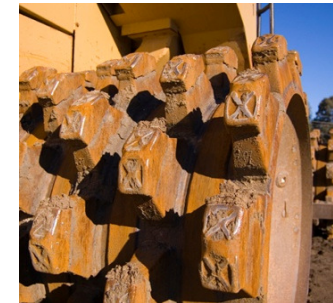


**Compass Resources Limited
(Subject to Deed of Company Arrangement)
(Receivers and Managers Appointed)**

Meeting of Shareholders –
Recapitalisation Proposal

Presented by Martin Jones, Ferrier Hodgson

17 June 2010



Chairman's Introduction and Welcome

- ❑ Steve Sherman, Darren Weaver and I were appointed Administrators of CMR on 29 January 2009, pursuant to Section 436A of the Corporations Act (“the Act”), resulting in the suspension of CMR shares on the ASX at that time. We subsequently became the company’s Deed Administrators.
- ❑ In accordance with Section 249U of the Act and Corporations Regulation 5.6.17, I will act as Chairman for the purposes of the meeting today.



Overview of Agenda for Shareholders' Meeting

- Purpose and Notice of Meeting
- Housekeeping
- Background to the DOCA
- Operational Update
- Proposal Summary and Implications
- Presentation from YA Representative
- Questions from Shareholders
- Resolutions
- Meeting Closure



Purpose and Notice of Meeting

■ Purpose of Shareholder Meeting:

□ Shareholders to resolve:

- the issue of the new shares to YA Global and Coffee House pursuant to the proposal;
- Approve the creation of the fixed and floating charge over all of the Company's assets in favour of YA Global; and
- the appointment of new Auditor.

■ Notice of Shareholder Meeting:

- #### □ Resolution: **“The notice calling this meeting be taken as read.”**

Housekeeping

- Please turn off all mobile phones during the meeting
- Audio, video and any other recording devices are not permitted during the meeting
- Media are asked to leave
- Please hold all questions until the identified “Question time” in the meeting
- When asking a question, please direct your question to the Chairman
- Voting Slips
- Admission of proxies
- Shareholdings admitted and the process for passage (or otherwise) of resolutions
- Observers present
- Quorum



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Background

■ **Background: Report to Shareholders dated 14 May 2010.**

- An Extraordinary General Meeting of the Company held on 29 January 2009 was adjourned and not reconvened, having none of the resolutions that were proposed, passed.
- Subsequently the Administrators became the Deed Administrators at a meeting of creditors on 30 April 2009 pursuant to the DOCA that was executed on 21 May 2009.
- That DOCA provided for:
 - 12 month period during which the Deed Administrators remained in control of the Company's affairs;
 - the Deed Administrators to sell the Company's assets or negotiate a financial reorganisation of the affairs of Compass; and
 - the Deed Administrators to call for formal proof of debts to identify and adjudicate on the various groups of creditor claims.

Background Cont.

- ❑ During the DOCA period the Deed Administrators sought expressions of interest in respect to the sale of CMR's assets and/or a financial reorganisation; and
- ❑ Received a Variation Proposal from major creditor, YA Global to provide for a reconstruction of CMR. It was the best proposal received to provide for both the future of CMR and a suitable return to stakeholders.



Background Cont.

■ YA DOCA:

- At a meeting of creditors held on the 6 January 2010, the terms of YA's Varied DOCA proposal was accepted by creditors. Returns to stakeholders under the DOCA were estimated as follows:

Stakeholder	DOCA Cash Component May 2010 Cents in the Dollar		DOCA Bond Component May 2013 Cents in the Dollar	DOCA Total Return	Liquidation Cents in the Dollar
	Low	High			
CMR Creditors > \$100k	29	46	20	49 to 66	32
CMR Creditors <\$100k	29	46	Top Up	100	32
CMPL Creditors	100	100	N/A	100	32
HAR	100	100	100	100	32
CHGL	N/A	N/A	N/A	15 % Shares	32
YA Global	N/A	N/A	N/A	80% Shares	32
Existing CMR Shareholders	N/A	N/A	N/A	5% Shares	Nil



Background Cont.

- ❑ YA were granted a 90 day exclusivity period to complete their due diligence whereby a number of conditions precedent were required to be waived or satisfied in order for the DOCA to complete.
- ❑ On 6 April 2010, the Deed Administrators (in consultation with creditors) exercised their discretion by extending YA's exclusivity period by 80 days, taking the same to 25 June 2010.
- ❑ YA has been negotiating with HAR in relation to HAR's objections to various aspects of YA's recapitalisation proposal. This process is ongoing and there is a risk that the DOCA will not complete before the expiration of the 180 day YA DOCA on 5 July 2010. Accordingly, a further meeting of creditors or application to the Court may be necessary to consider the terms of same. Indeed, notwithstanding shareholder approvals at this meeting, there is a risk that YA's DOCA will not complete as a result of other Conditions Precedent (as outlined in the report dated 14 May 2010) not being satisfied, including the outcome of matters subject to arbitration.



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Operational Update

- ❑ After CMR and CMPL's administrations, HAR appointed Receivers and Managers (17 February 2009) to take control of the Batchelor operations and preserve HAR's interests in same.
- ❑ On 30 April 2009, HAR appointed itself as operator of the Oxide, Sulphide and Regional Exploration JVs.
- ❑ Oxide – remains in care and maintenance while consultants advise upon the most appropriate remedial works to overcome the plant's technical difficulties.
- ❑ Sulphide – we have received limited reports from the operator and are led to understand that this project has largely been “shelved” while the operator focuses on the Oxide Project.
- ❑ The Future – it appears CMR's operations will be relatively “small scale” compared to its 100+ staffing prior to the Administration.



Proposal Summary and Implications

□ Proposal Summary:

The Deed Administrators have executed or are otherwise at the final drafting stage a number of binding documents relating to the proposal, namely:

- The Varied DOCA; and
- The Recapitalisation Deed.

There are a number of terms which will be implemented under these documents some of which include:

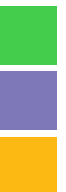
- YA Global and Coffee House converting their debt to equity;
- Execution of a further funding agreement by YA Global;
- Retain all assets for the benefit of post-recapitalisation Compass Shareholders; and
- Operate with a new board of directors.



Proposal Summary and Implications Cont.

■ Capital Structure Post Recapitalisation

Shareholder	Existing Shareholdings	Recapitalisation Share Issue	Shareholding post recapitalisation	Shareholding post recapitalisation %
YA Global	761,454	2,263,267,330	2,264,028,784	80
Coffee House	2,403,478	422,101,919	424,505,397	15
Other Shareholders	141,501,799	-	141,501,799	5
Total	144,666,731	2,685,369,249	2,830,035,980	100%



Proposal Summary and Implications Cont.

Key Implications of the Proposal

■ Dilution of shares:

- The new issue of shares to YA Global and Coffee House will significantly dilute existing shareholders' current shareholding positions to a post recapitalisation equity holding of 5%.

■ Re-quotation on ASX:

- After the new shares have been authorised/issued and the Proposal implemented, the Varied DOCA will be terminated, we understand the Company will as soon as is commercially appropriate, subject to meeting various statutory requirements including ASX listing rules, seek to relist on the ASX allowing shareholders to trade in their shares.

■ Liquidation:

- Should shareholders choose not to approve the Proposal, the Company will likely pass into liquidation. If this occurs no value is likely to be preserved for existing shareholders and thus the return to shareholders will be nil.



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Presentation from YA Representative

- Introducing YA and the Proposal



Questions from Shareholders

- Please raise your hand
- A microphone will be brought to you
- Please provide your name, and direct your question through the Chairman.



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Resolutions

■ Resolution 1 – Approval of Issue of shares to YA Global

Item	Resolution 1: Issue of New Shares to YA Global			
	For	Against	Abstain	Proxy's Discretion
Number of Proxies (i.e. Relevant to the show of hands)				
- Number	462	382	4	109
- Percentage	48.28	39.92	0.42	11.39
Shareholdings (i.e. Relevant to the Poll)*				
- Number	29,388,506	29,068,439	24,060	7,907,040
- Percentage	44.27	43.79	0.04	11.91

*Consideration given to LR 3.13.2, S.251AA and if a Poll arises

“THAT, subject to the passing of Resolution 2 & 3, for purposes of item 7 of Section 611 and Section 209 of the Act and for all other purposes, Shareholders approve the issue of 2,263,267,330 new fully paid ordinary shares to YA Global in full and final release of the debt owing to YA Global at 29 January 2009, (approximately \$35,538,068 in total) in accordance with terms of the Proposal at a deemed issue price of \$0.025.



Resolutions

■ Resolution 2 – Approval of Issue of shares to CHGL Global

“THAT, subject to the passing of Resolution 1 & 3, for purposes of ASX Listing Rule 10.11 and Section 209 of the Act and all other purposes, Shareholders approve the issue of 422,101,919 new fully paid ordinary shares to Coffee House, in full and final release of the debt owing to Coffee House at 29 January 2009, (approximately \$37,798,404 in total) in accordance with terms of the Proposal at a deemed issue price of \$0.025.



Resolutions

■ Resolution 3 – Approval of security:

“THAT, subject to the passing of Resolutions 1 & 2, for the purposes of ASX Listing Rule 10.1 and all other purposes, Shareholders approve the extension of the fixed and floating charge over all of the Company’s assets granted as security for the Loan Funds, to securing the Company’s obligations in relation to a working capital loan of approximately \$25,800,000 to be advanced by YA Global to the Company pursuant to the Proposal.”



Resolutions

■ Resolution 4 - Appointment of Auditors

Section 327B Corporations Act Approval

“THAT, subject to the passing of Resolution 1, 2 & 3, Grant Thornton Australia Audit Pty Ltd (Audit Registration No. 327221):

- *Having been nominated by a Member of the Company, In accordance with Section 328B(1) of the Corporations Act 2001; and*
- *Having given to the Company its Consent to Act as Auditor, in accordance with Section 328A(1) of the Corporations Act 2001;*

be appointed as the Auditor of the Company”.



Meeting Closed

- I declare the meeting is closed
- Thankyou for your attendance

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