming the performance criteria had been achieved or the option had not been cancelled.

Principal activities

The principal activities of the consolidated entity constituted by CBH Resources Limited and the entities it controlled during the financial year consisted of mining, mineral exploration and resource development.

Results of operations

The consolidated net loss after income tax for the Group for the financial year was $96.6 million (2008: $29.1 million loss).

Operating result

A detailed review of operating results can be found on page 5.

Dividends

No dividend was declared during the financial year.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year other than those noted in the review of operations.

Likely developments

Likely developments in the operations of the Group are included within the review of operations. Further information about likely developments in the operations of the Group and the expected results of those operations in future years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Events subsequent to reporting date

In July 2009, the Company announced a major recapitalisation plan which consists of:

- A $40 million secured standby loan facility at 5% p.a. interest to be provided by Toho Zinc Co. Ltd ("Toho"), CBH's largest shareholder.
- A Share Purchase Plan ("SPP") whereby eligible shareholders may purchase up to $15,000 of CBH shares at 10 cents per share, a discount of 24.5% to the volume weighted average price of CBH shares over the ASX trading days in the 30 days to 3 July 2009.
- A Toho and institutional shareholder top-up facility to allow Toho and certain other shareholders to subscribe for additional shares at the same price as the SPP after shares under the SPP are allocated.

Shareholders have subscribed for $17.0 million of shares under the SPP and institutional holders have subscribed for an additional $3.5 million of shares under the top–up facility offered by the Company. The total amount received from subscriptions under these arrangements is $20.5 million. Toho did not subscribe for additional shares under the top-up facility.

The recapitalisation plan together with the subscriptions under the SPP and the top up facility were approved by the shareholders at the Company's Extraordinary General Meeting on 31 August 2009.

With the recapitalisation and unrestricted cash on hand, CBH expects to be able to fund essential capital development at Endeavor and to pursue early stage development activities at the Rasp Project.

Environmental regulations

The Group is subject to significant environmental regulation in respect to its operations.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the financial year under review.

Indemnification and insurance of officers

The officers of the Company that are covered by the insurance policy include the directors named in this report and the policy has an aggregate limit of $15 million.

The Directors' and Officers' Liability insurance provides cover (subject to an excess of $25,000 per claim) against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

All other terms and conditions including the premium amount are subject to a confidentiality clause.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditors' independence declaration

The lead auditor's independence declaration for the year ended 30 June 2009 has been received and is attached with the auditor's report.

Non-audit services

Details of the amounts paid to the auditor of the Company, PKF, and its related practices for audit and non-audit services provided during the year are as follows:

	Consolidated	
	2009	**2008**
	$	**$**
AUDIT SERVICES		
Audit and review of financial reports	**123,121**	155,550
NON-AUDIT SERVICES		
Taxation services	**33,306**	107,574
	156,427	263,124

The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are satisfied that the services disclosed above did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Company prior to commencement to ensure they do not adversely affect the integrity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australian Professional Statement F1: Professional Independence.

Rounding of amounts

The Company is an entity to which Class Order 98/100 applies and, in accordance with this Class Order, amounts in this report and the financial report have been rounded off to the nearest $000's unless otherwise indicated.

SIGNED at Sydney this 31st day of August 2009.
This report is made in accordance with a resolution of Directors.

Stephen B. Dennis
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves,unless expressly attributed to other persons, is based on information compiled by Colin Lutherborrow (who is employed by Zilloc Pty Ltd) and Brendan Barker (who is employed by CBH Resources Ltd), who are members of The Australasian Institute of Mining and Metallurgy. They have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lutherborrow and Mr Barker consent to the inclusion in the report of matters based on their information in the form and context in which it appears.

Auditor's Independence Declaration

PKF
Chartered Accountants & Business Advisers

As lead auditor for the audit of CBH Resources Limited for the year ended 30 June 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

PKF

Sydney
31 August 2009

Tim Sydenham
Partner

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CBH Resources Limited

Financial Report

Income Statement

for the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Sale of goods		**128,561**	158,550	**–**	–
Rental revenue		**486**	636	**–**	–
Finance revenue	6	**4,166**	24,016	**15,480**	22,408
Revenue from continuing operations		**133,213**	183,202	**15,480**	22,408
Cost of sales		**(85,277)**	(105,962)	**–**	–
Gross profit		**47,936**	77,240	**15,480**	22,408
Other income	7	**1,851**	2,805	**28,231**	95
Distribution expenses		**(61,115)**	(49,087)	**–**	–
Marketing expenses		**(275)**	(487)	**(63)**	(288)
Administration expenses		**(19,398)**	(24,022)	**(7,505)**	(10,059)
Other expenses	8	**(2,769)**	(2,543)	**(1,191)**	(1,954)
Finance costs	8	**(27,192)**	(20,224)	**(17,531)**	(19,410)
		(60,962)	(16,318)	**17,421**	(9,208)
Gain on buy-back of convertible notes	9	**55,193**	–	**55,193**	–
Impairment loss	10	**(87,702)**	(24,659)	**(115,024)**	(9,417)
Loss from continuing operations before income tax		**(93,471)**	(40,977)	**(42,410)**	(18,625)
Income tax (expense)/benefit	11	**(3,159)**	11,907	**(42,868)**	5,153
Loss from continuing operations		**(96,630)**	(29,070)	**(85,278)**	(13,472)
Net loss for the year		**(96,630)**	(29,070)	**(85,278)**	(13,472)
Loss attributable to CBH Resources Limited		**(96,630)**	(29,070)	**(85,278)**	(13,472)

		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the Company	12		
Basic loss per share		**(10.93)**	(3.44)
Diluted loss per share		**(10.93)**	(3.44)

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet
as at 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
ASSETS					
Current assets					
Cash and cash equivalents	13	**28,183**	125,140	**27,727**	119,829
Trade and other receivables	14	**6,747**	8,066	**528**	67,213
Other financial assets	15	**163**	9,016	**130**	83
Inventories	16	**11,615**	14,008	**–**	–
Assets classified as held for sale	17	**16,719**	–	**–**	–
Total current assets		**63,427**	156,230	**28,385**	187,125
Non-current assets					
Trade and other receivables	14	**–**	6,290	**133,523**	70,281
Available-for–sale financial assets	18	**664**	1,474	**664**	1,474
Other financial assets	15	**11,961**	4,258	**11,929**	4,000
Investments in subsidiaries	19	**–**	–	**13,537**	67,419
Deferred tax assets	11	**22,799**	50,004	**908**	45,535
Property, plant and equipment	20	**58,885**	65,673	**410**	692
Goodwill	21	**–**	5,275	**–**	–
Development	22	**67,948**	112,755	**–**	–
Exploration and evaluation	23	**56,960**	104,563	**–**	–
Total non-current assets		**219,217**	350,292	**160,971**	189,401
Total assets		**282,644**	506,522	**189,356**	376,526
LIABILITIES					
Current liabilities					
Trade and other payables	24	**11,711**	45,993	**3,419**	9,610
Loans and borrowings	25	**3,054**	2,798	**–**	203
Deferred income	26	**2,330**	2,503	**–**	–
Provisions	27	**1,999**	3,177	**354**	596
Total current liabilities		**19,094**	54,471	**3,773**	10,409
Non-current liabilities					
Trade and other payables	24	**–**	57	**–**	57
Loans and borrowings	25	**132,525**	201,463	**130,235**	224,089
Deferred tax liabilities	11	**22,799**	46,845	**908**	2,667
Deferred income	26	**41,480**	42,450	**–**	–
Provisions	27	**6,893**	5,179	**24**	36
Total non-current liabilities		**203,697**	295,994	**131,167**	226,849
Total liabilities		**222,791**	350,465	**134,940**	237,258
Net assets		**59,853**	156,057	**54,416**	139,268
EQUITY					
Share capital	28	**160,943**	161,652	**160,943**	161,652
Reserves	29	**2,136**	3,793	**2,136**	3,793
Accumulated losses		**(103,226)**	(9,388)	**(108,663)**	(26,177)
Total equity		**59,853**	156,057	**54,416**	139,268

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

30 June 2009

	Share capital $'000	Equity compensation reserve $'000	Accumulated losses $'000	Total $'000
CONSOLIDATED				
As at 1 July 2008	161,652	3,793	(9,388)	156,057
Total income and expense recognised directly in equity				
Loss for the period	–	–	(96,630)	(96,630)
Total income and expense for the period	–	–	(96,630)	(96,630)
Equity transactions:				
Buy-back of convertible notes	(912)	–	–	(912)
Equity settled transactions	226	1,135	–	1,361
Forfeiture/cancellation of employee options	–	(2,792)	2,792	–
Transaction costs (net of tax)	(23)			(23)
At 30 June 2009	160,943	2,136	(103,226)	59,853

	Share capital $'000	Equity compensation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total $'000
CONSOLIDATED					
As at 1 July 2007	159,186	2,874	4,676	19,682	186,418
Net change in the value of available-for-sale investments transferred to profit or loss	–	–	(6,680)	–	(6,680)
Income tax on income recognised directly in equity	–	–	2,004	–	2,004
Total income and expense recognised directly in equity	–	–	(4,676)	–	(4,676)
Loss for the period	–	–	–	(29,070)	(29,070)
Total income and expense for the period	–	–	(4,676)	(29,070)	(33,746)
Equity transactions:					
Shares issued	20,238	–	–	–	20,238
Capital reduction	(18,494)	–	–	–	(18,494)
Equity settled transactions	745	919	–	–	1,664
Transaction costs (net of tax)	(23)	–	–	–	(23)
At 30 June 2008	161,652	3,793	–	(9,388)	156,057

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
30 June 2009

	Share capital $'000	Equity compensation reserve $'000	Accumulated losses $'000	Total $'000
PARENT				
As at 1 July 2008	161,652	3,793	(26,177)	139,268
Total income and expense recognised directly in equity				
Loss for the period	–	–	(85,278)	(85,278)
Total income and expense for the period	–	–	(85,278)	(85,278)
Equity transactions:				
Buy–back of convertible notes	(912)	–	–	(912)
Equity settled transactions	226	1,135	–	1,361
Forfeiture/cancellation of employee options	–	(2,792)	2,792	–
Transaction costs (net of tax)	(23)	–	–	(23)
At 30 June 2009	160,943	2,136	(108,663)	54,416

	Share capital $'000	Equity compensation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total $'000
PARENT					
As at 1 July 2007	159,186	2,874	4,676	(12,705)	154,031
Net change in the value of available-for-sale investments transferred to profit or loss	–	–	(6,680)	–	(6,680)
Income tax on income recognised directly in equity	–	–	2,004	–	2,004
Total income and expense recognised directly in equity	–	–	(4,676)	–	(4,676)
Loss for the period	–	–	–	(13,472)	(13,472)
Total income and expense for the period	–	–	(4,676)	(13,472)	(18,148)
Equity transactions:					
Shares issued	20,238	–	–	–	20,238
Capital reduction	(18,494)	–	–	–	(18,494)
Equity settled transactions	745	919	–	–	1,664
Transaction costs (net of tax)	(23)	–	–	–	(23)
At 30 June 2008	161,652	3,793	–	(26,177)	139,268

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

for the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		**127,331**	179,498	**21**	98
Payments to suppliers and employees		**(172,219)**	(168,861)	**(9,804)**	(9,134)
Interest received		**4,917**	13,635	**4,828**	12,286
Finance costs		**(12,723)**	(13,403)	**(12,191)**	(12,979)
Income tax		**–**	–	**–**	–
Net cash (outflow)/inflow from operating activities	30	**(52,694)**	10,869	**(17,146)**	(9,729)
Cash flows from investing activities					
Proceeds on sale of available-for-sale investments		**25**	603	**25**	603
Purchase of investments in controlled entities		**–**	–	**–**	(2,151)
Sale of exploration assets		**1,000**	(1,000)	**–**	(1,000)
(Purchase)/release of performance bonds		**(7,703)**	860	**(7,929)**	(3,668)
Payment for property, plant and equipment		**(6,547)**	(25,339)	**–**	(148)
Proceeds from sale of plant and equipment		**1,036**	205	**4**	–
Payments for exploration, evaluation and development		**(8,276)**	(128,540)	**–**	–
Loans to subsidiaries		**–**	–	**(46,370)**	(102,413)
Net cash outflow from investing activities		**(20,465)**	(153,211)	**(54,270)**	(108,777)
Cash flows from financing activities					
Proceeds from issue of shares		**–**	1,042	**–**	1,042
Payment of share issue costs		**(23)**	(25)	**(23)**	(25)
Proceeds from borrowings		**–**	1,419	**–**	1,419
Repayment of borrowings		**(203)**	(1,218)	**(203)**	(1,218)
Proceeds from secured silver arrangement		**–**	30,000	**–**	–
Payment for convertible note buy-back		**(20,460)**	–	**(20,460)**	–
Repayment of hire purchase		**(3,112)**	(2,176)	**–**	–
Net cash (outflow)/inflow from financing activities		**(23,798)**	29,042	**(20,686)**	1,218
Net decrease in cash held		**(96,957)**	(113,300)	**(92,102)**	(117,288)
Cash at the beginning of the reporting period		**125,140**	238,440	**119,829**	237,117
Cash at the end of the reporting period	13	**28,183**	125,140	**27,727**	119,829

The above cash flow statement should be read in conjunction with the accompanying notes.

1. Corporate information

CBH Resources Limited ('the Company') is a company domiciled in Australia. The address of the Company's registered office is Level 3, 2 Elizabeth Plaza, North Sydney, NSW 2060. The consolidated financial statements of the Company as at and for the year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as "Group entities"). The Group is primarily involved in mining, mineral exploration and resource investment.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, including Australian Interpretations, adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 31 August 2009.

(b) Basis of measurement

The financial report has been prepared on the historical cost basis except in respect of derivative financial instruments and available-for-sale financial assets which are measured at fair value.

(c) Functional and presentation currency

The financial report is presented in Australian dollars which is the functional currency for both the Company and the Group. In accordance with ASIC Class Order 98/100 dated 10 July 1998, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following accounting policy notes:

- 3(b) Business combinations
- 3(k) Share based payments
- 3(l) and 3(m) Provisions
- 3(c) Financial instruments
- 3(j) Impairment

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of CBH Resources Limited and its subsidiaries as at 30 June 2009.

Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. The effects of all transactions between the entities within the Group have been eliminated.

In the Company's financial statements, investments in subsidiaries are carried at cost.

3. Significant Accounting Policies *(continued)*

(b) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence of and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and other payables.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, the date that the Group commits to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire, are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Accounting for finance income and expense in relation to financial instruments is discussed in note 3(o).

Non-derivative financial instruments are classified, recognised and measured as follows:

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such on initial recognition. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial instruments at fair value through profit or loss are measured at fair value and subsequent changes in fair value are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or determined to be impaired, at which time the accumulative gain or loss previously reported in equity is recognised in profit or loss.

(ii) Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency and commodity hedge contracts to hedge the risks associated with foreign currency and base metal price fluctuations. Derivative financial instruments are measured at fair value. Subsequent to initial recognition, the fair value of foreign exchange and commodity hedge contracts are calculated by reference to derivatives with similar maturity profiles at the date of measurement. Any gains or losses arising from changes in the fair value of derivates are taken directly to profit or loss for the reporting period.

3. Significant Accounting Policies *(continued)*

(iii) Compound financial instruments
Compound financial instruments issued by the Group comprise convertible notes which can be converted to share capital at the option of the holder. The number of shares to be issued does not vary with changes in their fair value and as such the financial instrument contains both an equity component and a liability component.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method, unless designated at fair value through profit or loss. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

(iv) Share capital
Ordinary shares are classified as equity. The incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

(d) Property, plant and equipment

(i) Initial recognition
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition.

(ii) Subsequent costs
The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the replacement will result in an increase in future economic benefit accruing to the Group. The cost of the replacement can only be recognised if it can be measured reliably.

(iii) Depreciation
Depreciation is provided on all property, plant and equipment so as to write off assets progressively over their useful economic lives. The expected useful lives are as follows:

Motor vehicles, plant and equipment	3-7 years
Buildings	20 years
Certain mine buildings, plant and equipment	Life of mine

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(iv) Disposal and derecognition
An item of property, plant or equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss for the period.

(e) Exploration and evaluation expenditure

Exploration and evaluation expenditure is charged to the profit and loss account as incurred except in the following circumstances, in which case the expenditure is capitalised:

- the exploration and evaluation activity is within an area of interest for which it is expected that the expenditure will be recouped through successful development and exploitation or sale; or
- at the balance sheet date, exploration and evaluation activity has not reached a stage which permits a reasonable assessment of the existence of commercially viable reserves; or
- the exploration and evaluation activity is within an area of interest which was acquired in a business combination and measured at fair value on acquisition.

Capitalised exploration and evaluation expenditure is recorded at cost less impairment losses. As the asset is not available for use it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indications of impairment for each area of interest and where a potential impairment is indicated an assessment is performed.

(f) Development

Mine development assets consist of the capital cost incurred on areas of mining interest which, to the satisfaction of directors, can be economically recovered. Capital development includes expenditure on shafts, decline development, access drives, ore drives and ventilation shafts. Mine development is amortised over the recoverable reserves based on units of production.

3. Significant Accounting Policies *(continued)*

Project development expenditure incurred after the commencement of production is carried forward to when future economic benefits are reasonably assured.

Depletion charges, in respect of the amortisation of mineral resources, are calculated on the units of production method.

(g) Goodwill
Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(h) Leased assets/commercial hire purchase
Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Group, are classified as finance leases. Upon initial recognition, the leased asset and the corresponding finance lease liability, is recognised in the balance sheet at an amount equal to the lower of the fair value and the present value of the minimum lease payments. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Other leases are operating leases. Assets subject to operating leases are not recognised in the balance sheet and lease payments are recognised as operating lease expenses in the profit or loss for the period.

(i) Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of stockpiles is determined by the weighted average method and comprises direct purchase cost and an appropriate portion of fixed and variable overhead. Maintenance stores and consumable stores, including plant spares, are valued at average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

(j) Impairment
(i) Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

If evidence of impairment exists, individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset previously recognised in equity is transferred to profit or loss.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has occurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate and recognised in profit or loss.

An impairment loss can be reversed if the reversal can be related objectively to an event occurring after the impairment was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in equity.

(ii) Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount in respect of goodwill and development is estimated at each reporting date.

3. Significant Accounting Policies *(continued)*

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee benefits

(i) Short term benefits

Liabilities for employees' entitlements to wages and salaries, annual leave and other employee entitlements expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long-term benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs discounted to determine its present value.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Share-based payment transactions

The Group provides benefits to employees through the Employee Share Option Plan. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to exercise the options. Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognised is proportionately reversed.

When the Company grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. Significant Accounting Policies *(continued)*

(m) Provision for restoration and rehabilitation

A provision for material restoration obligations is recognised in relation to exploration licences, development projects and mining operations. The amount recognised includes reclamation and site rehabilitation after taking into account restoration works that are carried out during exploration, development and production.

Costs are determined from estimates of future costs and are then discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(n) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of metals, concentrates, ores and by-products are subject to long term contracts and revenue is recognised when effective control passes and control of the goods has passed to the buyer. Freight and realisation expenses are included in the distribution expenses and are not deducted in arriving at revenue from the sale of goods.

As the final value of concentrate sales can only be determined from weights, assays, prices and exchange rates applying after a shipment has arrived at its destination, sales of concentrates are recorded at estimated values pursuant to contract terms, with adjustments being subsequently recognised in the period when final values are determined.

Silver revenue is brought to account each period by amortising the deferred silver income liability when the silver is delivered in the lead concentrate.

(ii) Rendering of services

Revenue from services is recognised on an accruals basis and in accordance with the terms of relevant agreements.

(o) Finance income and expense

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(p) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is recognised for all deductible temporary timing differences except for those arising:

- on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- in relation to differences associated with investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that the related tax benefit will be realised.

3. Significant Accounting Policies *(continued)*

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity, the tax consolidated group, and the same taxation authority, the Australian Taxation Office.

(i) Tax consolidation
CBH Resources Limited and its 100% owned subsidiaries formed a tax consolidated group with effect from 1 January 2004 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is CBH Resources Limited.

In addition to its own current and deferred tax amounts, CBH Resources Limited also recognises the current tax liabilities/assets and the deferred tax assets arising from unused tax losses assumed from controlled entities in the tax consolidated group under the tax sharing agreement. Assets or liabilities arising under the tax funding agreement between CBH Resources Limited and the other members of the tax consolidated group are recognised as amounts receivable from or payable to the other entities in the group. Any difference between the amounts assumed under the tax sharing agreement and the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(ii) Nature of tax funding and tax sharing arrangements
The head entity, in conjunction with other members of the tax consolidated group, has entered into Tax Sharing and Funding Agreements.

The tax sharing agreement provides for the determination of the allocation of income tax liabilities between entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

The tax funding arrangement sets out the funding obligations of members of the tax consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/asset assumed by the head entity and any tax loss deferred tax asset assumed by the head entity. As a result the head entity recognises an inter company receivable/payable equal in amount to the tax liability/asset assumed.

(iii) Other taxes
Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ('GST') except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Segment reporting
A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(r) Joint ventures
The Group has interests in joint ventures that are jointly controlled operations. A joint venture is a contractual arrangement where by two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

(s) Foreign currency translation
Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

3. Significant Accounting Policies *(continued)*

(t) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the parent, excluding any costs of servicing equity, other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009 but have not been applied in preparing this financial report:

Interpretation No.	Title	Issue Date	Operative Date (annual reporting periods beginning on or after)
15	Agreements for the Construction of Real Estate	Aug 2008	1 Jan 2009
16	Hedges of a Net Investment in a Foreign Operation	Aug 2008	1 Oct 2008
17	Distributions of Non-cash Assets to Owners	Dec 2008	1 Jul 2009
18	Transfers of Assets from Customers	Mar 2009	1 Jul 2009
AASB No.			
8	Operating Segments	Feb 2007	1 Jan 2009
101	Presentation of Financial Statements (Revised)	Sep 2007	1 Jan 2009
123	Borrowing Costs (Revised)	Jun 2007	1 Jan 2009
3	Business Combinations (Revised)	Mar 2008	1 Jul 2009
127	Consolidated and Separate Financial Statements (Amended)	Mar 2008	1 Jul 2009
2008-1	Amendments to Australian Accounting Standards: Share-Base Payments: Vesting Conditions and Cancellations	Mar 2008	1 Jan 2009
2008-2	Amendments to Australian Accounting Standards: Puttable Financial Instruments and Obligations arising on Liquidation	Mar 2008	1 Jul 2009
2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Jul 2008	1 Jan 2009
2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Jul 2008	1 Jul 2009
2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	Jul 2008	1 Jan 2009
2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	Aug 2008	1 Jul 2009
2008-9	Amendments to AASB 1049 for Consistency with AASB 101	Sep 2008	1 Jan 2009
2008-11	Amendments to Australian Accounting Standard –Business Combinations Among Not-for-Profit Entities	Nov 2008	1 Jul 2009
2008-13	Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners	Dec 2008	1 Jul 2009
2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	May 2009	1 Jul 2009
2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	1 Jan 2010

3. Significant Accounting Policies *(continued)*

Analysis of changes – Accounting Standards

The following standards are considered applicable to the Company and will be adopted during the first annual reporting period after the effective date of each pronouncement.

AASB 8 *Operating segments*

- specifies how an entity should report information about its operating segments in annual financial reports and, as a consequential amendment to AASB 134 Interim Financial Reporting, requires an entity to report selected information about its operating segments in interim financial reports. It also sets out requirements for related disclosures about products and services, geographical areas and major customers;
- requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments;
- requires an entity to report a measure of operating segment profit or loss and of segment assets. It also requires an entity to report a measure of segment liabilities and particular income and expense items if such measures are regularly provided to the chief operating decision maker. It requires reconciliations of total reportable segment revenues, total profit or loss, total assets, liabilities and other amounts disclosed for reportable segments to corresponding amounts in the entity's financial statements;
- requires an entity to report information about the revenues derived from its products or services (or groups of similar products and services), about the countries in which it earns revenues and holds assets, and about major customers, regardless of whether that information is used by management in making operating decisions. However, the Standard does not require an entity to report information that is not prepared for internal use if the necessary information is not available and the cost to develop it would be excessive; and
- requires an entity to give descriptive information about the way the operating segments were determined, the products and services provided by the segments, differences between the measurements used in reporting segment information and those used in the entity's financial statements, and changes in the measurement of segment amounts from period to period.

AASB 8 will result in a change in the segment disclosures presented in the financial report such that the segments presented will not be based on primary and secondary segments but reflect those segments and amounts regularly reviewed by the entity's chief operating decision maker. While the amounts presented in the financial statements will not change, the amounts presented in the segment reporting note may differ to those currently presented as a result of AASB 8 requiring the amounts presented to be based on those seen by the entity's chief operating decision maker.

AASB 101 *Presentation of Financial Statements (Amended)*

AASB 101 amended changes how an entity presents changes in equity and especially how it reports changes in equity that arise from transactions with owners in their capacity as owners. The amended standard also changes presentation and terminology of the primary financial statements. The new rules do not change the recognition, measurement or disclosure of specific transactions and other events.

The introduction of AASB 101 (amended) will not have a material impact on the amounts presented within the financial statements but is likely to result in a substantial change in the presentation and terminology of the primary financial statements.

AASB 3 *Business Combinations (Amended)*

AASB 3 (revised) changes the way in which an entity will account for business combinations. The key changes from the previous AASB 3 (outlined in the revised AASB 3) are:

- The scope was broadened to cover business combinations involving only mutual entities and business combinations achieved by contract alone.
- The definitions of a business and a business combination were amended and additional guidance was added for identifying when a group of assets constitutes a business.
- For each business combination, the acquirer must measure any non-controlling interest in the acquirer either at fair value or as the non-controlling interest's proportionate share of the acquirer's net identifiable assets. Previously, only the latter was permitted.
- The requirements for how the acquirer makes any classifications, designations or assessments for the identifiable assets acquired and liabilities assumed in a business combination were clarified.

3. Significant Accounting Policies *(continued)*

- The period during which changes to deferred tax benefits acquired in a business combination can be adjusted against goodwill has been limited to the measurement period (through a consequential amendment to AASB 112).
- An acquirer is no longer permitted to recognise contingencies acquired in a business combination that do not meet the definition of a liability.
- Costs the acquirer incurs in connection with the business combination must be accounted for separately from the business combination, which usually means that they are recognised as expenses (rather than included in goodwill).
- Consideration transferred by the acquirer, including contingent consideration, must be measured and recognised at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as liabilities are recognised in accordance with AASB 139 Financial Instruments: Recognition and Measurement, AASB 137 Provisions, Contingent Liabilities and Contingent Assets or other Australian Accounting Standards, as appropriate (rather than by adjusting goodwill). The disclosures required to be made in relation to contingent consideration were enhanced.
- Application guidance was added in relation to when the acquirer is obliged to replace the acquirer's share-based payment awards; measuring indemnification assets; rights sold previously that are reacquired in a business combination; operating leases; and valuation allowances related to financial assets such as receivables and loans.
- For business combinations achieved in stages, having the acquisition date as the single measurement date was extended to include the measurement of goodwill. An acquirer must remeasure any equity interest it holds in the acquirer immediately before achieving control at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss.
- Previously the requirements for restructures of local governments were included in AASB 3 (issued July 2004 and amended to December 2007). Those requirements were excluded from this Standard, based on the Board's decision to consider the suitability of this Standard for combinations among not-for-profit entities in the short-term.
- The application of revised AASB 3 and amended AASB 127 will supersede Interpretation 1001 Consolidated Financial Reports in relation to Pre-Date-of-Transition Dual Listed Company.
- Arrangements, Interpretation 1002 Post-Date-of-Transition Stapling Arrangements and Interpretation 1013 Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements.

Adoption of the revised AASB 3 is likely to result in substantial changes in the way in which the entity accounts for business combinations. The entity has been unable to assess (as at authorisation of this financial report) the financial impact of this change on the entity's financial report in the period of initial application.

AASB 127 *Consolidated and Separate Financial Statements (Amended)*
AASB 127 (revised) changes the way in which an entity will account for Consolidated and Separate Financial Statements:

- The term minority interest was replaced by the term non-controlling interest, with a new definition.
- An entity must attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The previous version required excess losses to be allocated to the owners of the parent, except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.
- Requirements were added to specify that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. The previous version did not have requirements for such transactions.
- Requirements were added to specify how an entity measures any gain or loss arising on the loss of control of a subsidiary. Any such gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The previous version required the carrying amount of an investment retained in the former subsidiary to be regarded as its cost on initial measurement of the financial asset in accordance with AASB 139.
- The application of revised AASB 3 and amended AASB 127 will supersede Interpretation 1001 Consolidated Financial Reports in relation to Pre-Date-of-Transition Dual Listed Company Arrangements, Interpretation 1002 Post-Date-of-Transition Stapling Arrangements and Interpretation 1013 Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements.

The entity has been unable to assess (as at authorisation of this financial report) the financial impact of this change on the entity's financial report in the period of initial application.

AASB 123 Borrowing costs (Amended)
In relation to borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, AASB 123 as issued in July 2004 permitted entities to either:

(a) immediately recognise them as an expense; or
(b) capitalise them as part of the carrying amount of a qualifying asset.

Under this Standard, only the capitalisation treatment is permitted.

3. Significant Accounting Policies *(continued)*

Adoption of the revised AASB 123 will result in the capitalisation of all interest expenses on qualifying assets. The entity has been unable to assess (as at authorisation of this financial report) the financial impact of this change on the entity's financial report in the period of initial application.

AASB 2008-1 Amendments to Australian Accounting Standards – Share-based payment: Vesting Conditions and Cancellations

AASB 2008-1 clarifies that vesting conditions comprise service conditions and performance conditions only and that other features of a share-based payment transaction are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

Adoption of the revised AASB 2008-1 will not result in a change in accounting policy for the entity as AASB 2008-1 only clarifies an existing treatment the entity had already complied with.

AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process

AASB 2008-5 results from the International Accounting Standards Board's annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs.

The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. There is unlikely to be a material change in the financial statements on adoption of these amendments.

AASB 2008-6 Amendments to Australian Accounting Standards arising from the Annual Improvements Process

AASB 2008-6 amends AASB 1 and AASB 5 to include requirements relating to a sale plan involving the loss of control of a subsidiary. The amendments require all the assets and liabilities of such a subsidiary to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation. There is unlikely to be a material change in the financial statements on adoption of these amendments.

AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate

AASB 2008-7: amends AASB 1 to allow first-time adopters, in their separate financial statements, to use a deemed cost option for determining the cost of an investment in a subsidiary, jointly controlled entity or associate. The deemed cost of such an investment can be either its:

(i) fair value (determined in accordance with AASB 139 Financial Instruments: Recognition and Measurement) at the entity's date of transition to Australian-equivalents-to-IFRSs; or

(ii) previous GAAP carrying amount at that date.

There is unlikely to be a material change in the financial statements on adoption of these amendments.

AASB 2008-8 Amendments to Australian Accounting Standard – Eligible Hedged Items

AASB 2008-8 amends the application guidance of AASB 139 Financial Instruments: Recognition and Measurement to clarify how the existing principles underlying hedge accounting apply to the designation of:

(a) a one-sided risk in a hedged item; and

(b) inflation as a hedged risk or portion in particular circumstances.

The amendments apply retrospectively to annual reporting periods beginning on or after 1 July 2009, with earlier application permitted. There is unlikely to be a material change in the financial statements on adoption of these amendments.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4. Determination of fair values *(continued)*

Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of a business combination is based on market values.

Exploration assets
The fair value of exploration assets recognised as a result of the business combination with Triako Resources Limited was arrived at by using a variety of valuation methodologies requiring the application of a number of subjective factors. Depending on the characteristics of the area of interest, fair value was determined by using discounted cash flow methodology, past exploration expenditure methodology, joint venture terms methodology or was based on the value of recent transactions on comparable projects.

Investments in equity securities
The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

Derivatives
The fair value of forward exchange contracts and forward base metal contracts is based on the market price of instruments with a similar maturity profile.

Non-derivative financial liabilities
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

Share based payment transactions
The fair value of employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, expected life of the instrument and the risk free interest rate.

Restoration obligations
The cost to rehabilitate mine sites is determined using a model devised by NSW Department of Primary Industries. Unit cost rates factored into the model are determined by an independent third party. The discount rate applied to the provision is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

5. Financial risk management

Overview
The Company and Group have exposure to the following risks from their use of financial instruments:

- market risk
- credit risk
- liquidity risk

This note presents information about the Company's and Group's exposure to each of the risks identified above, the policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are provided throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring risk management policies. The Board of Directors is provided with a risk management report each month.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment of surplus cash.

Approximately 93% of Group revenue is attributable to concentrate sales to Toho Zinc Co., a company domiciled in Japan and a holder of 28.4% of the Company's share capital, and to Nyrstar Limited. The Company has long term concentrate sales agreements with these two parties.

The Group has a policy in place to ensure that surplus cash is invested with financial institutions of appropriate creditworthiness and limits the amount of credit exposure to any one counterparty.

5. Financial risk management *(continued)*

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Short-term (12 week) cash flows are re-estimated on a weekly basis, with long-term cash flows re-estimated on a quarterly basis.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters whilst optimising the return.

The Group enters into derivatives and also incurs financial liabilities in order to manage market risk. All such transactions are carried out with specific approval of the Board of Directors or within the Group's guidelines authorised by the Board of Directors.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group has a material exposure to movements in the AUD/USD exchange rate as all zinc and lead concentrate sales are denominated in US dollars. The Group utilises derivative financial instruments to hedge foreign exchange risk.

The Group has exposure to movements in the AUD/JPY exchange rate in relation to JPY denominated long term borrowings. The Group has no plans to hedge the associated foreign exchange risk associated with this loan.

Commodity price risk

The Group is exposed to commodity price risk. This risk arises from zinc, lead and copper metal sales which are priced on open market exchanges (London Metal Exchange).

The Group utilises derivative financial instruments to hedge commodity price risk.

Capital management

The Group's policy is to maintain a strong and flexible capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital which the Group defines as total shareholders' equity attributable to the members of CBH Resources Limited.

The Group monitors balance sheet strength and flexibility using cash flow forecast analysis and a detailed budgeted process.

There were no changes in the Group's approach to capital management during the year.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000

6. Finance revenue

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Interest revenue	**3,948**	13,481	**3,849**	12,440
Interest revenue from related party	**218**	–	**–**	–
Interest revenue from subsidiaries	**–**	–	**11,631**	8,999
Dividends received	**–**	969	**–**	969
Net change in the fair value of cash flow hedges	**–**	9,566	**–**	–
	4,166	24,016	**15,480**	22,408

7. Other income

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Net gain on sale of property, plant and equipment	**934**	321	**–**	–
Net gain on sale of assets to Kimberley Metals Limited	**–**	2,411	**–**	–
Scrap and miscellaneous disposals	**28**	53	**–**	–
Loan forgiveness by subsidiary companies	**–**	–	**28,210**	–
Other revenue	**889**	20	**21**	95
	1,851	2,805	**28,231**	95

8. Expenses

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Other expenses				
Exploration expenditure written off	**1,407**	879	**–**	–
Share based payments	**1,362**	1,664	**1,191**	1,282
Loan forgiveness	**–**	–	**–**	672
	2,769	2,543	**1,191**	1,954
Finance costs				
Fund raising costs	**37**	37	**37**	36
Interest costs	**11,049**	15,829	**10,517**	15,406
Unwinding of discount on convertible notes	**2,688**	2,476	**2,688**	2,476
Discount on amount due from related party	**544**	–	**–**	–
Unwinding of discount on mine rehabilitation provision	**585**	390	**–**	–
Loss on sale of held-for-trading financial assets	**58**	47	**58**	47
Net change in the fair value of held-for-trading financial assets	**80**	236	**80**	236
Net change in fair value of cash flow hedges	**8,000**	–	**–**	–
Net loss on foreign exchange	**4,151**	1,209	**4,151**	1,209
	27,192	20,224	**17,531**	19,410
Depreciation and amortisation				
Buildings, plant and equipment	**10,351**	6,009	**185**	153
Leasehold improvements	**96**	97	**93**	93
Development assets	**8,346**	2,343	**–**	–
Mineral resource assets	**228**	112	**–**	–
	19,021	8,561	**278**	246
Rental expense relating to operating leases				
Minimum lease payments	**1,338**	1,390	**261**	261
	1,338	1,390	**261**	261
Employee benefits expense				
Wages and salaries	**14,617**	22,547	**2,141**	2,195
Contributions to employee superannuation plans	**1,854**	3,035	**159**	198
Share based payments	**1,362**	1,664	**1,191**	1,282
Provision for employee entitlements	**2,686**	2,568	**198**	350
Other employee benefits	**1,180**	3,099	**141**	136
	21,699	32,913	**3,830**	4,161

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

9. Gain on buy-back of convertible notes

Carrying value of convertible notes bought back:				
• classified as financial liability	74,741	–	74,741	–
• classified as equity	912	–	912	–
	75,653	–	75,653	–
Cost of buy back of convertible notes	(20,460)	–	(20,460)	–
Gain on buy-back of convertible notes	55,193	–	55,193	–

During the period 77,263 CBHGA Convertible Notes were bought back at a weighted average cost of $264 per $1,000 note. This resulted in a gain of $55,193,000 being recognised in the income statement.

10. Impairment losses

Impairment loss on subsidiary receivables	–	–	62,210	–
Impairment loss on investments in subsidiaries	–	–	52,005	–
Impairment loss on related party receivable	5,964	–	–	–
Impairment loss on available-for-sale investments	809	9,417	809	9,417
Impairment loss on exploration assets	40,445	15,242	–	–
Impairment loss on goodwill	5,275	–	–	–
Impairment loss on development assets	35,209	–	–	
	87,702	24,659	115,024	9,417

Subsidiary receivables and investments in subsidiaries

Impairment losses totalling $114,215,000 were recognised in respect of the Company's subsidiary receivables and investments in subsidiaries. It was determined that the carrying values of these assets exceeded their recoverable amounts by reference to the net asset value of each subsidiary company at 30 June 2009.

Related party receivable

The non-current receivable of $5,964,000 from Kimberley Metals Limited ("KML") is payable to the Company upon commercial production commencing at Mineral Hill. The full amount has been impaired at year end.

Available-for-sale investments

The carrying value of the 16.2 million share investment in TNG Limited exceeded its recoverable amount by $809,000 based on the year end share price of 4.1cents (2008: 9.1cents). An impairment loss was recognised in this respect.

Exploration assets

Impairment losses in respect of exploration assets were recognised as follows:

- An impairment loss of $15,000,000 was recognised to reflect the fundamental change in the scope of the Panorama Project which will be the subject of further evaluation. A potential joint venture of the project is being considered which, if successful, may result in a write back of an amount of the impairment loss.
- An impairment loss $22,000,000 for the year was recognised to reflect the excess of the carrying value over the recoverable amount of the Hera Deposit and Nymagee tenements as established by the YTC Resources Limited offer to acquire those assets. The agreed consideration for the Hera deposit and Nymagee tenements is $12 million with $1 million having been received as a non-refundable deposit prior to the year end.
- An impairment loss of $3,445,000 was recognised in respect of areas at the Endeavor Mine.

Development assets and goodwill

Indications of impairment were apparent in relation to the Endeavor Mine and as a result impairment testing was carried out in respect of the Endeavor Mine assets. As a result of impairment testing the carrying amounts of capitalised development expenditure and also goodwill were found to be in excess of their recoverable amount by $35,209,000 and $5,275,000 respectively.

The recoverable amount was established by determining the value in use of the Endeavor Mine as a cash generating unit using a discounted cash flow model to arrive at a net present value. The model incorporated a ten year mine life (2008: 15 years) at a mining rate of 850,000 tonnes per annum and a discount rate of 9%.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

11. Income tax

Income tax recognised in the income statement				
Current tax	–	–	–	–
Deferred tax	3,159	(11,907)	42,868	(5,153)
Income tax expense/(benefit)	3,159	(11,907)	42,868	(5,153)
Income tax recognised directly in equity				
Available-for-sale financial assets	–	2,004	–	2,004
Transaction costs on equity issue	–	2	–	2
	–	2,006	–	2,006
Numerical reconciliation between pre-tax net loss and income tax (benefit)/expense				
Loss for the period	(93,471)	(40,977)	(42,410)	(18,625)
Income tax benefit at the statutory rate of 30% (2008-30%)	(28,041)	(12,292)	(12,723)	(5,587)
Share based payments	409	499	357	384
Non-deductible expenditure	35	95	5	18
Deferred tax assets not recognised	29,896	–	55,729	–
Under/(over) provision in prior periods	860	(209)	(500)	32
Income expense/(benefit)	3,159	(11,907)	42,868	(5,153)

Unused tax losses

Deferred tax assets are recognised for carry-forward of unused tax losses to the extent that it is probable that taxable profits will be available against which the unused tax losses can be utilised. A deferred tax asset of $7,810,000 (2008: $42,195,000) has been recognised in relation to tax losses at the year end of $26,033,000 (2008: $140,650,000). No deferred tax asset has been recognised in respect of unused losses totalling $119,608,000 (2008: nil).

The Group has tax losses that are available of $145,641,000 to carry forward against future taxable income.

11. Income tax *(continued)*

	Balance at 1 July 2008 $'000	Recognised in Profit or loss $'000	Recognised in Equity $'000	Derecognition of previously recognised losses $'000	Balance at 30 June 2009 $'000
CONSOLIDATED					
Deferred tax assets					
Receivables	2,077	(151)	–	–	1,926
Inventories	56	(56)	–	–	–
Derivatives	–	7	–	–	7
Available-for-sale financial assets	2,825	243	–	–	3,068
Property, plant and equipment	–	1,336	–	–	1,336
Goodwill	–	936	–	–	936
Development expenditure	–	3,711	–	–	3,711
Rehabilitation provision	1,543	476	–	–	2,019
Provision for employee benefits	826	(293)	–	–	533
Borrowing costs	2	(1)	–	–	1
Equity raising costs	170	162	–	–	332
Tax losses	42,195	–	–	(34,385)	7,810
Unrealised foreign exchange loss	–	752	–	–	752
Other	310	58	–	–	368
Gross deferred tax assets	50,004	7,180	–	(34,385)	22,799
Deferred tax liabilities					
Prepaid insurance	(97)	(359)	–	–	(456)
Inventories	–	(2,047)	–	–	(2,047)
Derivatives	(2,410)	2,410	–	–	–
Assets classified as held for sale	–	(3,600)	–	–	(3,600)
Property, plant and equipment	(1,457)	1,457	–	–	–
Goodwill	(437)	437	–	–	–
Development expenditure	(5,309)	5,309	–	–	–
Exploration and evaluation	(32,759)	16,944	–	–	(15,815)
Convertible note	(2,124)	1,243	–	–	(881)
Unrealised foreign exchange gain	(493)	493	–	–	–
Other	(1,759)	1,759	–	–	–
Gross deferred tax liabilities	(46,845)	24,046	–	–	(22,799)
Net deferred tax asset/(liability)	3,159	31,226	–	(34,385)	–
PARENT					
Deferred tax assets					
Available-for-sale financial assets	2,825	(2,211)	–	–	614
Property, plant and equipment	36	(24)	–	–	12
Exploration and evaluation	90	(72)	–	–	18
Provision for employee benefits	190	(167)	–	–	23
Borrowing costs	1	(1)	–	–	–
Equity raising costs	171	(105)	–	–	66
Tax losses	42,195	–	–	(42,195)	–
Unrealised foreign exchange loss	–	150	–	–	150
Other	27	(2)	–	–	25
Gross deferred tax assets	45,535	(2,432)	–	(42,195)	908
Deferred tax liabilities					
Convertible note	(2,124)	1,243	–	–	(881)
Unrealised foreign exchange gain	(493)	493	–	–	–
Other	(50)	23	–	–	(27)
Gross deferred tax liabilities	(2,667)	1,759	–	–	(908)
Net deferred tax asset	42,868	(673)	–	(42,195)	–

	Consolidated 2009 $'000	Consolidated 2008 $'000
12. Earnings per share		
Earnings used in calculating earnings per share		
For basic earnings per share:		
Net loss attributable to ordinary equity holders of the parent from continuing operations	**(96,630)**	(29,070)
For diluted earnings per share:		
Net loss from continuing operations attributable to ordinary equity holders of the parent (from basic EPS)	**(96,630)**	(29,070)
Tax effected interest on convertible notes – liability component	**–**	–
Net loss attributable to ordinary equity holders of the parent from continuing operations	**(96,630)**	(29,070)
	–	–
Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	**884,141,265**	844,237,468
Effect of dilution:		
Share options	**–**	–
Convertible notes	**–**	–
Weighted average number of ordinary shares adjusted for the effect of dilution	**884,141,265**	844,237,468
Weighted average number of exercised, forfeited or expired potential ordinary shares included in the calculation of diluted earnings per share	**–**	–
	Cents	**Cents**
Basic loss per share	**(10.93)**	(3.44)
Diluted loss per share	**(10.93)**	(3.44)

Both employee share options and the CBHGA convertible notes have been excluded from the calculation of diluted earnings per share as they are anti dilutive for the periods ended 30 June 2008 and 30 June 2009.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
13. Cash and cash equivalents				
Cash at bank and on hand	**645**	15,505	**189**	10,194
Short-term deposits	**27,538**	109,635	**27,538**	109,635
	28,183	125,140	**27,727**	119,829

The deposits are bearing an average floating interest rate of 3.3% (June 2008 – 7.8%).

The Group's exposure to interest rate risk for financial assets and liabilities are disclosed in note 35.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000

14. Trade and other receivables

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Trade receivables and prepayments	**6,747**	8,066	**528**	67,213
	6,747	8,066	**528**	67,213
Non-current				
Amounts due from related parties	**5,964**	6,290	**–**	–
Impairment of amount due from related parties	**(5,964)**	–	**–**	–
	–	6,290	**–**	–
Loans to subsidiaries	**–**	–	**133,523**	70,281
	–	6,290	**133,523**	70,281

The recoverability of the loans from the parent entity to the subsidiaries is dependent on:

(i) The successful development of exploration projects (refer note 23) at a value greater than or equal to the recognised cost of these assets. The directors believe this will be achieved through either the commercial development of the tenement or the sale to a third party. For the entity's accounting policies in relation to exploration expenditure refer to note 3(e).

(ii) The operating subsidiaries producing free cash flow over the period of operations to repay the loan.

Trade debtors are non-interest bearing and 90 percent of the provisional invoice is paid on receipt of the invoice with the balance being paid within 90 days. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.

15. Other financial assets

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Derivative financial instruments	**33**	8,033	**–**	–
Shares in listed companies	**130**	83	**130**	83
Performance bonds – collateral deposits	**–**	900	**–**	–
	163	9,016	**130**	83
Non-current				
Performance bonds – collateral deposits	**11,961**	4,258	**11,929**	4,000
	11,961	4,258	**11,929**	4,000

Performance bonds are secured by term deposits held with financial institutions or the Department of Mineral Resources.

16. Inventories

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Mining and maintenance stocks	**6,822**	6,275	**–**	–
Stockpile	**4,793**	7,733	**–**	–
	11,615	14,008	**–**	–
Zinc stockpile included in stockpile at net realisable value	**2,678**	7,733	**–**	–

Inventories are measured at the lower of cost and net realisable value as detailed in note 3(i).

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000

17. Assets classified as held for sale

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Plant and equipment	**4,719**	–	**–**	–
Exploration assets	**12,000**	–	**–**	–
	16,719	–	**–**	–

Plant & Equipment

During the year the company reclassified the SAG mill and the Ball mill currently being manufactured for the Panorama project as an asset classified as held for sale. The project is currently being re-evaluated and it is expected that these mills will not be optimum for a revised project. Consequently both mills are currently being sold and are expected to recoup the amounts expended on their manufacture to date. It is highly probable that the mills will be sold before 30 June 2010.

Exploration assets

In June 2009 the Hera deposit and Nymagee tenements were sold to YTC Resources for $12 million with $1 million received as a non-refundable deposit. The balance of $11 million is to be received before the end of September 2009. The $1 million deposit is included in the accounts at June 2009 as deferred income (current liability) and the assets have been recorded at the end of June 2009 as an asset classified as held for sale.

18. Available-for-sale financial assets

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Shares in listed companies – cost	**10,891**	10,891	**10,891**	10,891
Shares in listed companies – market value	**664**	1,474	**664**	1,474

Available-for-sale financial instruments consist of investments in ordinary shares and therefore have no fixed maturity date or coupon rate. The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

19. Investments in subsidiaries

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Investment in controlled entities (note 31) – at cost			**13,537**	67,419

Loans from the parent entity have been reclassified as "Investments in subsidiaries" where the recoverability of the loans from the parent entity to the subsidiaries is dependent on the successful realisation of exploration expenditure capitalised at a value greater than or equal to the recognised cost of these assets. The directors believe this will be achieved through either the commercial development of the tenement or sale to a third party.

20. Property, plant and equipment

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Plant and equipment at cost	**74,996**	74,659	**964**	972
Less: Accumulated depreciation	**(25,405)**	(19,092)	**(645)**	(464)
	49,591	55,567	**319**	508
Buildings at cost	**13,716**	13,459	**–**	–
Less: Accumulated depreciation	**(4,531)**	(3,557)	**–**	–
	9,185	9,902	**–**	–
Leasehold improvements at cost	**438**	438	**411**	411
Less: Accumulated depreciation	**(329)**	(234)	**(320)**	(227)
	109	204	**91**	184
Total property, plant and equipment	**58,885**	65,673	**410**	692

20. Property, plant and equipment *(continued)*

Reconciliations of the carrying amount of each class of property, plant and equipment (other than buildings and leasehold improvements) at the beginning and end of the current financial year:

	Plant $'000	Leasehold $'000	Buildings $'000	Total $'000
Consolidated				
Carrying value at 1 July 2008	55,567	204	9,902	65,673
Depreciation/amortisation	(9,377)	(95)	(975)	(10,447)
Transfer to assets classified as available for sale	(4,719)	–	–	(4,719)
Additions	8,533	–	258	8,791
Disposals at net book value	(413)	–	–	(413)
Carrying value at 30 June 2009	49,591	109	9,185	58,885
Parent				
Carrying value at 1 July 2008	508	184	–	692
Depreciation/amortisation	(185)	(93)	–	(278)
Additions	–	–	–	–
Disposals at net book value	(4)	–	–	(4)
Carrying value at 30 June 2009	319	91	–	410

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Carrying amount of property, plant and equipment under construction	–	25,783	–	–

The net amount of assets under commercial hire purchase contracts included in the property, plant and equipment amounted to $5,954,248 (June 2008: $7,428,624).

21. Goodwill

	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Carrying value of Goodwill	–	5,275	–	–

Goodwill relates to the payment of the Price Contingent Payment to Zinifex in prior periods under the Sale and Purchase agreement for the purchase of the Endeavor Mine from Zinifex in September 2003.

Reconciliation of the movement in the carrying value of exploration and evaluation during the current financial year:

Consolidated	
Carrying value at 1 July 2008	5,275
Impairment loss	(5,275)
Carrying value at 30 June 2009	–

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000

22. Development

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Development costs – at cost	**79,839**	116,071	**–**	–
Accumulated amortisation	**(13,559)**	(5,212)	**–**	–
	66,280	110,859	**–**	–
Mineral resources – at cost	**2,448**	2,448	**–**	–
Accumulated amortisation	**(780)**	(552)	**–**	–
	1,668	1,896	**–**	–
Total development costs	**67,948**	112,755	**–**	–

Reconciliation of the movement in the carrying value of development costs during the current financial year:

	Development costs $'000	Mineral resource $'000	Total $'000
Consolidated			
Carrying value at 1 July 2008	110,859	1,896	112,755
Impairment loss	(35,209)	–	(35,209)
Depreciation/amortisation	(8,346)	(228)	(8,574)
Transfer to plant and equipment	(2,886)	–	(2,886)
Additions	1,862	–	1,862
Carrying value at 30 June 2009	66,280	1,668	67,948

Development and mineral resource costs have been capitalised at cost. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

23. Exploration and evaluation

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Non-current				
Pre-production exploration and evaluation – at cost	**56,960**	104,563	**–**	–

Reconciliation of the movement in the carrying value of exploration and evaluation during the current financial year:

Consolidated	
Carrying value at 1 July 2008	104,563
Written off during the year	(1,407)
Impairment loss	(40,445)
Additions	6,249
Transfer to assets classified as held for sale	(12,000)
Carrying value at 30 June 2009	56,960

Pre-production exploration and evaluation costs have been capitalised at cost. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000

24. Trade and other payables

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Trade creditors	**11,694**	45,093	**3,402**	8,710
Amounts due to related parties	**17**	900	**17**	900
	11,711	45,993	**3,419**	9,610
Non-current				
Accruals	**–**	57	**–**	57
	–	57	**–**	57

25. Loans and borrowings

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current (secured)				
Finance lease / commercial hire purchase liabilities	**3,054**	2,595	**–**	–
Current (unsecured)				
Unsecured loan	**–**	203	**–**	203
Total current interest-bearing	**3,054**	2,798	**–**	203
Non-current (unsecured)				
Loans				
Toho Zinc Co. (See Note 32(e))	**17,508**	13,356	**17,508**	13,356
Subsidiary companies	**–**	–	**–**	25,953
Convertible notes				
CBHGA (listed)	**112,727**	184,780	**112,727**	184,780
Non-current (secured)				
Finance lease / commercial hire purchase liabilities	**2,290**	3,327	**–**	–
Total non-current interest bearing	**132,525**	201,463	**130,235**	224,089
Total interest bearing loans and borrowings	**135,579**	204,261	**130,235**	224,292

For more information about the Company's and the Group's exposure to interest rate, foreign currency and liquidity risk, see note 35.

Terms and conditions of outstanding loans and borrowings were as follows:

	Currency	Nominal Interest Rate	Year of Maturity	30 June 2009 Face Value $'000	30 June 2009 Carrying Amount $'000	30 June 2008 Face Value $'000	30 June 2008 Carrying Amount $'000
Consolidated							
Finance lease liabilities	AUD	6.10%–9.81%	2009 – 2012	5,810	5,344	6,572	5,922
Unsecured loan	AUD	8.45%	2008	–	–	203	203
Toho Zinc Co loan	JPY	2%	2011	17,508	17,508	13,356	13,356
Convertible note–CBHGA	AUD	7.25%	2012	118,687	112,727	195,950	184,780
				142,005	135,579	216,081	204,261
Parent							
Unsecured loan	AUD	8.45%	2008	–	–	203	203
Toho Zinc Co loan	JPY	2%	2011	17,508	17,508	13,356	13,356
Convertible note–CBHGA	AUD	7.25%	2012	118,687	112,727	195,950	184,780
Loan from subsidiary	AUD	Base +2%	2009	–	–	25,953	25,953
				136,195	130,235	235,462	224,292

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000

25. Loans and borrowings *(continued)*

Convertible notes – CBHGA

During the period 77,263 CBHGA Convertible Notes were bought back at a weighted average cost of $264 per $1,000 note resulting in a gain of $55,193,000 being recognised in the income statement as detailed in note 9 of the financial statements. The CBHGA Convertible Note is classified as a compound financial instrument. Movements in the carrying value of the financial liability and the nominal value of the notes are as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Carrying value				
Carrying value at 1 July	**184,780**	186,304	**184,780**	186,304
Carrying value of notes bought back	**(74,741)**	–	**(74,741)**	–
Conversions	**–**	(4,000)	**–**	(4,000)
Finance expense – unwind of discount	**2,688**	2,476	**2,688**	2,476
Carrying value at 30 June	**112,727**	184,780	**112,727**	184,780
Nominal value				
Nominal value at 1 July	**195,950**	199,950	**195,950**	199,950
Buy-backs	**(77,263)**	–	**(77,263)**	–
Conversions	**–**	(4,000)	**–**	(4,000)
Nominal value at 30 June	**118,687**	195,950	**118,687**	195,950
Remaining finance charge to be unwound over the period to maturity in May 2012	**(5,960)**	(11,170)	**(5,960)**	(11,170)
Carrying value at 30 June	**112,727**	184,780	**112,727**	184,780

Finance lease/commercial hire purchase liabilities

Future minimum rental payments by the Group under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2009		2008	
	Minimum lease payments $'000	Present value of minimum lease payments $'000	Minimum lease payments $'000	Present value of minimum lease payments $'000
Within one year	**3,391**	**3,232**	2,986	1,974
After one year but not more than five years	**2,419**	**2,096**	3,586	2,595
Total minimum lease payments	**5,810**	**5,328**	6,572	4,569
Less: amounts representing finance charges	**(466)**	**–**	(650)	–
	5,344	**5,328**	5,922	4,569

Included in the financial statements as:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current interest bearing loans and borrowings	**3,054**	2,595	**–**	–
Non-current interest bearing loans and borrowings	**2,290**	3,327	**–**	–
Total minimum lease payments	**5,344**	5,922	**–**	–

The net amount of assets under commercial hire purchase contracts included in the property, plant and equipment (see note 20) amounted to $5,954,248 (June 2008: $7,428,624).

Assets under hire purchase contracts are provided as security for the related hire purchase liability.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000

26. Deferred income

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Deferred silver income (secured)	**1,191**	2,503	**–**	–
Deferred copper income	**139**	–	**–**	–
Non-refundable deposit	**1,000**	–	**–**	–
Total provisions	**2,330**	2,503	**–**	–
Non-current				
Deferred silver income (secured)	**41,480**	42,450	**–**	–
	41,480	42,450	**–**	–

Cobar Operations Pty Ltd ("COPL") has provided a fixed and floating charge over all the assets comprising the Endeavor Mine to secure the payments of any moneys due to CDE Australia Pty Ltd ("CDE") pursuant to the Amended & Restated Silver Sale Agreement dated 28 March 2006. As CDE takes mining risk pursuant to the Agreement, moneys owing are, in the ordinary course, the proceeds received by COPL on account of Payable Silver sold on behalf of CDE. Under the agreement the Company is required to deliver a maximum of 20 million ounces of silver.

27. Provisions

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current provisions	**1,999**	3,177	**354**	596
Non-current provisions	**6,893**	5,179	**24**	36
Total provisions	**8,892**	8,356	**378**	632

Reconciliation of the movement in the carrying value of provisions during the current financial year:

	Employee entitlements $'000	Royalty $'000	Rehabilitation $'000	Total $'000
Consolidated				
Carrying value at 1 July 2008	2,752	461	5,143	8,356
Arising during the year	(975)	(74)	1,000	(49)
Unwinding of discount	–	–	585	585
Carrying value at 30 June 2009	1,777	387	6,728	8,892
Parent				
Carrying value at 1 July 2008	632	–	–	632
Arising during the year	(254)	–	–	(254)
Carrying value at 30 June 2009	378	–	–	378

Rehabilitation
Provision is made for the estimated cost necessary to rehabilitate the Endeavor mine on closure. Over time the provision may vary from initial estimates.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000

28. Issued capital

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
(a) Issued and fully paid up ordinary shares:				
887,743,425 (2008 – 879,486,346)	**160,943**	161,652	**160,943**	161,652

The Company does not have authorised capital or par value in respect of its issued shares. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each holder is entitled to one vote per share.

	Number of shares	$'000
(b) Movements in ordinary share capital		
Opening balance 1 July 2007	830,911,922	159,186
Exercise of share options	3,814,970	1,787
Conversion of convertible notes	42,438,304	17,858
Interest on convertible notes	1,284,006	718
Issued for Panorama JV exploration licences	1,037,144	620
Capital reduction	–	(18,494)
Transaction costs	–	(23)
Closing balance 30 June 2008	879,486,346	161,652
Opening balance 1 July 2008		
Incentive shares issued to S Dennis	4,000,000	77
Issued pursuant to Employee Share Plan	4,257,079	149
Buy-back of CBHGA convertible notes	–	(912)
Transaction costs	–	(23)
Closing balance 30 June 2009	887,743,425	160,943

The Group has also issued share options (see note 34).

29. Reserves

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Equity compensation reserve	**2,136**	3,793	**2,136**	3,793
Movements in equity compensation reserve				
Equity compensation reserve at the beginning of the year	**3,793**	2,874	**3,793**	2,874
Exercise of share options	**–**	(745)	**–**	(745)
Share based payments expense during the year	**1,135**	1,664	**1,135**	1,664
Transfer retained earnings on cancellation/forfeiture of employee share options	**(2,792)**	–	**(2,792)**	–
Equity compensation reserve at the end of the year	**2,136**	3,793	**2,136**	3,793

The equity compensation reserve comprises the accumulative net change in the fair value of equity benefits provided to directors and employees as part of their remuneration. Refer to note 34 for further details.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000

30. Reconciliation of loss from continuing activities to net cash inflow/(outflow) from operating activities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Operating loss from ordinary activities after income tax	**(96,630)**	(29,070)	**(85,278)**	(13,472)
Non cash flows in (loss)/profit from ordinary activities				
Deferred silver income	**(2,143)**	(3,575)	**–**	–
Dividend received	**–**	(969)	**–**	(969)
Shares received in consideration for exploration rights	**(210)**	–	**–**	–
Interest receivable from subsidiaries	**–**	–	**(11,631)**	(8,999)
Rental incentive revenue	**(57)**	(57)	**(57)**	(57)
Exploration expenditure written off	**1,407**	879		–
Impairment losses	**87,702**	24,659	**115,024**	9,417
Depreciation	**10,351**	6,009	**182**	151
Amortisation of leasehold improvements	**96**	97	**96**	95
Amortisation of development expenditure	**8,346**	2,343	**–**	–
Amortisation of resource	**228**	112	**–**	–
Net (profit)/loss on sale of plant and equipment	**(623)**	(321)	**–**	–
Net loss on disposal of investments	**58**	47	**58**	47
Net gain on sale of pre-development assets	**–**	(2,411)	**–**	–
Loan forgiveness from/to subsidiaries	**–**	–	**(28,210)**	672
Amortisation of finance charge	**2,688**	2,476	**2,688**	2,476
Discount on amount due from related party	**544**	–	**–**	–
Interest receivable on amount due from related party	**(218)**	–	**–**	–
Shares issued for interest on CBHGA convertible notes	**–**	718	**–**	718
Change in the fair value of held for trading investments	**80**	236	**80**	236
Change in fair value of derivative financial instruments	**8,000**	(9,566)	**–**	–
Share based payments	**1,362**	1,664	**1,193**	1,282
Unrealised exchange loss on loans	**4,151**	1,209	**4,151**	1,208
Gain on buy-back of convertible notes	**(55,193)**	–	**(55,193)**	–
Income tax expense	**3,159**	(11,907)	**42,868**	(5,153)
Change in operating assets and liabilities:				
Decrease/(increase) in debtors	**1,319**	17,177	**3,326**	(1,621)
Decrease/(increase) in inventories	**2,393**	(5,110)	**–**	–
(Decrease)/increase in trade creditors and provisions	**(29,041)**	14,730	**(6,191)**	3,959
(Decrease)/increase in provisions and employee benefits	**(463)**	1,499	**(252)**	281
Net cash (outflow)/inflow from operating activities	**(52,694)**	10,869	**(17,146)**	(9,729)

31. Investments in controlled entities

The consolidated financial statements include financial statements of CBH Resources Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	Equity Interest 2009 %	Equity Interest 2008 %	Investment 2009 $'000	Investment 2008 $'000
Broken Hill Operations Pty Ltd	Australia	100	100	**–**	–
CBH Pulse Technology Pty Ltd	Australia	100	100	**–**	1,523
Cobar Operations Pty Ltd	Australia	100	100	**–**	–
Cobar Infrastructure Pty Ltd	Australia	100	100	**–**	–
Carrington Facilities Pty Ltd	Australia	100	100	**–**	–
Endeavor Operations Pty Ltd	Australia	100	100	**1,358**	1,188
CBH Sulphur Springs Pty Ltd	Australia	100	100	**–**	–
CBH Panorama Pty Ltd	Australia	100	100	**2,515**	3,039
CBH Constance Range Pty Ltd	Australia	100	100	**–**	–
Triako Resources Limited	Australia	100	100	**9,664**	61,669
Leverton Glen Pty Ltd	Australia	100	100	**–**	–
Buka Rabac Explorations Pty Ltd	Australia	100	100	**–**	–
Goldinvest Australia Pty Ltd	Australia	100	100	**–**	–
Triex Minerals Pty Ltd	Australia	100	100	**–**	–
Mineral Exploration (NSW) No. 2 Pty Ltd	Australia	99.99	99.99	**–**	–
CBH Hera Pty Ltd	Australia	100	100	**–**	–
				13,537	67,419

32. Related party transactions

(a) Parent entity
The ultimate parent entity within the Group is CBH Resources Limited.

(b) Subsidiaries
Interests in subsidiaries are set out in note 31.

(c) Key management personnel
Details relating to key management personnel are set out in note 33.

d) Transactions with related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following represents the total value of transactions entered into with related parties for the relevant financial year:

- Zinc concentrate sales totalling $51.9 million were made to Toho Zinc Co. Ltd, a company over which Mr T Tejima, a director, has significant influence (2008: $43.8 million). As at 30 June 2009 a total of $1,048,000 was due from Toho Zinc Co. Ltd (2008: nil).
- Sales totalling $79,000 (2008: Nil) for the provision of office services and equipment were made to Kimberley Metals Limited ("KML"), a company over which Mr J Wall, Mr R Besley, Mr S Lonergan and Mr I Plimer have significant influence. As at 30 June 2009, $5,800 was due to the Company from KML.
- An amount of $6,290,000 is due to the Company from KML on the commencement of commercial operations at Mineral Hill. A provision has been made against this receivable to reflect the uncertainty in receiving the upfront payment.
- Sales totalling $16,000 for the hire of equipment were made by CBH Resources Limited to Broken Hill Operations Pty Ltd (2008: $95,000). As at 30 June 2009 no amounts were outstanding (2008: $nil).
- Sales of $1,512,000 were made by Carrington Facilities Pty Ltd to Cobar Operations Pty Ltd (2008: $1,460,000). As at 30 June 2009 $178,000 was due to Carrington Facilities Pty Ltd (2008: $83,000).

32. Related party transactions *(continued)*

(e) Loans and borrowings from related parties

- CBH Resources Limited has provided interest-bearing loans to subsidiaries totalling $46,370,000 (2008: $44,328,000). Interest is charged at 6.88% (2008: 9.25%).
- As at 30 June 2009, an amount of $17,508,000 (2008: $13,356,000) was due to Toho Zinc Co. Ltd in respect of the JPY 1,361,400,000 Loan Agreement entered in to on 15 November 2006. Interest is payable half-yearly at 2% per annum.

33. Key management personnel disclosures

(a) Details of key management personnel

The following were key management personnel of the group at any time during the reporting period. Unless otherwise indicated individuals were employed for the entire period.

Directors	
S B Dennis	Managing Director and Chief Executive Officer
R M Willcocks	Non-Executive Director
I R Plimer	Non-Executive Director
L Marks	Non-Executive Director
T Tejima (alternate F. Hattori)	Non-Executive Director
A A Davis (resigned 11 July 2008)	Non-Executive Director
J A Wall (retired 2 March 2009)	Non-Executive Director
R E Besley (retired 10 November 2008)	Non-Executive Director
Executives	
R A Boyer (until 31 December 2008)	Group Manager – Human Resources
G F P Jones (until 29 August 2008)	Group Manager – Geology and Exploration
S J Lonergan	Company Secretary and Legal Council
D R Morbey	Chief Financial Officer
I G Pattison	General Manager – Metallurgy
V P Sulicich	Chief Operating Officer
G Wilson	Group Manager – Safety, Health and Environment
K M Gallagher (from 15 December 2008)	General Manager – Corporate Affairs

There were no changes of key management personnel after reporting date and before the date the financial report was authorised for issue.

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
(b) Compensation of key management personnel				
Short-term	**3,561,693**	4,671,934	**3,561,693**	4,671,934
Post employment	**173,185**	177,505	**173,185**	177,505
Share based payments	**368,998**	1,051,602	**368,998**	1,051,602
	4,103,876	5,901,041	**4,103,876**	5,901,041

CBH Resources Limited has applied the option under the Corporations Amendments Regulations 2006 to transfer key management personnel remuneration disclosures required by AASB 124 Related Party Disclosures paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' Report. These transferred disclosures have been audited.

33. Key management personnel disclosures *(continued)*

(c) Option holdings of key management personnel (Consolidated)

The movement in the reporting period in the number of options over ordinary shares in CBH Resources Limited held directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

	Balance 01/07/08	Options granted	Options cancelled	Options lapsed	Balance 30/06/09	Vested 30/06/09 and Exercisable	Not exercisable
2009							
Directors							
SB Dennis	4,000,000	–	(4,000,000)	–	–	–	–
Executives							
D R Morbey	–	500,000	–	–	500,000	–	153,506
I G Pattison	500,000	400,000	–	–	900,000	500,000	122,805
V P Sulicich	1,500,000	800,000	–	–	2,300,00	1,500,000	245,610
G Wilson	360,000	350,000	–	–	710,000	360,000	107,454
K M Gallagher	–	500,000	–	–	500,000	–	500,000
Former executives							
G F P Jones	800,000	–	(800,000)	–	–	–	–

	Balance 01/07/07	Options granted	Options cancelled	Options lapsed	Balance 30/06/09	Vested 30/06/08 and Exercisable	Not Exercisable
2008							
Directors							
SB Dennis	1,500,000	2,500,000	–	–	4,000,000	1,000,000	1,071,939
Executives							
G F P Jones	800,000	–	–	–	800,000	800,000	–
I G Pattison	500,000	–	–	–	500,000	300,000	47,168
V P Sulicich	500,000	1,000,000	–	–	1,500,000	1,200,000	50,292
G Wilson	360,000	–	–	–	360,000	330,000	30,000

(d) Shareholdings of key management personnel (Consolidated)

The movement in the reporting period in the number of options over ordinary shares in CBH Resources Limited held directly, indirectly or beneficially by key management personnel, including their related parties, is as follows:

	Balance 01/07/08	Employee Share Plan	Incentive shares	Net change – other	Balance at 30/06/09
2009					
Directors					
S B Dennis	–	–	4,000,000	450,000	4,450,000
R M Willcocks	1,138,000	–	–	–	1,138,000
I R Plimer	3,569,633	–	–	–	3,569,633
L Marks	7,111,123	–	–	–	7,111,123
Executives					
S J Lonergan	900,000	–	–	–	900,000
D R Morbey	500,000	28,571	–	–	528,571
I G Pattison	–	28,571	–	–	28,571
V P Sulicich	37,035	28,571	–	–	65,606
G Wilson	–	28,571	–	120,000	148,571
K M Gallagher	190,000	28,571	–	–	218,571

33. Key management personnel disclosures *(continued)*

	Balance 01/07/08	Options exercised	Conversion of notes	Net change other	Balance at 30/06/09
2008					
Directors					
J A Wall	11,812,573	–	–	(1,492,000)	10,320,573
R E Besley	6,543,206	–	–	–	6,543,206
I R Plimer	3,569,633	–	–	–	3,569,633
R M Willcocks	1,138,000	–	–	–	1,138,000
L Marks	7,571,123	–	–	(460,000)	7,111,123
Executives					
G F P Jones	400,000	–	–	–	400,000
V P Sulicich	37,035	–	–	–	37,035
S J Lonergan	900,000	–	–	–	900,000
D R Morbey	560,000	–	–	(60,000)	500,000
R A Boyer	30,000	–	–	–	30,000

(e) Other Transactions and Balances with key management personnel
The following transactions with directors and specified executives and their related entities occurred during the year on normal commercial terms and conditions:

Fees for legal and secretarial services were paid to Mr S Lonergan. As at 30 June 2009, $26,180 was owed by the Company (2008: $30,327).

These outstanding balances are included as trade creditors in note 24.

34. Share based payments plans

The expense recognised in respect of equity settled share based payment transactions for employee services received during the year was $1,361,730 (2008: $1,663,972) as follows:

	2009 $	2008 $
Employee Share Option Plan	**1,135,381**	1,663,972
Non-recourse share loan	**77,349**	–
Employee Share Plan	**149,000**	–
	1,361,730	1,663,972

Employee Share Option Plan
Share options are granted to senior executives and employees in accordance with the Employee Share Option Plan ("ESOP"). The ESOP is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. Under the ESOP, the exercise price of the options is set at the volume weighted average price, as quoted on the Australian Stock Exchange, for the five days preceding the date of grant. All options are to be settled by the issue of shares, have a contractual life of five years and become exercisable over a period of between 6 and 36 months.

Options granted under the ESOP are not normally exercisable once employment with the Company has ceased.

The fair value of services received in return for share options granted is based on the fair value of share options granted. The fair value of share options is measured at the grant date using Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The services received and the liability to pay for those services is recognised over the expected vesting period and remeasured at each reporting date with changes in fair value recognised in profit or loss. The fair value of options granted during the year and the inputs to the valuation model were as follows:

	2009	2008

34. Share based payments plans *(continued)*

Fair value of options and assumptions		
Weighted average fair value at grant date	$0.07	$0.34
Weighted average share price at grant date	$0.11	$0.54
Weighted average exercise price	$0.12	$0.52
Expected volatility	70%	70%
Risk-free interest rate based on government bonds	5.6%	6.2%
Expected life of option	5 years	5 years

The number and weighted average exercise prices (WAEP) of options is as follows:

	2009		2008	
	No.	WAEP($)	No.	WAEP($)
Outstanding at the beginning of the year	19,775,000	0.40	21,237,500	0.40
Granted during the year	5,300,000	0.12	4,950,000	0.52
Lapsed during the year	(8,030,000)	–	(2,597,500)	–
Cancelled during the year	(4,000,000)	–	–	–
Exercised during the year	–	0.27	(3,815,000)	0.27
Outstanding at the end of the year	13,045,000	0.32	19,775,000	0.43
Exercisable at the end of the year	7,895,000	0.42	13,570,000	0.38

The options outstanding at 30 June 2009 have an exercise price in the range of $0.10 to $0.75 and a weighted average contractual life of 3 years.

Grant date	Number of options	Exercise price range	Vesting period	Contractual Life
9 December 2005 to 17 May 2006	3,170,000	$0.21 to $0.33	6 to 24 months service	5 years
6 June 2006 and 19 June 2006	750,000	$0.41 to $0.43	6 to 18 months service	5 years
2 November 2006 to 25 January 2007	1,475,000	$0.69 to $0.75	6 to 24 months service	5 years
12 April 2007 to 4 February 2008	3,050,000	$0.42 to $0.60	12 to 36 months service	5 years
15 August 2008 to 15 December 2008	4,600,000	$0.10 to $0.12	24 months service	5 years
Total share options	13,045,000			

No share options were exercised during the year. The weighted average share price at the date of exercise for share options exercised during 2008 was $0.55.

Non-recourse share loan

During the year, Mr Dennis received the benefit of a 5 year interest free loan of $400,000 with recourse limited to 4,000,000 underlying ordinary shares ("Incentive Shares") issued on 11 November 2008 at 10 cents per share. The shares are not subject to any specific vesting conditions. The fair value of this arrangement is measured at issue date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the Incentive Shares were granted. The inputs to the valuation model were as follows:

Fair value of limited-recourse share loan plan and assumptions	**2009**
Fair value at grant date	$0.05
Share price at grant date	$0.09
Exercise price	$0.10
Expected volatility	70%
Risk-free interest rate based on government bonds	5.6%
Expected life of option	5 years

34. Share based payments plans *(continued)*

Employee Share Plan
On 29 December 2008, the Company issued $1,000 worth of shares, being 28,571 ordinary shares subject to the terms of the Employee Share Plan dated 10 December 2008. The shares cannot be disposed of by employees for three years or until employment with the Company has terminated for whatever reason. There are no vesting conditions attaching to the shares.

The number of shares issued to employees was established by reference to the closing CBH share price the day prior to issue, being 3.5 cents, and applying this to the agreed $1,000 benefit to be provided to each employee.

149 employees received shares pursuant to the Employee Share Plan on 29th December 2008 and as such the fair value of this share based payment totalled $149,000.

35. Financial instruments

Credit risk

Exposure to credit risk
The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2009	2008
	$'000	$'000
Cash	**28,183**	125,140
Receivables	**6,119**	10,066
Security deposit	**11,961**	5,158
Shares in listed companies	**794**	1,557
Derivative financial instruments	**33**	8,033
	47,090	149,954
The Group's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:		
Australia	**4,448**	10,066
Japan	**1,671**	–
	6,119	10,066
The Group's maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:		
Zinc	**1,671**	–
Lead	**3,930**	3,446
Shiploading	**162**	302
Related party receivable – Kimberley Metals Limited	**–**	6,290
Other	**356**	28
	6,119	10,066

None of the Group's trade receivables were past due as at the reporting date.

35. Financial instruments *(continued)*

Liquidity risk
The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6–12 mths $'000	1–2 years $'000	2-5 years $'000
CONSOLIDATED						
2009						
Trade and other payables	11,711	(9,078)	(9,078)	–	–	–
CBHGA convertible notes	112,727	(145,936)	(4,302)	(4,302)	(8,605)	(128,727)
Toho Zinc loan	17,508	(18,442)	(175)	(175)	(350)	(17,742)
Finance lease liabilities	5,344	(5,810)	(1,699)	(1,692)	(2,046)	(373)
	147,290	(179,266)	(15,254)	(6,169)	(11,001)	(146,842)
2008						
Trade and other payables	23,549	(23,549)	(23,549)	–	–	–
CBHGA convertible notes	184,780	(255,142)	(7,103)	(7,103)	(14,206)	(226,730)
Toho Zinc loan	13,356	(14,203)	(134)	(134)	(267)	(13,668)
Unsecured loan	203	(203)	(203)	–	–	–
Finance lease liabilities	5,922	(6,572)	(1,518)	(1,468)	(2,362)	(1,224)
	227,810	(299,669)	(32,507)	(8,705)	(16,835)	(241,622)

There are no financial liabilities which mature after 5 years.

	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6–12 mths $'000	1–2 years $'000	2-5 years $'000
PARENT						
2009						
Trade and other payables	3,419	(786)	(786)	–	–	–
CBHGA convertible notes	112,727	(145,936)	(4,302)	(4,302)	(8,605)	(128,727)
Toho Zinc loan	17,508	(18,442)	(175)	(175)	(350)	(17,742)
	133,654	(165,164)	(5,263)	(4,477)	(8,955)	(146,469)
2008						
Trade and other payables	3,248	(3,248)	(3,248)	–	–	–
Loans to subsidiaries	25,953	(25,953)	–	–	–	(25,953)
CBHGA convertible notes	184,780	(255,142)	(7,103)	(7,103)	(14,206)	(226,730)
Toho Zinc loan	13,356	(14,203)	(134)	(134)	(267)	(13,668)
Unsecured loan	203	(203)	(203)	–	–	–
	227,540	(298,749)	(10,688)	(7,237)	(14,473)	(266,351)

There are no financial liabilities which mature after 5 years.

35. Financial instruments *(continued)*

Derivative financial instruments

Base metal commodity price hedge contracts
Base metal commodity forward price and option contracts are used to hedge a portion of the zinc and lead production from the Endeavor mine to manage the exposure to the price risk. As at 30 June 2009 the Group had outstanding the following Quotational Price ("QP") fixed rate contracts outstanding:

Amount – Tonnes	Price – USD/t	Month hedged	Settlement date
1,000	$1,569.50	August 2009	2nd September 2009

As at 30 June 2009 the unrealised mark to market gain on valuation of the outstanding zinc contract was $33,000 and has been included in the Income Statement as part of the net change in the fair value of cash flow hedges for the year.

Foreign exchange contracts
There were no foreign exchange hedge contracts outstanding at 30 June 2009.

Commodity price risk
The Group's source of commodity price risk arises as concentrate sales contracts for both zinc and lead contain a provisional pricing mechanism whereby the prices are fixed in either one or two months following the sale.

As at 30 June 2009 all outstanding sales were recorded at the metal price and foreign exchange rate at year end. Commodity price risk existed as at the year end on 1,480 tonnes of lead to be priced in July 2009 and 4,216 tonnes of zinc metal to be priced in August 2009.

As the value of the Group's concentrate sales are based on the London Metal Exchange monthly cash settlement prices for both zinc and lead, there exists significant exposure to movements in these prices going forward.

Currency risk
Exposure to foreign currency risk was as follows, based on notional amounts:

	2009		2008	
	USD $'000	JPY $'000	USD $'000	JPY $'000
Consolidated				
Cash and cash equivalents	**13**	**–**	10	–
Trade and other receivables	**5,601**	**–**	3,446	–
Toho loan	**–**	**(17,508)**	–	(13,356)
Commodity contracts	**1,570**	**–**	7,515	–
Foreign exchange contracts	**–**	**–**	518	–
	7,184	**(17,508)**	11,489	(13,356)
Parent				
Cash and cash equivalents	**3**	**–**	3	–
Toho Zinc loan	**–**	**(17,508)**	–	(13,356)
	3	**(17,508)**	3	(13,356)

The following significant exchange rates applied during the year:

	Average rate		Spot rates 30 June	
	2009	2008	2009	2008
AUD/USD	**0.7464**	0.8965	**0.8099**	0.9442
AUD/JPY	**73.55**	98.72	**77.76**	101.93

35. Financial instruments *(continued)*

Currency risk - sensitivity analysis

The average annual movement in the AUD/USD and AUD/JPY exchange rates over the last 5 years was 4.0% and 2.0% respectively based on year end spot rates. In respect of recognised financial instruments, a 4.0% / 2.0% strengthening of the AUD against the USD/JPY at 30 June 2009 would have increased the Group's equity and profit by the amounts shown below. This analysis assumes all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
USD	**(525)**	(467)	**–**	–
JPY	**343**	696	**343**	696

A 4.0% / 2.0% weakening of the Australian dollar against the above currencies at 30 June 2009 would have had the equal but opposite effect on equity and profit, on the basis that all other variables remain constant.

Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's fair value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Non Interest Bearing $'000	1 Year or less $'000	1 to 5 years $'000	More than 5 years $'000	Floating Interest Rate $'000	Total $'000	Weighted Average Interest Rate %
CONSOLIDATED							
2009							
Financial assets							
Cash	–	–	–	–	28,183	28,183	3.32
Receivables	6,747	–	–	–	–	6,747	–
Security deposit	–	–	133	11,828	–	11,961	3.37
Shares in listed companies	794	–	–	–	–	794	–
Commodity contracts	33	–	–	–	–	33	–
	7,574	–	133	11,828	28,183	47,718	
Financial liabilities							
Trade and other payables	11,711	–	–	–	–	11,711	–
CBHGA convertible notes	–	–	112,727	–	–	112,727	7.25
Toho Zinc loan	–	–	17,508	–	–	17,508	2.00
Finance lease liabilities	–	3,054	2,290	–	–	5,344	8.47
	11,711	3,054	132,525	–	–	147,290	

35. Financial instruments *(continued)*

	Non Interest Bearing $'000	1 Year or less $'000	1 to 5 years $'000	More than 5 years $'000	Floating Interest Rate $'000	Total $'000	Weighted Average Interest Rate %
CONSOLIDATED							
2008							
Financial assets							
Cash	–	–	–	–	125,140	125,140	7.76
Receivables	3,776	–	6,290	–	–	10,066	CPI
Security deposit	–	–	–	5,158	–	5,158	7.80
Shares in listed companies	1,557	–	–	–	–	1,557	–
Commodity contracts	7,515	–	–	–	–	7,515	–
Foreign exchange contracts	518	–	–	–	–	518	–
	13,366	–	6,290	5,158	125,140	149,954	
Financial liabilities							
Trade and other payables	23,549	–	–	–	–	23,549	–
CBHGA convertible notes	–	–	184,780	–	–	184,780	7.25
Toho Zinc loan	–	–	13,356	–	–	13,356	2.00
Unsecured loan	–	203	–	–	–	203	8.45
Finance lease liabilities	–	2,595	3,327	–	–	5,922	8.20
	23,549	2,798	201,463	–	–	227,810	
PARENT							
2009							
Financial assets							
Cash	–	–	–	–	27,727	27,727	3.32
Receivables	–	–	–	–	133,523	133,523	6.88
Security deposit	–	–	133	11,796	–	11,929	3.37
Shares in listed companies	794	–	–	–	–	794	–
Investment in subsidiaries	13,537	–	–	–	–	13,537	–
	14,331	–	133	11,796	161,250	187,510	
Financial liabilities							
Trade and other payables	3,419	–	–	–	–	3,419	–
CBHGA convertible notes	–	–	112,727	–	–	112,727	7.25
Toho Zinc loan	–	–	17,508	–	–	17,508	2.00
	3,419	–	130,235	–	–	133,654	
PARENT							
2008							
Financial assets							
Cash	–	–	–	–	119,829	119,829	7.76
Receivables	25	–	70,281	–	63,358	133,664	7.20
Security deposit	–	–	–	4,000	–	4,000	7.80
Shares in listed companies	1,557	–	–	–	–	1,557	–
Investment in subsidiaries	67,419	–	–	–	–	67,419	–
	69,001	–	70,281	4,000	183,187	326,469	
Financial liabilities							
Trade and other payables	3,248	–	–	–	–	3,248	–
CBHGA convertible notes	–	–	184,780	–	–	184,780	7.25
Loans from subsidiaries	25,953	–	–	–	–	25,953	
Toho Zinc loan	–	–	13,356	–	–	13,356	2.00
Unsecured loan	–	203	–	–	–	203	8.45
	29,201	203	198,136	–	–	227,540	

35. Financial instruments *(continued)*

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying Amount		Fair Value	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
CONSOLIDATED				
Financial assets				
Cash	**28,183**	125,140	**28,183**	125,140
Receivables	**6,747**	10,066	**6,747**	10,066
Security deposit	**11,961**	5,158	**11,961**	5,158
Shares in listed companies	**794**	1,557	**794**	1,557
Commodity contracts	**33**	7,515	**33**	7,515
Foreign exchange contracts	**–**	518	**–**	518
	47,718	149,954	**47,718**	149,954
Financial liabilities				
Trade and other payables	**11,711**	23,549	**11,711**	23,549
CBHGA convertible notes	**112,727**	184,780	**59,344**	188,299
Toho Zinc loan	**17,508**	13,356	**17,508**	13,356
Finance lease liabilities	**5,344**	5,922	**5,328**	5,884
Unsecured loan	**–**	203	**–**	203
	147,290	227,810	**93,891**	231,291
PARENT				
Financial assets				
Cash	**27,727**	119,829	**27,727**	119,829
Receivables	**134,051**	133,664	**134,051**	67,213
Security deposit	**11,929**	4,000	**11,929**	4,000
Shares in listed companies	**794**	1,557	**794**	1,557
Investment in subsidiaries	**13,537**	67,419	**13,537**	67,419
	188,038	326,469	**188,038**	260,018
Financial liabilities				
Trade and other payables	**3,419**	3,248	**3,419**	3,248
Loans from subsidiaries	**–**	25,953	**–**	25,953
CBHGA convertible notes	**112,727**	184,780	**59,344**	188,299
Toho Zinc loan	**17,508**	13,356	**17,508**	13,356
Unsecured loan	**–**	203	**–**	203
	133,654	227,540	**80,271**	231,059

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

36. Commitments and contingencies

(a) Commitments

(i) Leasing commitments

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain motor vehicles, items of machinery and office premises. These leases have an average life of between one and three years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum payments under non-cancellable operating leases as at 30 June are as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Within one year	**835**	1,304	**261**	261
After one year but not more than five years	**1,426**	2,196	**–**	523
Greater than five years	**7,475**	–	**–**	–
Total minimum lease payments	**9,736**	3,500	**261**	784

(ii) Property, plant and equipment commitments

Commitments for payments of property, plant and equipment under contracts in existence but not recognised as liabilities, payable:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Within one year	**4,908**	5,712	**–**	–
After one year but not more than five years	**–**	–	**–**	–
	4,908	5,712	**–**	–

(iii) Exploration commitments

In order to maintain rights of tenure on mining and exploration tenements, the Company and the Group are required to outlay certain annual expenditures. The expenditure commitment is estimated to be $2,131,000 (June 2008: $3,326,000). The Company has satisfied expenditure commitments for its mining and exploration tenements.

(iv) Remuneration commitments

Commitments for payments of remuneration under contracts in existence but not recognised as liabilities, payable:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Within one year	**225**	268	**225**	268

(b) Contingencies

There were no contingent liabilities not provided for in the financial statements of the Group and the Company as at 30 June 2009 other than a royalty payable in the event that production commences at the Sulphur Springs Project in Western Australia. The royalty is payable at the rate of $2 a tonne capped at $3.7 million.

The parent company has guaranteed the payment of the commercial hire purchase arrangements as described above.

37. Auditors remuneration

Details of amounts paid/payable to the auditor of the Company, PKF, and its related practices for audit and non-audit services provided during the year are set out below:

	$	$	$	$
Audit services				
Audit and review of financial reports	**123,121**	155,550	**123,121**	155,550
Non-audit services				
Corporate services	**–**	–	**–**	–
Taxation services	**33,306**	107,574	**33,306**	107,574
	156,427	263,124	**156,427**	263,124

38. Joint venture interests

The Company is a participant in the following joint ventures as at 30 June 2009. The percentage interests of the respective partners under these joint ventures may vary depending on the monies expended by certain of the joint venturers. The Company's percentage interests in future output if all the venturers fulfil their obligations to the joint ventures are as follows:

Joint venture	State	Principal activity	Company	%	JV Partner
Silver City	NSW	Lead-Zinc-Silver	Currently	100%*	Silver City earning 30%
Nymagee Mine	NSW	Copper-Gold	Earned	80%	Allegiance Mining /Ausmindex**
Boona	NSW	Gold-Lead-Zinc-Silver	Earned	86%	Morning Star Gold
Copper Blow	NSW	Copper-Gold	Earned	44%	AngloGold Ashanti
Rupee	NSW	Lead-Zinc-Silver	Earned	69%	AngloGold Ashanti
Lowan	NSW	Lead-Zinc-Silver	Earned	51%	Golden Reef Enterprises
Yellow Mountain	NSW	Gold-Lead-Zinc-Silver	Earned	70%	Golden Cross Operations
Panorama (i)	WA	Copper-Zinc	Earning	60%	Sipa Resources Group
Napier Range	WA	Lead-Zinc-Silver	Earned	49%	Lennard Shelf Pty Ltd
Stirling Vale (ii)	NSW	Lead-Zinc-Silver	Currently	40%	Perilya (manager)
Falcon (iii)	NSW	Lead-Zinc-Silver	Currently	40%	Stellar Resources(manager
Wonawinta	NSW	Lead-zinc-Silver	Currently	30%	Cobar Consolidated Resources has earned 70%
May Day (i)	NSW	Gold-Lead-Zinc-Silver	Earning up to	70%	Imperial Corporation

* subject to NSR's in favour of certain third parties

** subsequent to 30 June 2009 the Company agreed to sell its interest in this joint venture

(i) The Company is earning its joint venture interest by contributing to exploration and evaluation costs. As the Company has not earnt the relevant joint venture interest, the Company does not have any interest in the assets and liabilities of the joint venture.

(ii) Joint venture partners are earning up to 51% of the projects. Other joint venture parties have not earnt the relevant interest in the joint ventures and therefore the joint venture assets are owned 100% by the Company except in the case of Silver City JV where, upon failure of Silver City to earn a relevant interest, tenements will revert to the prior ownership and Net Smelter Return interests of CBH and third parties. The assets and liabilities are reflected in the financial statements.

(iii) The joint venture partner is earning up to 60% of the project. The joint venture party has not earnt the relevant interest in the joint venture and therefore the joint venture assets are owned 100% by the Company. The assets and liabilities are reflected in the financial statements.

39. Segment reporting

The consolidated entity operates in one segment, the mining and mineral exploration industry, in Australia.

40. Events subsequent to balance date

In July 2009, the Company announced a major recapitalisation plan which consists of:

- A $40 million secured standby loan facility at 5% p.a. interest to be provided by Toho Zinc Co., Ltd ("Toho"), CBH's largest shareholder.
- A Share Purchase Plan ("SPP") whereby eligible shareholders may purchase up to $15,000 of CBH shares at 10 cents per share, a discount of 24.5% to the volume weighted average price of CBH shares over the ASX trading days in the 30 days to 3 July 2009.
- A Toho and institutional shareholder top-up facility to allow Toho and certain other shareholders to subscribe for additional shares at the same price as the SPP after shares under the SPP are allocated.

Shareholders have subscribed for $17.0 million of shares under the SPP and institutional holders have subscribed for an additional $3.5 million of shares under the top–up facility offered by the Company. The total amount received from subscriptions under these arrangements is $20.5 million. Toho did not subscribe for additional shares under the top-up facility.

The recapitalisation plan, together with the subscriptions under the SPP and the top up facility, were approved by the shareholders at the Company's Extraordinary General Meeting on 31 August 2009.

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 28 to 72:

(a) Comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) Give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the Directors' opinion:

(a) The financial statements and notes, and the remuneration report in the Directors' Report, are in accordance with the Corporations Act 2001; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) The directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by Section 295A.

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

Signed at Sydney this 31st day of August 2009.

S B Dennis
Managing Director

Independent Auditor's Report

To the members of CBH Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of CBH Resources Limited, which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both CBH Resources Limited (the company) and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's Opinion

In our opinion the financial report of CBH Resources Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 24 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of CBH Resources Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

PKF

PKF

Tim Sydenham
Partner

Sydney
31 August 2009

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Shareholder Information

The following information is provided in accordance with the Listing Rules of The Australian Securities Exchange. The information was current as of 28 September 2009.

Distribution of Securities

Distribution	Number of ordinary shareholders	Number of convertible note holders
1 – 1,000	573	55
1,001 – 5,000	2,995	2
5,001 – 10,000	2,261	1
10,001 – 100,000	5,016	3
100,001 – 9,999,999,999	1,378	0
	12,223	**61**

The number of holders of less than a marketable parcel of ordinary shares was 3,016, holding an aggregate of 6,596,312 shares representing 0.6% of ordinary shares.

Substantial Shareholders

The Company's only disclosed substantial shareholder is Toho Zinc Co. Limited which holds 252,060,463 ordinary shares, being 23.08% of the ordinary shares on issue. Toho Zinc Co. Limited also holds 50,000 convertible notes (ASX code CBHGA) being 48.09% of such notes on issue.

Twenty Largest Shareholders

Details of the twenty largest shareholders are as follows:

Name	Number of ordinary shares held	Percentage of ordinary shares held
TOHO ZINC COMPANY LTD	252,060,463	23.08
NATIONAL NOMINEES LIMITED	65,294,066	5.98
ANZ NOMINEES LIMITED <CASH INCOME A/C>	60,589,945	5.55
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,066,231	2.57
J P MORGAN NOMINEES AUSTRALIA LIMITED	27,525,870	2.52
CITICORP NOMINEES PTY LIMITED <CFSIL CWLTH AUST SHS 19 A/C>	21,596,258	1.98
GINGA PTY LTD	13,002,589	1.19
WALLFMLY PTY LTD <THE WALL SUPER FUND A/C>	8,899,000	0.81
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	7,261,123	0.66
COGENT NOMINEES PTY LIMITED	5,271,945	0.48
KEYGROWTH PTY LTD	5,142,833	0.47
UBS NOMINEES PTY LTD <TP00014 15 A/C>	5,107,053	0.47
MR STEPHEN BRUCE DENNIS <DENNIS FAMILY A/C>	4,600,000	0.42
NEFCO NOMINEES PTY LTD	4,044,000	0.37
CHEMBANK PTY LIMITED <PHILANDRON ACCOUNT>	4,000,000	0.37
CITICORP NOMINEES PTY LIMITED	3,965,687	0.36
MR DAVID ROBERT NEWNHAM & MS MERRYL BARBARA KATE <D R N SUPERFUND A/C>	3,488,845	0.32
CITICORP NOMINEES PTY LIMITED <CWLTH BANK OFF SUPER A/C>	3,396,024	0.31
FORBAR CUSTODIANS LIMITED <FORSYTH BARR LTD-NOMINEE A/C>	3,207,200	0.29
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	3,173,231	0.29
	529,692,363	**48.51**

Twenty Largest Noteholders

Details of the twenty largest noteholders are as follows:

Name	Number of notes held	Percentage of notes held
TOHO ZINC CO LTD	50,000	48.09
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	23,275	22.39
CITICORP NOMINEES PTY LIMITED	12,193	11.73
ANZ NOMINEES LIMITED <CASH INCOME A/C>	8,955	8.61
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,500	2.41
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,850	1.78
WALLFMLY PTY LTD <THE WALL SUPER FUND A/C>	750	0.72
MR GABRIEL BERGER	735	0.71
AVANTEOS INVESTMENTS LIMITED <AVANTEOS NO 1 A/C>	400	0.39
MR LUCAS RUTTEN & MR JULIAN RUTTEN	400	0.39
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	327	0.32
MR JAKE JOHN RUTTEN & MRS DINAH ANN RUTTEN <JAKE RUTTEN SUPER A/C>	325	0.31
MR GIM TONG TEO & MADAM BENG HUA KWAH	227	0.22
MR THEODORE GERARD RUTTEN & MRS JANICE MARIE RUTTEN	220	0.21
K C MEDIA PTY LIMITED <PENSION FUND A/C>	200	0.19
CLODENE PTY LTD	120	0.12
MR PETER HALYBURTON & MRS JULIE MAVIS HALYBURTON <HALYBURTON SUPER FUND A/C>	120	0.12
BERGER EQUITIES PTY LTD <BERGER SUPER FUND A/C>	100	0.10
CAVEO COMMUNICATIONS PTY LTD <OPUS BETA A/C>	100	0.10
DENDULLA PTY LIMITED	100	0.10
	102,897	**98.97**

Unquoted Options

The Company has 11,845,000 unquoted options on issue to 67 employees.

Voting Rights

For ordinary shares, voting rights are one vote per member on a show of hands and one vote per share on a poll.

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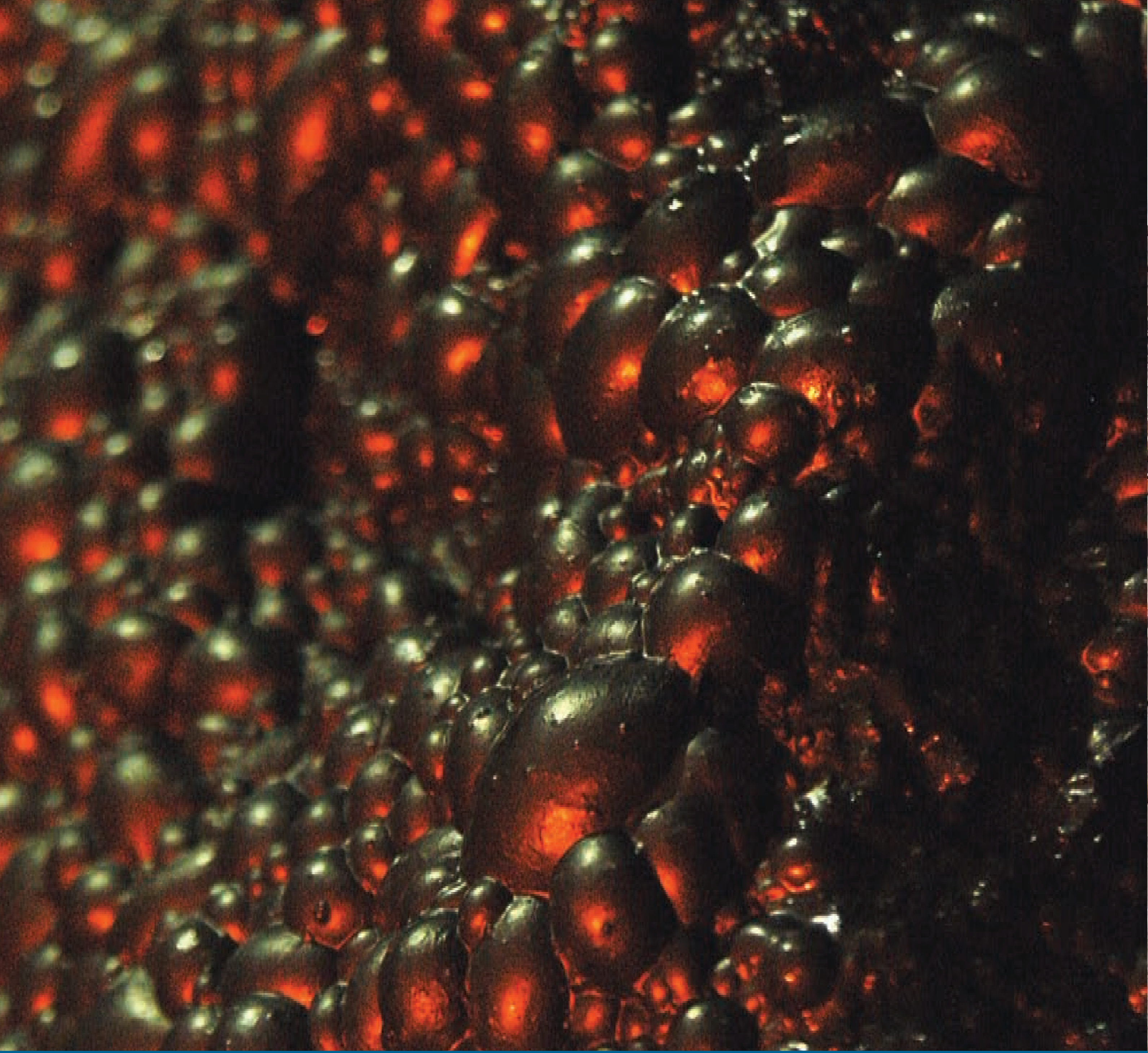

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