

MINUTES OF A MEETING OF THE COMMITTEE OF INSPECTION OF COMPASS RESOURCES LIMITED ACN 010 536 820 (SUBJECT TO DEED OF COMPANY ARRANGEMENT) (RECEIVERS & MANAGERS APPOINTED) ("CMR") HELD AT 10:00AM (WST) ON 5 OCTOBER 2010 AT THE OFFICES OF FERRIER HODGSON, LEVEL 26, 108 ST GEORGE'S TERRACE, PERTH WA AND BY TELEPHONE.

PRESENT

Alex Xu*	Hunan Nonferrous Metals Corp Ltd
Carole McTavish*	Orica Australia Pty Ltd
Chairman**	Coffee House Group Ltd
Martin Jones – Deed Administrator	Ferrier Hodgson – Chairman of the Meeting
Malcolm Field	Ferrier Hodgson
Sandra Gauci	Ferrier Hodgson

* *Attended by telephone*

** *Appointed the Chairman as proxy*

APOLOGIES

Johanne Keys	Randazzo Investments Pty Ltd
Jim Carr	YA Global

CHAIRMAN OF THE MEETING

Martin Jones assumed the position as Chairman of the meeting as one of the Deed Administrators.

OPENING OF MEETING

The meeting was opened by the Chairman at 10.00 am.

The Chairman asked the attendees if they had all received a copy of the agenda for the meeting and whether anyone wanted to add anything to the Agenda. The Committee members had all received the Agenda and agreed that any additional matters could be covered in other business.

NOTICE OF MEETING

The Chairperson advised that the meeting had been called in accordance with the Notice of Meeting dated 1 October 2010, the notice having been emailed to the

Committee members on 1 October 2010 and a report emailed to the Committee members on 1 October 2010.

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

Moved: Carole McTavish

The motion was carried on the voices.

ATTENDANCE REGISTER

The Chairman noted all attendees were recognised representatives of the creditors for the purposes of the meeting.

APOLOGIES

The Chairman advised that an apology had been received from Johanne Keys, Randazzo Investments Pty Ltd.

QUORUM

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

CONFIDENTIALITY OF COMMITTEE MEETINGS AND CONFLICTS OF INTEREST

The Chairman noted that Randazzo Investments Pty Ltd represented by Johanne Keys, is a new member of CMR's Committee of Inspection ("Committee") and advised other members of the CMR's Committee that Ms Keys had received information in respect to hers and each Committee member's confidentiality and conflict of interest obligations.

REPORT TO THE COMMITTEE

The Chairman tabled the Deed Administrators' report dated 1 October 2010 (a copy of which is attached to the minutes) and gave an overview of the report areas:

1. Arbitration outcome
2. Status of the Oxide JV operations
3. YA Global's Due Diligence Update
4. Future dividend distributions
5. The Deed Administrators' Remuneration

ARBITRATION OUTCOME

The Chairman confirmed that the outcome of the Arbitration matter between CMR and HNC (Australia) Resources Pty Ltd ("HAR") was delivered via a 40+ page Interim Award on 17 September 2010 (previously expected 31 August 2010). As the Interim Award does not make reference to enforceable orders, the Chairman advised

that both CMR and HAR legal representatives were now in the process of presenting their differing views to the Arbitrator as to the appropriate content of the orders.

The Chairman further advised that the particulars to the Interim Award remain confidential at this time and it is still unclear as to when the outcome will be publicly available.

STATUS OF THE OXIDE JV OPERATIONS

On 29 September 2010 HAR hosted a JV Committee meeting in Hong Kong the first such meeting since October 2009. The Chairman advised of HAR's intention to place the Oxide plant onto a more limited care and maintenance plan which provides only for minimum expenditure and deferral of the remedial works. HAR issued a public announcement in respect to same on 4 October 2010, which will be mirrored by a CMR ASX announcement on 6 October 2010.

The Chairman advised the benefits in extending the care and maintenance plan is that it allows for further technical work to be conducted on the most effective strategy with a view to the future viability of the project.

The Chairman advised that HAR's determination to place the Oxide Plant onto a more limited care and maintenance was made without reference to CMR given CMR's Defaulting JV Party status, which limited CMR's role to an observer at the meeting with no voting rights.

YA GLOBALS DUE DILIGENCE UPDATE

The Chairman confirmed despite the various setbacks, YA had expressed its commitment to completing under the DOCA and requested an extension of the DOCA which was otherwise due to end on 4 October 2010, being 90 days after the meeting of creditors accepted the Amended Varied DOCA Proposal. As there are significant costs borne by CMR in assisting YA complete various CPs, the Deed Administrators considered it appropriate (prior to the meeting in Hong Kong) to exercise their discretion under the terms of the DOCA to provide an extension to 1 November 2010 with scope for further extensions.

The Chairman advised the Committee that a further update would be communicated to the Committee by 31 October 2010 as to the achievability of YA satisfying the remaining CP's and whether a further meeting of creditors would be required in order to approve any amendments to the current DOCA.

The Chairman asked the Committee whether they had any further questions with respect to YA's due diligence. There were no questions raised.

FUTURE DIVIDEND DISTRIBUTIONS

The Chairman confirmed that the Report to Creditors dated 25 June 2010 indicated that the estimated dividend to CMR unsecured ordinary creditors under the Amended Varied DOCA Proposal would be:

- For CMR Creditors with claims of greater than \$100,000, estimated at 26 to 28 cents (cash), plus a further 25 cents from the CMR Bond, providing a total return of between 51 and 53 cents in the dollar for CMR Creditors, compared to 30 cents in the dollar in the case of a winding up; and
- For those CMR Creditors with an admitted claim of \$100,000 or less, they will benefit from an in full, upfront dividend.

The Chairman advised that he did not now anticipate a distribution would not be available before February 2011, assuming the current DOCA completes by 1 January 2011, the last day for completion under the terms of the current DOCA in the event that a further extension/s is/are appropriate.

QUESTIONS FROM COMMITTEE MEMBERS

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

FURTHER REMUNERATION OF THE DEED ADMINISTRATORS

The Chairman tabled the Remuneration Report which had been distributed to the Committee members as an annexure to the Report to the Committee on 1 October 2010. Accordingly, the following resolution was sought:

"That the further remuneration of the Deed Administrators of the Deed of Company Arrangement, as set out in the Administrators' remuneration report dated 1 October 2010 be approved up to the sum of \$150,000 plus any applicable GST but subject to upward revision by resolution of creditors and that the Administrators of the Deed of Company Arrangement be authorised to make periodic payments on account of such accruing remuneration."

Moved: Alex Xu

Carried on the voices.

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 10.20am.



MARTIN JONES
CHAIRMAN

PERTH

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email fhperth@perth.fh.com.au
www.ferrierhodgson.com

MBJ:SG:D4
S Gauci

1 October 2010

REPORT TO THE MEMBERS OF THE COMMITTEE OF INSPECTION

ADELAIDE
BRISBANE
NEWCASTLE
MELBOURNE
SYDNEY
HONG KONG
JAKARTA
KUALA LUMPUR
MANILA
MUMBAI
SHANGHAI
SINGAPORE
TOKYO

Dear Sir/Madam

**Compass Resources Limited
(Subject to Deed of Company Arrangement)
(Receivers and Managers Appointed) (CMR)
ACN 010 536 820
(Formerly Compass Resources NL)**

We refer to the above matter, our previous Report to the Committee dated 16 June 2010, the meeting of the Committee on 16 June 2010 and to our Report to Creditors dated 25 June 2010.

Affiliated through
Zolfo Cooper
and
Kroll Worldwide
UNITED STATES
UNITED KINGDOM

We provide herein an update of events and information under the following headings:

- 1. Arbitration outcome**
- 2. Status of the Oxide JV operations**
- 3. YA Global's due diligence update**
- 4. Future dividend distributions**
- 5. The Deed Administrators' Remuneration**
- 6. Meeting of the CMR Committee**

1. Arbitration outcome

The outcome of the Arbitration matter between CMR and HNC (Australia) Resources Pty Ltd ("HAR") was delivered via an Interim Award on 17 September 2010. As the Interim Award does not make reference to enforceable orders, CMR and HAR legal representatives are now in the process of presenting their differing views to the Arbitrator as to the appropriate content of the orders which we expect (once settled) will be publicly available.

The particulars to the Interim Award remain confidential at this time and it is unclear as to when the outcome will be publicly available, though consent was obtained for provision of the Interim Award to YA Global ("YA") given its immediate interest in same. We will provide the Committee with further details pertaining to the outcome as soon as we are able.



2. Status of the Oxide JV operations

On 29 September 2010 HAR hosted a JV Committee meeting in Hong Kong. HAR, indicated its intention to place the Oxide plant onto a more limited care and maintenance plan, providing for only minimum expenditure and deferral of the remedial works.

The benefit from an extended care and maintenance plan is to allow further technical work to be conducted on the most effective strategy to ensure the viability of the project.

3. YA Global's due diligence update

The Deed Administrators have continued to track YA's progress toward clearing the Conditions Precedent (CPs) to the YA DOCA proposal by weekly telephone conferences with CMR management and the relevant YA representatives.

YA has experienced various delays including the determination of the arbitration which has prevented it from satisfying a number of the CPs.

Despite the various setbacks YA has expressed its commitment to completing under the DOCA and requested an extension of the DOCA which was otherwise due to end on 4 October 2010, being 90 days after the meeting of creditors accepted the Amended Varied DOCA Proposal. As there are significant costs borne by CMR in assisting YA complete various CPs, the Deed Administrators provided a limited extension to 1 November 2010 with scope for further extensions.

4. Dividends to CMR Creditors

As previously advised in our Report to Creditors dated 25 June 2010, we estimated the dividend under the Amended Varied DOCA Proposal to CMR creditors to be:

- For CMR Creditors with claims of greater than \$100,000, estimated at 26 to 28 cents (cash), plus a further 25 cents from the CMR Bond, providing a total return of between 51 and 53 cents in the dollar for CMR Creditors, compared to 30 cents in the dollar in the case of a winding up; and
- For those CMR Creditors with an admitted claim of \$100,000 or less, they will benefit from an in full, upfront dividend.

As noted above there have been a number of unexpected delays in YA clearing various CPs to its DOCA proposal. Accordingly, we do not anticipate a CMR dividend distribution will be available until February 2011, assuming the current DOCA completes by 1 January 2011, the last day for completion under the terms of the current DOCA in the event that a further extension/s is/are appropriate.

Over the next month we will be seeking to ascertain the impact of the recent events referred to in sections 1 to 3 of this Report, with a view to updating Creditors and/or the Committee in late October.





5. The Deed Administrators' Remuneration

At the previous Committee of Inspection meeting held on 16 June 2010, the Committee approved the Deed Administrators' further remuneration at the Ferrier Hodgson hourly rates up to the sum of \$150,000 (plus GST).

The Deed Administrators' remuneration accrued during the period 12 June 2010 to 24 September 2010 (subject to potential further time postings for that period) totalled \$162,573.50, which is summarised in detail in the attached Remuneration Report exclusive of GST.

There is significant further work to be undertaken to ensure the remaining CP's relating to the Amended Varied DOCA are satisfied or waived and to complete under the DOCA. Accordingly, we estimate those further costs to completion of the DOCA will be in the vicinity of \$150,000, subject to the process of completion under the DOCA. Therefore, we will seek a resolution of the Committee at the forthcoming meeting to approve the further Deed Administrators' remuneration of up to \$150,000 (plus GST).

6. Meeting of the CMR Committee

Please find attached a Notice of Seventh Meeting of the Committee of Inspection, Proxy Form and the Deed Administrators Remuneration Report for your consideration.

We look forward to discussing the issues with you by telephone on **5 October 2010 at 10.00 am WST (being 1.00 pm AEDT. A reminder that Eastern Standard daylight saving times come into effect on 3 October 2010)**. Teleconference details are outlined on the notice. In the event that you have any difficulty establishing a connection, or should you have any queries in relation to the above, please contact me, Malcolm Field (08 9214 1441 or 0401 302 923) or Sandra Gauci (08 9214 1413) of this office.

A handwritten signature in black ink, appearing to read 'Martin Jones', with a large, stylized flourish underneath.

Martin Jones
Joint and Several Deed Administrator of
Compass Resources Limited

Encl.

FORM 529A

Paragraph 5.6.12(2)(a)

CORPORATIONS ACT 2001

**NOTICE OF SEVENTH MEETING OF
COMMITTEE OF INSPECTION**

**COMPASS RESOURCES LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT) (RECEIVER AND MANAGERS APPOINTED)
ACN 010 536 820**

1. Notice is given that a meeting of the Committee of Inspection of the company will be held at the offices of **Ferrier Hodgson, Level 26, 108 St George's Terrace, Perth WA on 5 October 2010 at 10.00 am WST (being 1.00 pm Australian Eastern Standard daylight saving time).**
2. The purpose of the meeting is to:
 - Receive an update/report from the Deed Administrator; and
 - Discuss any other business.

Phone conference facilities are available as follows:

Australian Toll Free Number: 1800 461 861

International Dial In (in case of technical difficulty) (All): +61 3 8628 3623

Account Number: 75218521

Guest Pin: 7890

When you dial in, please follow the prompts, in doing so, you will be required to enter the pin as above.

DATED this 1st day of October 2010.



Martin Jones

Joint and Several Deed Administrator of
Compass Resources Limited

CORPORATIONS ACT 2001
APPOINTMENT OF PROXY COMMITTEE OF INSPECTION MEETING

COMPASS RESOURCES LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
(RECIEVERS AND MANAGERS APPOINTED)
ACN 010 536 820

*I/*We (1).....
of
a member of the Committee of Inspection of Compass Resources Limited, appoint (2)
or in his absence
as *my/our *general/special proxy to vote at the meeting of the Committee to be held on 5 October
2010 or at any adjournment of that meeting.(3)

DATED this day of 2010.

Signature (4) of individual or person (5) authorised by corporate resolution to represent the corporation OR The Common Seal (6) of was hereunto affixed in the presence of:

Director

Secretary

CERTIFICATE OF WITNESS (7)

I, of certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

DATED this day of 2010.

Signature of Witness

Description

Place of Residence

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
(2) Insert the name, address and description of the person appointed.
(3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.
(4) The signature of the creditor is not to be attested by the person nominated as proxy.
(5) Note that a corporation may by resolution of its directors provide standing authority for a person to represent it at members meeting and appoint proxies (Section 249(3)& (5)). Copy of authority to be annexed.
(6) The method of affixing the Common Seal should be prescribed by the creditor corporation's articles. See Note (5).
(7) This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder must not be witnessed by the person nominated as proxy.



CORPORATIONS ACT 2001

Section 449E

**Compass Resources Pty Limited
ACN 010 536 820
(Subject to Deed of Company Arrangement)
(Receivers and Managers Appointed)**

REMUNERATION REPORT

The Deed Administrators' Remuneration Report, prepared pursuant to Section 449E of the Corporations Act 2001, takes the following format.

Part A

- A1 Schedule of hourly rates and general guide to staff experience for Ferrier Hodgson Perth
- A2 Tasks undertaken by the Deed Administrators' and remuneration calculation for the period 12 June 2010 to 24 September 2010.
- A3 Tasks to be undertaken by the Deed Administrators' and remuneration calculation for the period 25 September 2010 to the end of the Deed of Company Arrangement (DOCA).
- A4 Resolutions to be put to the Committee of Inspection at the meeting convened for 5 October 2010.

Part B

- B1 Summary of Receipts and Payments (inclusive of GST) for the period 12 June 2010 to 24 September 2010.
- B2 Deed Administrators' disbursements.
- B3 Legal costs – includes tasks undertaken by Freehills for the period 18 November 2009 to 24 September 2010 and Summary of Legal disbursements (inclusive of GST) for the period 18 December 2009 to 24 September 2010.

Part C

- C1 Other creditor information on remuneration.



PART A

A1 FERRIER HODGSON PERTH SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Title	Rate (\$)	Experience
Partner/Principal/ Appointee	540	The Partner/Appointee is a registered liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.ferrierhodgson.com
Senior Manager	400	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.
Manager	335	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	295	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	265	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.
Senior 2	235	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	190	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	160	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing more complex administrative tasks.
Senior Secretary	155	Appropriate skills including machine usage.
Clerk	135	Generally non qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.

Notes:

1. The hourly rates are exclusive of GST.
2. The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
3. Time is recorded and charged in six-minute increments.
4. Rates are subject to change from time to time.



A2. Tasks undertaken by the Deed Administrators' and remuneration calculation (exclusive of GST) for the period 12 June 2010 to 24 September 2010.

Assets 132.10 Hours \$50,756.00	Sale of business as a going concern	<ul style="list-style-type: none"> ▪ Liaising with valuers, auctioneers and interested parties ▪ Internal meetings to discuss / review offers received
	Plant and equipment	<ul style="list-style-type: none"> ▪ Liaising with valuers, auctioneers and interested parties ▪ Reviewing asset listings
	Assets subject to specific charges	<ul style="list-style-type: none"> ▪ All tasks associated with realising a charged asset
Creditors 197.40 Hours \$56,769.00	Shareholder Issues	<ul style="list-style-type: none"> ▪ Reviewing minutes of shareholders meeting ▪ Correspondence with shareholders
	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone and email ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members
	Meeting of Shareholders	<ul style="list-style-type: none"> ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors and advertisement of meeting ▪ Preparation and lodgement of shareholder Notice of Meeting with ASX and other stakeholders ▪ Respond to stakeholder queries and questions immediately following distribution of Notice
	Creditor Reports/Circulars	<ul style="list-style-type: none"> ▪ Preparation / Execution of Varied Amended DOCA
	Dealing with Proofs of Debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparation meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparation and lodgement minutes of meetings with ASIC ▪ Respond to stakeholder queries and questions immediately following meeting
Employees 13.20 Hours \$2,542.00	Employee enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up employee enquiries via telephone
	PAYG	<ul style="list-style-type: none"> ▪ Calculation of PAYG for the year ended ▪ Distribution of PAYG summaries to employees
Trade On 33.40 Hours \$6,088.50	Processing receipts and payments	<ul style="list-style-type: none"> ▪ Entering receipt and payments into accounting system ▪ Posting cheques ▪ Receipting money orders ▪ Processing wages
Investigation 6.20 Hours \$1,432.00	ASIC/ASX reporting	<ul style="list-style-type: none"> ▪ Preparing statutory investigation reports ▪ Preparing affidavits seeking non lodgements assistance ▪ Liaising with ASIC
Administration 150.50 Hours \$44,756.00	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence ▪ Submitting minutes of creditors meeting onto website
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Filing of documents ▪ Updating checklists
	Insurance	<ul style="list-style-type: none"> ▪ Correspondence with Willis regarding ongoing insurance requirements



Bank account administration	<ul style="list-style-type: none">▪ Bank account reconciliations▪ Correspondence with bank regarding specific transfers
ASIC Form 524 and other forms	<ul style="list-style-type: none">▪ Preparing and lodging ASIC forms including 505, 911 etc▪ Correspondence with ASIC regarding statutory forms
ATO & other statutory reporting	<ul style="list-style-type: none">▪ Notification of appointment▪ Preparation of Business Activity Statements▪ Lodgement of Business Activity Statements
Planning / Review	<ul style="list-style-type: none">▪ Discussions regarding status/strategy of administration

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A2 (cont) Tasks undertaken by the Deed Administrators' and remuneration calculation (exclusive of GST) for the period 12 June 2010 to 24 September 2010.

Employee	Position	Rate		Total		Assets		Creditors		Administration		Employees		Investigations		Trade On	
		\$		Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Jones, M	Partner	540.00		41.10	22,194.00	-	1.60	864.00	39.50	21,330.00	-	-	-	-	-	-	-
Weaver, D	Partner	540.00		0.50	270.00	-	0.40	216.00	-	-	-	-	-	-	-	0.10	54.00
Field, M	Senior Manager	400.00		61.10	24,440.00	21,920.00	4.60	1,840.00	0.70	280.00	0.10	40.00	0.20	80.00	0.70	280.00	-
Field, M	Senior Manager	390.00		135.60	52,884.00	26,208.00	62.70	24,453.00	3.60	1,404.00	0.60	234.00	0.20	78.00	1.30	507.00	-
Smith, A	Senior Manager	390.00		0.20	78.00	-	-	-	0.20	78.00	-	-	-	-	-	-	-
Chu, K	Supervisor	295.00		0.10	29.50	-	-	-	-	-	0.10	29.50	-	-	-	-	-
Chu, K	Supervisor	285.00		1.70	484.50	57.00	1.20	342.00	0.30	85.50	-	-	-	-	-	-	-
Gaudi, S	Senior 1	265.00		40.40	10,706.00	2,226.00	7.10	1,881.50	23.20	6,148.00	0.60	159.00	-	-	-	1.10	291.50
Coleman, S	Senior 1	255.00		0.20	51.00	-	0.20	51.00	-	-	-	-	-	-	-	-	-
Gaudi, S	Senior 1	230.00		159.60	36,708.00	345.00	112.80	25,944.00	34.40	7,912.00	3.20	736.00	5.00	1,150.00	1.70	391.00	-
McCann, L	Senior 2	230.00		1.20	276.00	-	0.90	207.00	0.30	69.00	-	-	-	-	-	-	-
Iswanah, V	Senior 2	230.00		0.40	92.00	-	-	-	0.40	92.00	-	-	-	-	-	-	-
Wilson, S	Intermediate 1	190.00		0.10	19.00	-	-	-	0.10	19.00	-	-	-	-	-	-	-
Luck, G	Intermediate 1	185.00		0.50	92.50	-	-	-	0.50	92.50	-	-	-	-	-	-	-
Wilson, S	Intermediate 1	185.00		1.00	185.00	-	-	-	1.00	185.00	-	-	-	-	-	-	-
Roberts, C	Intermediate 1	185.00		4.30	795.50	-	1.80	333.00	1.20	222.00	-	-	-	-	1.30	240.50	-
Godfrey, A	Intermediate 2	160.00		5.80	928.00	-	0.10	16.00	1.30	208.00	1.60	256.00	-	-	2.80	448.00	-
Linfoot, C	Intermediate 2	160.00		38.70	6,192.00	-	0.30	48.00	19.00	3,040.00	0.50	80.00	-	-	18.90	3,024.00	-
George, K	Intermediate 2	155.00		0.30	46.50	-	0.30	46.50	-	-	-	-	-	-	-	-	-
Linfoot, C	Intermediate 2	155.00		19.80	3,069.00	-	3.40	527.00	3.60	558.00	6.50	1,007.50	0.80	124.00	5.50	852.50	-
Caldera, G	Secretary	155.00		0.20	31.00	-	-	-	0.20	31.00	-	-	-	-	-	-	-
Westwood, J	Secretary	155.00		4.40	682.00	-	-	-	4.40	682.00	-	-	-	-	-	-	-
Hoskins, J	Receptionist	150.00		3.00	450.00	-	-	-	3.00	450.00	-	-	-	-	-	-	-
Kroon, M	Secretary	150.00		0.30	45.00	-	-	-	0.30	45.00	-	-	-	-	-	-	-
Westwood, J	Secretary	150.00		5.20	780.00	-	-	-	5.20	780.00	-	-	-	-	-	-	-
Martin, K	Clerk	135.00		0.70	94.50	-	-	-	0.70	94.50	-	-	-	-	-	-	-
Ross, M	Clerk	135.00		0.40	54.00	-	-	-	0.40	54.00	-	-	-	-	-	-	-
Radisich, D	Clerk	135.00		1.40	189.00	-	-	-	1.40	189.00	-	-	-	-	-	-	-
Martin, K	Clerk	130.00		0.80	104.00	-	-	-	0.80	104.00	-	-	-	-	-	-	-
Ross, M	Clerk	130.00		0.50	65.00	-	-	-	0.50	65.00	-	-	-	-	-	-	-
Radisich, D	Clerk	130.00		3.00	390.00	-	-	-	3.00	390.00	-	-	-	-	-	-	-
Clayton, C	Clerk	114.23		1.30	148.50	-	-	-	1.30	148.50	-	-	-	-	-	-	-
Total				533.80	162,873.50	50,756.00	197.40	56,769.00	150.50	44,756.00	13.20	2,542.00	6.20	1,432.00	33.40	6,098.50	



A3. Tasks to be undertaken by the Deed Administrators and remuneration calculation (exclusive of GST) for the period 25 September 2010 to the end of DOCA.

Based on the following anticipated tasks, I estimate the Deed Administrators' fees for the above period at \$150,000.

Assets 64 Hours \$22,900.00	Sale of business as a going concern	<ul style="list-style-type: none"> ▪ Liaising with valuers, auctioneers and interested parties ▪ Internal meetings to discuss / review offers received
	Plant and equipment	<ul style="list-style-type: none"> ▪ Liaising with valuers, auctioneers and interested parties ▪ Reviewing asset listings
	Assets subject to specific charges	<ul style="list-style-type: none"> ▪ All tasks associated with realising a charged asset
Creditors 278 Hours \$76,240.00	Shareholder Issues	<ul style="list-style-type: none"> ▪ Reviewing minutes of shareholders meeting ▪ Correspondence with shareholders
	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone and email ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members
	Meeting of Shareholders	<ul style="list-style-type: none"> ▪ Preparation meeting notices, proxies and advertisements ▪ Forward Notice of Meeting to all known shareholders ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors and advertisement of meeting ▪ Preparation and lodgement of shareholder Notice of Meeting with ASX and other stakeholders ▪ Respond to stakeholder queries and questions immediately following distribution of Notice
	Creditor Reports/Circulars	<ul style="list-style-type: none"> ▪ Preparation / Execution of Varied Amended DOCA
	Dealing with Proofs of Debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparation meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparation and lodgement minutes of meetings with ASIC ▪ Respond to stakeholder queries and questions immediately following meeting
Employees 56 Hours \$13,985.00	Shareholder Enquires	<ul style="list-style-type: none"> ▪ Receive and follow up shareholders enquiries via telephone and email ▪ Maintaining shareholders enquiry register ▪ Review and prepare correspondence to shareholders and their representatives via facsimile, email and post ▪ Responding to any shareholder legal action
	Employee enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up employee enquiries via telephone
Trade On 30 Hours \$5,325.00	PAYG	<ul style="list-style-type: none"> ▪ Calculation of PAYG for the year ended ▪ Distribution of PAYG summaries to employees
	Processing receipts and payments	<ul style="list-style-type: none"> ▪ Entering receipt and payments into accounting system ▪ Posting cheques ▪ Receipting money orders ▪ Processing wages



Investigation 36 Hours \$10,515.00	ASIC/ASX reporting	<ul style="list-style-type: none"> ▪ Preparing statutory investigation reports ▪ Preparing affidavits seeking non lodgements assistance ▪ Liaising with ASIC
	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence ▪ Submitting minutes of creditors meeting onto website
Administration 90 Hours \$21,035.00	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Filing of documents ▪ Updating checklists
	Insurance	<ul style="list-style-type: none"> ▪ Correspondence with Willis regarding ongoing insurance requirements
	Bank account administration	<ul style="list-style-type: none"> ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 505, 911 etc ▪ Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Notification of appointment ▪ Preparation of Business Activity Statements ▪ Lodgement of Business Activity Statements
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of administration

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A3 (cont) Tasks to be undertaken by the Deed Administrators and remuneration calculation (exclusive of GST) for the period 25 September 2010 to the end of the Deed of Company Arrangement.

Employee	Position	Rate		Total		Assets		Creditors		Administration		Employees		Investigations		Trade On	
		\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	
Jones, M	Partner	540.00	5.00	2,700.00	-	1.00	540.00	4.00	2,160.00	-	-	-	-	-	-	-	-
Field, M	Senior Manager	400.00	154.00	61,600.00	17,600.00	75.00	30,000.00	10.00	4,000.00	10.00	4,000.00	10.00	4,000.00	15.00	6,000.00	-	-
Chu, K	Supervisor	295.00	10.00	2,950.00	-	5.00	1,475.00	5.00	1,475.00	-	-	-	-	-	-	-	-
Gauci, S	Senior 2	265.00	202.00	53,530.00	5,300.00	121.00	32,065.00	20.00	5,300.00	25.00	6,625.00	25.00	6,625.00	11.00	2,915.00	5.00	1,325.00
Stephens, M	Practice Manager	230.00	4.00	920.00	-	-	-	4.00	920.00	-	-	-	-	-	-	-	-
Godfrey, A	Intermediate 2	160.00	53.00	8,480.00	-	26.00	4,160.00	6.00	960.00	1.00	160.00	1.00	160.00	-	-	20.00	3,200.00
Linfoot, C	Intermediate 2	160.00	90.00	14,400.00	-	50.00	8,000.00	5.00	800.00	20.00	3,200.00	20.00	3,200.00	10.00	1,600.00	5.00	800.00
Hoskins, J	Receptionist	155.00	7.00	1,085.00	-	-	-	7.00	1,085.00	-	-	-	-	-	-	-	-
Westwood, J	Secretary	155.00	21.00	3,255.00	-	-	-	21.00	3,255.00	-	-	-	-	-	-	-	-
Gray, E	Clerk	135.00	4.00	540.00	-	-	-	4.00	540.00	-	-	-	-	-	-	-	-
Martin, K	Clerk	135.00	2.00	270.00	-	-	-	2.00	270.00	-	-	-	-	-	-	-	-
Radisich, D	Clerk	135.00	2.00	270.00	-	-	-	2.00	270.00	-	-	-	-	-	-	-	-
Total			554.00	150,000.00	22,900.00	278.00	76,240.00	90.00	21,035.00	56.00	13,985.00	38.00	10,515.00	30.00	5,325.00		

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A4 Resolutions to be put to the Committee of Inspection at the meeting convened for 5 October 2010.

At the Committee meeting convened for 5 October 2010, the Committee will be asked to consider the following resolution:

“That the further remuneration of the Deed Administrators of the Deed of Company Arrangement, as set out in the Deed Administrators’ remuneration report dated 1 October 2010 be approved up to the sum of \$150,000 (plus GST) subject to upward revision of creditors and that the Administrators of the Deed of Company Arrangement be authorised to make periodic payments on account of such accruing remuneration.”

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PART B

B1 Summary of Receipts and Payments (inclusive of GST) for the period 12 June 2010 to 24 September 2010

Summary of Receipts and Payments	\$
Receipts	
PAYG Withheld	54,924
GST Control	49,378
Tenement Rent	38,871
Bank Interest	13,041
Superannuation Withheld	6,899
Interest Income	6,139
Other Income	650
Total Receipts	169,902
Payments	
Legal Fees	(337,757)
Wages & Salaries	(191,520)
Appointee Fees	(188,134)
Tenement Administration Expenses	(106,639)
Consultancy Fees	(100,919)
Agents Fees	(93,028)
Tenement Rent	(86,874)
Rents & Rates	(65,695)
Insurance	(49,782)
Share Registry Charges	(41,619)
Superannuation	(41,101)
GST Control: GST Paid	(39,315)
Employee Dividend One	(34,906)
Tenement Expenditure	(31,286)
Hire and Leasing	(21,216)
Employee Expenses	(19,716)
Utilities	(15,687)
Appointee Costs	(13,093)
Employee Dividend Two	(4,886)
Repairs and Maintenance	(4,841)
Advertising	(2,794)
Telephone, Fax & IT	(2,282)
Printing and Stationery	(1,838)
Statutory Charges	(1,218)
Payroll Tax (Non-Trading)	(717)
Subcontractors	(631)
Payroll Tax (Trading)	(383)
Employee Dividend Three	(343)
GST Control: FBT	(193)
Sundry Expenses	(154)
Bank Charges (Non-Trading)	(115)
Bank Charges (Trading)	(90)
Total Payments	(1,498,772)
Net Receipts (Payments)	\$(1,328,870)



B2 Deed Administrators' disbursements

Disbursements are divided into three types D1, D2 and D3.

- D1 Disbursements are all externally provided professional services and are recovered at cost. An example of a D1 disbursement is legal fees.
- D2 Disbursements are externally provided non professional costs such as travel, accommodation and search fees. D2 disbursements are recovered at cost.
- D3 Disbursements are internally provided non professional costs such as photocopying and document storage. D3 disbursements are charged at cost except for photocopying, printing and telephone calls which are charged at a rate which is intended to recoup both variable and fixed costs. The relevant rates are set out below.

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying & Document Production	35 cents per copy
Facsimile	At cost
Advertising	At cost
Storage – Per Box	At cost
Storage – Per File	At cost
Couriers	At cost

Disbursements incurred by the Deed Administrators for the period 12 June 2010 to 24 September 2010 in the amount of \$8,264.69 (exclusive of GST) are set out in the below schedule.

Category	Disbursements	Charges (Excluding GST)
D2	Searches	99.80
D2	Travel Costs	1,759.37
D2	Meal Costs	391.23
D2	Taxis & Parking	508.46
D3	Postage	408.13
D3	Telephone	1,418.05
D3	Photocopying & Document Production	3,671.15
D3	Facsimile	8.50
	Total Disbursements	\$8,264.69

Creditor approval for the payment of disbursements is not required. However, the Deed Administrators must account to creditors. Creditors have the right to question the incurring of disbursements and can challenge disbursements in court.



B3 Legal costs – including tasks undertaken by Freehills for the period 2 November 2009 to 24 September 2010 and Summary of Legal disbursements (inclusive of GST) for the period 18 December 2009 to 24 September 2010.

The table below outlines major tasks undertaken by Freehills between 2 November 2009 and 24 September 2010.

Task	Details
Quistclose Case	<ul style="list-style-type: none"> • Reviewing documentation, attendance and submissions • General Correspondence • Preparation of Affidavit, Chamber Summons, Memo of Conferral and Certificate of Urgency • Preparation and attendance of hearing • Extraction of Quistclose judgement
DOCA Proposal	<ul style="list-style-type: none"> • Review and consideration of DOCA proposal • Amending draft varied DOCA and associated documents
Joint Venture	<ul style="list-style-type: none"> • Ongoing attention to queries • Review of Outline of Claimant's Submissions • Review and consider correspondence
Alkaine Royalty	<ul style="list-style-type: none"> • Ongoing review and advice • Settling advice • Discussion of offer
Arbitration	<ul style="list-style-type: none"> • Investigations regarding potential arbitrators • Review of documents/compiling brief to arbitrator • Preparation for arbitration
HAR	<ul style="list-style-type: none"> • Review and consider issues arising from HAR Short Statement

Summary of legal disbursements for the period 18 December 2009 to 24 September 2010.

Payment Date	Payee	\$
18/12/2009	Freehills	39,720
21/01/2010	Ward Keller Lawyers	(1,513)
22/01/2010	Freehills	39,822
09/02/2010	Freehills	31,236
04/03/2010	Freehills	65,613
01/04/2010	Freehills	115,974
09/04/2010	Freehills	28,600
17/05/2010	Freehills	19,496
17/05/2010	Freehills	6,695
23/06/2010	Freehills	17,045
23/06/2010	Freehills	76,356
29/06/2010	Freehills	54,980
01/07/2010	Freehills	33,371
06/07/2010	Ward Keller Lawyers	1,760
06/07/2010	MacGillivray's	2,500
28/07/2010	Freehills	9,272
03/08/2010	Freehills	55,965
30/08/2010	Freehills	7,112
30/08/2010	Freehills	79,396
	Total Legal Fees	\$683,402



PART C

C1 Other creditor information on remuneration

The partners of Ferrier Hodgson Western Australia are members of the Insolvency Practitioners Association of Australia and follow the IPA Code of Professional Practice. A copy of the Code of Professional Practice may be found on the IPA website at www.ipaa.com.au

An information sheet concerning approval of remuneration in external administrations can also be obtained from the IPA website.

Queries regarding remuneration should be directed to Sandra Gauci of this office.

Dated the 1st day of October 2010.

A handwritten signature in black ink, appearing to read 'Martin Jones', with a large, stylized flourish at the end.

Martin Jones
Joint and Several Deed Administrator of
Compass Resources Pty Limited