

ANNUAL MEETINGS OF MEMBERS AND CREDITORS HELD PURSUANT TO SECTION 508 OF THE CORPORATIONS ACT 2001

Annual Meetings of Members and Creditors of Compass Mining Pty Ltd held at Holiday Inn, 116 The Esplanade, Darwin, NT at 9:00 am (Central Standard Time) on 5 July 2010

PRESENT

By telephone	
Sarah Lunn	NT Controls and Automation Pty Ltd
Tom Harris	H2O Pty Ltd

CHAIRMAN OF THE MEETING

Malcolm Field, representative of the Liquidators, assumed the position as Chairman of the meeting pursuant to Corporations Regulation 5.6.17, tabling a Delegation Authority from Mr Jones in that regard.

INTRODUCTION

The meeting was opened by the Chairman at 9.20 am.

The Chairman advised that this was the annual meetings of members and creditors called pursuant to Section 508 of the Corporations Act 2001 ("the Act") and that the main purpose of the meeting was:

- a) table the liquidators' report and for creditors to discuss the account of the Liquidators' acts and dealings and the conduct of the winding up for the year ended 5 July 2010;
- b) for creditors to resolve to approve the Liquidators' receipts and payments;
and
- c) to receive an update as to the progress of the Compass Resources DOCA.

NOTICE OF MEETING

The Chairperson advised that the meeting had been called in accordance with the Notice of Meeting dated 18 June 2010, the notice having been mailed to the members and creditors on 18 June. The Chairman further advised that the notice calling the meeting was published in the Northern Territory News on Tuesday, 22 June 2010.

The following resolution was sought: **"That notice of meeting be taken as read"**

Moved: Sarah Lunn

The motion was declared carried unanimously on the voices.

ATTENDANCE REGISTER

The chairman tabled the following proxies and admitted them to vote at the meeting pursuant to Regulation 5.6.23 of the Corporations Regulations.

Creditor	Represented By	Amount of Debt AUD
H2O Pty Ltd	Tom Harris	\$521,910.00
NT Controls and Automation Pty Ltd	Sarah Lunn	\$268,331.00

QUORUM

Pursuant to Regulation 5.6.16(2) of the Corporations Regulations, the Chairman determined that a quorum was present.

MOTIONS, RESOLUTIONS, CASTING VOTE

The Chairman advised that all motions are to be resolved on the voices, unless a poll is demanded (Regulation 5.6.19) and that in the case of a poll, a resolution will be carried if:

- A majority of the creditors voting (whether in person, by attorney or by proxy) vote in favour; and
- The value of the debts owed by the corporation to those voting in favour is more than half the total debts owed to all creditors voting.

It was further advised that:

- the Chairman may exercise a "casting vote" if no result is reached for or against (Regulation 5.6.21);
- the Chairman's decision to exercise this vote is subject to review by the Court upon application by a creditor (Section 600B and Section 600C);
- in the event that a casting vote arises in respect to any resolution put at the meeting, the Chairman will record the reasons for the use of his casting vote in the minutes (Regulation 5.6.21(4A)).

REPORT OF LIQUIDATOR

A. Liquidators Progress Report

The Chairman provided creditors with an update in respect to the progress of the Liquidation as outlined in the attached power point presentation and summarised below.

The Chairman advised that CMPL was placed into liquidation on 30 April 2009 and immediate consequences of this were that:

- CMPL was removed as operator of the Oxide JV;
- HAR was appointed operator of the Oxide JV; and
- The Receivers and Managers were required to resign from their role in CMPL. Meanwhile, one of the key outcomes expected from Arbitration is as to the Receivers' role in CMPL's holding company, Compass Resources Limited ("CMR") having regard to the Deed of Company Arrangement ("DOCA") that had been proposed for CMR by YA Global.

Oxide Creditor Claims

The Chairman provided creditors with an update in respect to the Micronised Minerals Solutions ("MMS") claim in that MMS made an application to the Court to appeal the Liquidators' part rejection of their Formal Proof of Debt ("FPOD"). As a result of the Dispute Resolution proceedings held in Northern Territory Federal Court on 7 April 2010 and the Court Orders (entered by the CMPL Liquidators' consent) dated 12 April 2010, MMS's Formal Proof of Debt dated 23 October 2009 was admitted for the amount of \$500,000 and were paid a \$50,000 contribution toward MMS's legal costs. MMS were later paid an equalising dividend at the rate of 20 cents in the dollar, equalising the earlier dividends which had been declared for the unsecured CMPL Oxide creditors.

The Chairman raised the issue as to whether CMR has a claim against CMPL in relation to a claim admitted against CMR in favour of Orica Australia Pty Ltd, remains, subject to the future of the YA Global DOCA, to be resolved. Accordingly, the Chairman advised that in light of the above there is continuing uncertainty as to

the extent of the claim against HAR in respect of its indemnity obligation to CMPL for half of the Oxide creditors' claims and our current view is that a further distribution to Oxide creditors does rely upon completion of the YA Global (or similar DOCA) or enforcement of CMPL's security against HAR and CMR.

CMR DOCA Variation

The Chairman confirmed on the outcome of the general meeting of shareholders held on 17 June 2010. The Chairman advised that the first of those resolutions (to approve the issue of shares to YA Global) failed. Accordingly, the other resolutions were not put to the meeting, given their dependence upon the passing of the first mentioned resolution.

Creditors were advised that one of the consequences of the resolutions not being passed was that one of the conditions precedent under the YA Global DOCA has failed and that unless there is a variation to that DOCA by 5 July 2010, CMR would fall into liquidation on 6 July 2010.

It was also noted that the following resolution was passed by shareholders present at the General Meeting:

"A shareholder meeting be called within 60 days to enable further proposals to be considered, potentially to include, but not limited to:

- a) A rights option;*
- b) An options proposal; and/or*
- c) A new offer for the Associated parties."*

The Chairman advised that the alternatives sought by shareholders in this resolution were not within shareholders' power. The shareholders will only be called upon to consider resolutions of the nature contemplated above if:

- further DOCA variation is approved by the creditors; and
- an element of such a DOCA proposal requires shareholder approval.

CMR has commenced Arbitration proceedings against HAR and HNC. The issue the subject of the Arbitration is whether the payment of the amounts contemplated by the YA Global DOCA would remedy the Events of Default under the various JVAs and consequently CMR would cease to be a Defaulting Joint Venturer and the CMR Receivers would also be required to resign. The Arbitration also seeks to determine the quantum of interest and other charges necessary to remedy the Events of Default.

The Arbitration proceedings were commenced because YA had indicated that, even if it could not reach the agreement with HAR necessary to satisfy certain conditions precedent under the existing YA Global DOCA, it may have been prepared to waive those conditions precedent, depending on the outcome of the Arbitration.

The Arbitration was due to be heard on Thursday 24 June 2010, but as a consequence of the shareholders not approving the resolutions, and certain other matters discussed in the Report, the parties have agreed that the Arbitration will be adjourned to some time after 5 July 2010.

Run off due diligence by parties from the Deed Administrators' earlier marketing program for the sale of assets or financial reorganisation of CMR's affairs did not deliver up any more substantive offers to reconstruct CMR. Accordingly, the Deed Administrators, in consultation with the Committee, resolved in March 2010 to extend YA Global's exclusivity until 5 July 2010.

In circumstances where its existing DOCA proposal failed, by reason of the resolution of the shareholders, YA has now submitted a revised proposal for an amended DOCA for CMR for consideration by creditors and thereafter, shareholders of CMR. The legislation requires we present YA Global's amended proposal and comment upon it in this report.

The Chairman provided creditors with an overview of the changes between the former YA Global DOCA and the variation DOCA (ignoring timing differences):

MATTER	Change to original Proposal	Impact
CMPL Creditors' Asset Pool	A downward revision from \$3.5m (cash component) to \$2.5m in respect to the assets available for distribution to creditors.	The impact of this revision is expected to be minimal as creditor claims (which are now well advanced/proven) are currently less than the \$2.5M except to say that there will be minimal/no "overflow" from CMPL to CMR Creditors.

Further to our comments above, in the following table was presented to provide creditors with a contrast of the return expected to be available for creditors (and shareholders) from the variation to the DOCA and liquidation:

Stakeholder	DOCA Cash Component 31 October 2010 Cents in the Dollar		DOCA Bond Component 31 October 2013 Cents in the Dollar	DOCA Total Return	Liquidation Cents in the Dollar
	Low	High			
CMR Creditors					
> \$100k	26	28	25	51 to 53	30
< \$100k CMR Creditors	100	100	N/A	100	30
CMPL Creditors	100	100	N/A	100	30
HAR /HNC	100	100	100	100	30
CHGL	N/A	N/A	N/A	15 % Shares	30
YA Global	N/A	N/A	N/A	80% Shares	30
Existing CMR Shareholders	N/A	N/A	N/A	5% Shares, plus options	Nil

The Chairman advised that the return under the DOCA variation proposal is expected to be more certain than that available in a winding up, with a dividend:

- estimated at 100 cents in the dollar payable in relation to the **CMPL Oxide** indemnity claim, on a par with that expected to be available in the case of a winding up.

B. DIVIDEND TO CREDITORS

The Chairman provided creditors with an update regarding dividend distributions paid to date, that being:

- CMPL Oxide creditors with admitted FPOD's prior to 24 February 2010, received the benefit of a second dividend at 10 cents in the dollar which was paid on 24 February 2010.

It was noted that any future dividend rates and timing depends upon a number of factors including completion of the CMR DOCA and the costs associated with finalising the adjudication of FPODs (potentially including the CMR claim referred to above).

C. RECEIPTS AND PAYMENTS

The meeting resolved that:

“The Liquidators’ summary of receipts and payments for the period 30 April 2009 to 29 April 2010 as included at Section C of the Circular to Members and Creditors dated 18 June 2010, be approved.”

Moved: Sarah Lunn

The motion was declared carried unanimously on the voices.

D. REMUNERATION REPORT

The Chairman tabled the remuneration report in relation to Liquidators’ remuneration for the report 30 April 2009 – 30 June 2010 and advised that same was available for inspection at the meeting or from the FH website.

QUESTIONS AND DISCUSSIONS

The Chairman asked if there were any questions that the members would like to raise. There were no questions raised.

OTHER BUSINESS

The Chairman opened the meeting to any other business.

There was no other business.

CLOSURE

There being no further business, the meeting was declared closed at 9.45am.

A handwritten signature in black ink, appearing to read "M. Field". The signature is written in a cursive, slightly slanted style.

MALCOLM FIELD
CHAIRMAN