

**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 11:00AM (WST) ON 16 MARCH 2010 AT THE OFFICES OF FERRIER HODGSON, LEVEL 26, 108 ST GEORGE’S TERRACE, PERTH WA AND BY TELEPHONE.**

PRESENT

Jim Carr*	YA Global
Carole McTavish*	Orica Australia Pty Ltd
Neil Guest*	CMR Observer
Richard Swann*	CMR Observer
Malcolm Field	Ferrier Hodgson - Chairman
Sandra Gauci	Ferrier Hodgson - Minutes

*\* Attended by telephone*

CHAIRMAN OF THE MEETING

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

APOLOGIES

The Chairman advised that an apology had been received from Gordon Toll, the CHGL representative and Alex Xu, the HNC representative.

OPENING OF MEETING

The meeting was opened by the Chairman at 11.00 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 11 March 2010, the notice having been emailed to the Committee members on 11 March 2010 and a report emailed to the Committee members on 15 March 2010.

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

Moved: Ms McTavish

The motion was carried on the voices.

### ATTENDANCE REGISTER

The Chairman reviewed the proxy forms received and noted they were all valid for the purposes of the meeting, with Mr Guest and Mr Swann of CMR and Ms Gauci of Ferrier Hodgson attending by invitation.

### 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 reminded members of their confidentiality and conflict of interest obligations as members of CMR's Committee. The Chairman noted that confidentiality deeds had not yet been formalised, and recommended they proceed for current purposes without same. The Chairman enquired as to whether the Committee were satisfied with this approach for the current meeting. The Committee members agreed.

### REPORT TO THE COMMITTEE

The Chairman tabled the Deed Administrators' report dated 15 March 2010 (a copy of which is attached to the minutes) and gave an overview of the report areas:

1. Quistclose Trust – Court hearing
2. YA Global's Due Diligence Update
3. Asset Sale/Reconstruction Program
4. The Deed Administrators' Remuneration

### QUISTCLOSE TRUST

The Chairman noted an error in the report issued to the Committee on Inspection on 15 March 2010. With reference to section 1, Quistclose Trust – Court Hearing of the report, the sum of monies now available to CMR should have read \$4,200,000. The reduction is a result of moneys used to meet various expenses (since the date of the Administrators' appointment) including those with respect to rents, wages and Oxide expenditure.

The Chairman advised that the Quistclose Trust matter was heard on 19 February 2010 and judgement delivered on 5 March with the court ruling that there was no trust impost upon the funds in the manner that HAR had alleged. This judgement is consistent with the manner in which the DOCA deals with CMR's funds.

### YA GLOBAL'S DUE DILIGENCE UPDATE

The Chairman provided an update as to YA's progress with respect to their due diligence in satisfying or waiving particular CPs. In reference to the strategies to be undertaken in order to encourage HAR to agree to re-instate CMR as a non defaulting member of the JVAs, the Chairman advised the Committee that recent correspondence from Allens Arthur Robinson (HAR representatives) infers that HAR will maintain their position. As such, the Deed Administrators see it fitting to commence procedures to resolve this issue through the appropriate Dispute Resolution process or application to the Court.

The Chairman asked whether the Committee had any comments in respect to YA's due diligence progress.

Ms McTavish enquired as to what the outcome of YA's DOCA Proposal would be if the CPs concerning CMR's reinstatement as a non defaulting JVA member wasn't satisfied.

The Chairman advised that should HAR maintain their position on the matter, it would be particularly unhelpful for the DOCA Proponent in that the "default issue" would deny CMR a voice in relation to how the JV operates into the future. Further, the continuing existence of a Receiver would prevent CMR being re-listed on the ASX. Accordingly, and having regard to the costs, some of which are to be borne by YA, the Deed Administrators consider it appropriate to extend YA's exclusivity period for a full 90 days, taking same to 5 July 2010. This would be consistent with the deadline under the DOCA for YA to obtain the necessary Government Approvals.

The Chairman then called for the Committee members views in relation to the Deed Administrators exercising the discretion bestowed upon them by the DOCA in respect to extending the exclusivity period.

Ms McTavish supported the Deed Administrators view to extend the exclusivity period for a full 90 days.

The Chairman asked Mr Carr if he had any comments he would like to offer in relation to YA's due diligence process.

Mr Carr advised that the HAR issue is a major concern for YA in that clarification is required regarding the status as to what YA will be buying with respect to JV floating privileges and rights. Progress towards completion of the other CPs is continuing.

### ASSET SALE/RECONSTRUCTION PROGRAM

With reference made to page 3 of the Report to the Members of the Committee of Inspection, the Chairman noted that Thompsons' JV offer for the NW NSW Tenements was executed on the 1 March 2010.

The Chairman also noted that the Deed Administrators would continue to liaise with interested parties with respect to the Uranium Assets and Alkane Royalty.

#### 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 15 March 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 16 March 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: Jim Carr

Carried on the voices.

#### QUESTIONS FROM COMMITTEE MEMBERS

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

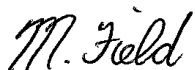
#### OTHER BUSINESS

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 11.25am.



**MALCOLM FIELD  
CHAIRMAN**

**PERTH**

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MBJ:SG:D4  
 S Gauci

15 March 2010

**REPORT TO THE MEMBERS OF THE COMMITTEE OF INSPECTION**

**COMPASS RESOURCES LIMITED ACN 010 536 820 ("CMR")  
 (SUBJECT TO DEED OF COMPANY ARRANGEMENT)  
 (RECEIVERS AND MANAGERS APPOINTED)  
 (Formerly Compass Resources NL)**

We refer to the above matter, our Report to creditors dated 23 February 2010 and the meeting of the creditors on 25 February 2010.

We report below under the following headings:

1. Quistclose Trust – Court hearing
2. YA Global's Due Diligence Update and extension of exclusivity period
3. Asset Sale/Reconstruction Program
4. The Deed Administrators' Remuneration
5. Committee Meeting

**1. Quistclose Trust – Court hearing**

The matter was heard on 19 February 2010 and judgement delivered on 5 March with the Court ruling that there was no trust impressed upon the funds in the manner that HAR had alleged. As a result of the discontinued proceedings, the moneys now available to CMR generally is estimated at approximately \$5,300,000. This finding is consistent with the manner in which the DOCA deals with CMR's funds.

**2. YA Global's Due Diligence Update**

We continue to track progress toward clearing the CPs by weekly telephone conferences with CMR management and the relevant YA representatives. The table below provides a status as to which CP's have been met during the period:

CP's	Action Required	Indicative Due Date	Status
5, 6, 7 & 8	Discuss strategies to encourage HAR to agree in writing that CMR be reinstated as a non-defaulting member of the	Unascertained	Lawyers letter issued 11 March 2010.

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

Affiliated through  
 Zolfo Cooper  
 and  
 Kroll Worldwide  
 UNITED STATES  
 UNITED KINGDOM



	operating committees.		
7	YA and HAR reaching agreement as to the future operation of the JVs. To progress this, we understand a site visit is anticipated.	18/03/10	A JV meeting will be sought and resolution of JV operator confidentiality agreements.
3	All regulatory approvals are to be obtained on conditions satisfactory to YA. FIRB/FAT application drafted. Lodgement pending.	19/03/10	Recapitalisation Deed then finalise lodgement.
5	Quistclose Hearing to be adjourned.	05/03/10	Judgement in favour of CMR so issue resolved.
10	Submission of a draft agreement regarding the terms of the Bonds to HAR, HNC and CMR Deed Administrators.	17/03/10	Terms close to agreed with Deed Administration.
5	Progress with HNC to relinquish any claim as to the Convertible Note Funds and its right to convert its debt.	17/03/10	Awaiting feedback.
6	YA to liaise with HAR to agree in writing to CMR being reinstated as a Non-Defaulting, voting member of the Operating Committees of the Oxide, Sulphide and Regional Exploration JVs.	19/03/10	Lawyers' letter issued. Next steps.
8	YA to liaise with HAR to agree in writing to retire its Receivers upon the Recapitalisation.	19/03/10	Lawyers' letter issued. Next steps.
4	YA to provide their comments/review in respect to the Circular to shareholders – reconstruction proposal.	16/03/10	Feedback imminent.

In reference to correspondence between HAR's representatives, Allens Arthur Robinson ("AAR") and Deed Administrators', we consider it appropriate to provide the Committee with an update as to the progress of CPs 5, 6, 7 & 8. The Deed Administrators have recently sought HAR's view as to whether CMR can remedy the Events of Default under the various JVAs and thereby cease to be a Defaulting Joint Venturer. AAR's response to our concern was that not of the same view.

As a result, we provided our analysis to Jackson McDonalds (representatives for YA) as to why we believe CMR is capable of being re-instated as a non-defaulting member of the JVAs. In a letter dated 24 February 2010, Jackson McDonald sought advice from AAR as to HAR's position regarding the issues associated to satisfying the abovementioned CPs. To this date, Jackson McDonald is yet to receive a response and we therefore consider it appropriate to consider court applications to seek resolution on the matter.

A copy of our most recent correspondence to AAR (dated 11 March 2010) is attached for your information.



The exclusivity attaching to YA's due diligence process comes to an end on 6 April 2010, being 90 days after the meeting of creditors accepted the Varied DOCA Proposal. As evidenced above, YA have experienced various delays which have prevented them from satisfying a number of the CPs, while there is evidence that YA are taking the necessary steps to progress its interest to clear all CPs.

YA have now requested an extension of a further 90 days of the exclusivity period, taking same to 5 July 2010, consistent with the end of the time under the DOCA for YA to obtain the necessary Government Approvals. We have informed YA that as DOCA proponent we will require certain (significant) Deed Administration disbursements associated with its proposal be met by YA. Accordingly, we support an extension of the exclusivity period.

We are interested to obtain the Committee members' views on the Deed Administrators' exercising the discretion bestowed upon them by the DOCA in this way.

### **3. Asset Sale/Reconstruction Program**

#### **a) *Non-JV mineral tenements***

As a result of the feedback received from the Committee at the meeting held on 25 February 2010, the Thompson JV offer for the NW NSW Tenements was executed on the 1 March 2010. As stated previously, whilst outside the traditional realisation course for an insolvency regime, the Deed Administrators made this recommendation on the basis that the proposal:

1. May provide a future upside to CMR shareholders post-DOCA or to CMR creditors;
2. Creditors approved the YA DOCA Variation and the JV offer is consistent with the YA DOCA;
3. It provides for the maximised retention of the assets at no imminent cost to CMR; and
4. We expect CMR will be adequately funded from its other assets and that the JV rights will be saleable in the future by CMR Liquidators or a DOCA proponent in the event the YA DOCA does not complete.

#### **b) *Uranium Assets***

We are continuing to liaise with interested parties with respect to these assets and look to have offers finalised by the end of March 2010.

#### **c) *Alkane Royalty***

We are continuing to liaise with interested parties with respect to these assets.



#### 4. The Deed Administrators' Remuneration

At the meeting of creditors held on 6 January 2010, creditors approved the Deed Administrators' remuneration at the Ferrier Hodgson hourly rates up to the sum of \$150,000 (plus GST).

The Deed Administrators' remuneration accrued during the period 1 December 2009 to 10 March 2010 totalled \$132,344, which is summarised in detail in the attached Remuneration Report exclusive of GST.

There is significant further work to be undertaken to ensure all CP's relating to the Varied DOCA are satisfied or waived and we estimate those further costs to 31 May 2010 will be in the vicinity of \$150,000. Accordingly, we will seek a resolution of the Committee at the forthcoming meeting to approve the further Deed Administrators' remuneration of up to \$150,000.

Due to the complex nature surrounding the assets and structure in which they are held, a significant amount of work has been and will continue to be undertaken by senior staff and is likely to continue until CMR's recapitalisation.

#### 5. Committee Meeting

Further to our notice sent to you by email on Thursday 11 March 2010, we look forward to meeting with you on **Tuesday 16 March 2010 at 11.00 am WST** to discuss the issues facing CMR. A proxy form is enclosed for your consideration. Teleconference details will be provided via email. 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 or Malcolm Field (08 9214 1441 or 0401 302 923) of this office.

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

MARTIN JONES  
Joint and Several Deed Administrator of  
Compass Resources Limited

Encl.

**CORPORATIONS ACT 2001**

**Section 449E**

**Compass Resources 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 1 December 2009 to 10 March 2010
- A3 Schedule of the Deed Administrators' anticipated tasks and further remuneration estimate for the period to 31 May 2010
- A4 Resolutions to be put to the Committee of Inspection at the meeting convened for 16 March 2010.

**Part B**

- B1 Other creditor information on remuneration

The Remuneration Report must be read in conjunction with the report to creditors dated 12 March 2010.

## 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 <a href="http://www.ferrierhodgson.com">www.ferrierhodgson.com</a>
Director	460	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	390	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	325	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	285	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	255	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	230	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	185	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	155	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.
Professional Staff Junior	150	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes directions from senior staff in completing administrative tasks.
Senior Secretary	150	Appropriate skills including machine usage.
Junior/filing	130	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

#### 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 for the period 1 December 2009 to 10 March 2010**

<b>Assets</b> <b>132.8 hours</b> <b>\$50,834</b>	Sale of business as a going concern	<ul style="list-style-type: none"> <li>▪ Liaising with valuers, auctioneers and interested parties</li> <li>▪ Internal meetings to discuss / review offers received</li> </ul>
	Plant and equipment	<ul style="list-style-type: none"> <li>▪ Liaising with valuers, auctioneers and interested parties</li> <li>▪ Reviewing asset listings</li> </ul>
	Other assets	<ul style="list-style-type: none"> <li>▪ Tasks associated with realising other assets and reconstruction</li> </ul>
<b>Creditors</b> <b>148.23 hours</b> <b>\$40,450</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone and email</li> <li>▪ Maintaining creditor enquiry register</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>▪ Correspondence with committee of inspection members</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Prepare report pursuant to section 445F of the Act.</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Receipting and filing POD's when not related to a dividend</li> <li>▪ Corresponding with OSR and ATO regarding POD's when not related to a dividend</li> </ul>
	Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Preparation meeting notices, proxies and advertisements</li> <li>▪ Forward notice of meeting to all known creditors</li> <li>▪ 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.</li> <li>▪ Preparation and lodgement minutes of meetings with ASIC</li> <li>▪ Respond to stakeholder queries and questions immediately following meeting</li> </ul>
	Shareholder enquires	<ul style="list-style-type: none"> <li>▪ Responding to shareholder queries as appropriate</li> </ul>
<b>Employees</b> <b>2.2 hours</b> <b>\$639</b>	Employee enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up employee enquiries via telephone</li> </ul>
<b>Trade On</b> <b>30.9 hours</b> <b>\$7,098</b>	Trade On Management	<ul style="list-style-type: none"> <li>▪ Liaising with suppliers</li> <li>▪ Liaising with management and staff</li> <li>▪ Authorising purchase orders</li> <li>▪ Maintaining purchase order registry</li> <li>▪ Preparing and authorising receipt vouchers</li> <li>▪ Preparing and authorising payment vouchers</li> <li>▪ Liaising with superannuation funds regarding contributions, termination of employees employment</li> <li>▪ Liaising with OSR regarding payroll tax issues</li> </ul>
	Processing receipts and payments	<ul style="list-style-type: none"> <li>▪ Entering receipt and payments into accounting system</li> </ul>
	Budgeting & financial reporting	<ul style="list-style-type: none"> <li>▪ Reviewing company's budgets and financial statements</li> <li>▪ Meetings to discuss trading position</li> </ul>
<b>Investigation</b> <b>8.5 hours</b> <b>\$3,011</b>	ASIC/ASX reporting	<ul style="list-style-type: none"> <li>▪ Liaising with ASIC in relation to financial statement and AGM compliance matters</li> </ul>
<b>Dividend</b> <b>2.2 hours</b> <b>\$455</b>	Processing proofs of debt	<ul style="list-style-type: none"> <li>▪ Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>▪ Receipt of PODs</li> <li>▪ Maintain POD register</li> </ul>



		<ul style="list-style-type: none"> <li>▪ Adjudicating PODs</li> <li>▪ Request further information from claimants regarding POD</li> <li>▪ Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>
<b>Administration</b> <b>103.22 hours</b> <b>\$29,858</b>	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ 6 monthly administration review</li> <li>▪ Filing of documents</li> <li>▪ File reviews</li> <li>▪ Updating checklists</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>▪ Identification of potential issues requiring attention of insurance specialists</li> <li>▪ Correspondence with Willis regarding ongoing insurance requirements</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Bank account reconciliations</li> <li>▪ Correspondence with bank regarding specific transfers</li> </ul>
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> <li>▪ Preparing and lodging ASIC forms including 505, 524, 911 etc</li> <li>▪ Correspondence with ASIC regarding statutory forms</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ Notification of appointment</li> <li>▪ Preparing BAS'</li> <li>▪ Completing group certificates</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status/strategy of administration</li> </ul>





### A3 Schedule of anticipated tasks and Deed Administrators' estimated prospective remuneration for the period to 31 May 2010.

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

<b>Assets</b> <b>189 Hours</b> <b>\$59,890</b>	Sale of business as a going concern	<ul style="list-style-type: none"> <li>▪ Liaising with interested parties</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ YA Global due diligence and assist with the clearance of CPs</li> </ul>
	Plant and equipment	<ul style="list-style-type: none"> <li>▪ Liaising with interested parties</li> </ul>
	Other assets	<ul style="list-style-type: none"> <li>▪ Tasks associated with realising other assets</li> </ul>
<b>Creditors</b> <b>77 hours</b> <b>\$23,745</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone and email</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>▪ Correspondence with committee of inspection members</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Preparing creditors report to the Committee of Inspection</li> <li>▪ Preparing circular to shareholders regarding the YA Varied DOCA Proposal</li> </ul>
	Shareholder enquires	<ul style="list-style-type: none"> <li>▪ Receive and follow up shareholders enquiries via telephone and email</li> <li>▪ Maintaining shareholders enquiry register</li> <li>▪ Review and prepare correspondence to shareholders and their representatives via facsimile, email and post</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Receipting and filing PODs when not related to a dividend</li> <li>▪ Corresponding with OSR and ATO regarding PODs when not related to a dividend</li> </ul>
<b>Trade On</b> <b>55 hours</b> <b>\$14,500</b>	Processing receipts and payments	<ul style="list-style-type: none"> <li>▪ Entering receipt and payments into accounting system</li> </ul>
	Budgeting & financial reporting	<ul style="list-style-type: none"> <li>▪ Reviewing company's budgets and financial statements</li> <li>▪ Preparing budgets and cash flow forecasts</li> <li>▪ Meetings to discuss trading position</li> </ul>
<b>Administration</b> <b>179 hours</b> <b>\$51,865</b>	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> <li>▪ Liaising with relevant stakeholders in respect to YA DOCA Proposal CPs</li> </ul>
	Report preparation and review	<ul style="list-style-type: none"> <li>▪ Negotiating the terms of the of the DOCA Variation Deed, Recapitalisation Deed, Creditors' Trust Deed and Bonds to give effect to YA's DOCA Proposal</li> <li>▪ Shareholder circular regarding YA's DOCA Proposal</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Administration reviews</li> <li>▪ Filing of documents</li> <li>▪ File reviews</li> <li>▪ Updating checklists</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Preparing correspondence opening and closing accounts</li> <li>▪ Requesting bank statements</li> <li>▪ Bank account reconciliations</li> <li>▪ Correspondence with bank regarding specific transfers</li> </ul>
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> <li>▪ Preparing and lodging ASIC forms including 505, 524, 911 etc</li> <li>▪ Correspondence with ASIC regarding statutory forms</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ Preparing BAS'</li> <li>▪ Completing group certificates</li> </ul>
	Finalisation	<ul style="list-style-type: none"> <li>▪ Notifying ATO of finalisation</li> <li>▪ Cancelling ABN / GST / PAYG registration</li> </ul>



		<ul style="list-style-type: none"><li>▪ Completing checklists</li><li>▪ Finalising WIP</li></ul>
	Planning / Review	<ul style="list-style-type: none"><li>▪ Discussions regarding status/strategy of administration</li></ul>
	Books and records / storage	<ul style="list-style-type: none"><li>▪ Dealing with records in storage</li><li>▪ Sending job files to storage</li></ul>

**A3 Schedule of the Deed Administrators' anticipated tasks and estimated prospective remuneration for the period 31 May 2010.**

Employee	Position	Charge Rate \$	Total		Assets		Creditors		Trade On		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Martin Jones	Partner	540	70	37,800	20	10,800	15	8,100	5	2,700	30	16,200
Malcolm Field	Senior Manager	390	140	54,600	75	29,250	15	5,850	10	3,900	40	15,600
Kieran Chu	Supervisor	285	10	2,850	2	570	2	570	2	570	4	1,140
Sandra Gauci	Senior 2	230	120	27,600	60	13,800	20	4,600	10	2,300	30	6,900
Clinton Roberts	Intermediate 1	185	80	14,800	14	2,590	20	3,700	16	2,960	30	5,550
Sam Wilson	Intermediate 1	185	20	3,700	3	555	5	925	7	1,295	5	925
Charlotte Linfoot	Intermediate 2	155	26	4,030	15	2,325	-	-	5	775	6	930
Jacqui Westwood	Secretary	150	10	1,500	-	-	-	-	-	-	10	1,500
Kate Martin	Junior	130	15	1,950	-	-	-	-	-	-	15	1,950
Dorothy Radisich	Junior	130	9	1,170	-	-	-	-	-	-	9	1,170
<b>Total</b>			<b>500</b>	<b>150,000</b>	<b>189</b>	<b>59,890</b>	<b>77</b>	<b>23,745</b>	<b>55</b>	<b>14,500</b>	<b>179</b>	<b>51,865</b>



**A4 Resolutions to be put to the Committee of Inspection at the meeting convened for 16 March 2010**

At the Committee meeting convened for 16 March 2010, creditors will be asked to consider the following resolutions:

*"That the further remuneration of the Deed Administrators of the Deed of Company Arrangement, as set out in the Administrators' remuneration report dated 16 March 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."*

**B1 Other creditor information on remuneration**

The partners of Ferrier Hodgson Perth 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](http://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 either Sandra Gauci of this office.

Dated this 15<sup>th</sup> day of March 2010

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

MARTIN JONES  
Joint and Several Deed Administrator of  
Compass Resources Limited

FORM 529A

Paragraph 5.6.12(2)(a)

CORPORATIONS ACT 2001

**NOTICE OF FIFTH 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 16 March 2010 at 11.00 am (WST)**.
2. The purpose of the meeting is to discuss:
  - a. Report to the Committee;
  - b. Quistclose court hearing update;
  - c. An update on YA Global's due diligence process and discussion of extending YA's exclusivity period;
  - d. An update regarding the status of interested parties in the NSW assets, Uranium and Alkane Royalty;
  - e. Administrators' Remuneration; and
  - f. Any other matters.

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 11th day of March 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 16 March
2010 or at any adjournment of that meeting.(3)

DATED this ..... day of ..... 2010.

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

Mr Chris Prestwich  
Allens Arthur Robinson  
[chris.prestwich@aar.com.au](mailto:chris.prestwich@aar.com.au)  
[richard.malcolmson@aar.com.au](mailto:richard.malcolmson@aar.com.au)

11 March 2010  
Matter 81512021  
By email

Dear Sirs

## **Compass Resources Ltd (Subject to Deed of Company Arrangement)(CMR)**

We refer to:

- the Varied Deed of Company Arrangement for CMR as summarised in the Report to Creditors circulated by our clients on 24 December 2010 (Varied DOCA); and
- our exchanges of correspondence regarding the issue of whether CMR can remedy the Events of Default under the various JVAs, and thereby cease to be a 'Defaulting Joint Venturer' (Default Issue).

Relevantly, the Varied DOCA includes the following conditions precedent which relate to your client:

- (1) that your client agree, in writing, to CMR being reinstated as a non-defaulting, voting member of the operating committees of the JVs;
- (2) that your client and the proponent of the Varied DOCA (i.e. YA Global) reach agreement as to future operations of the JVs; and
- (3) that your client agree in writing to retire the receivers and managers appointed to CMR, upon completion occurring under the Varied DOCA (and that your client release any security it may have over any property which transfers to the Creditors Trust from CMR at completion).

It is apparent that in order for these conditions precedent to be satisfied, there must be discussions between your client and YA Global. However, we understand that despite a number of attempts by YA Global to do so, your client has not engaged in any meaningful discussions with YA Global regarding the satisfaction of these conditions precedent.

Most recently, by a letter dated 26 February 2010, Jackson McDonald (the solicitors for YA Global) sought advice from you as to your client's position regarding issues associated with the satisfaction of the conditions precedent under the Varied CMR DOCA and, in particular, the Default Issue. We understand that you have not responded to that letter.

We are instructed that if no agreement can be reached between your client and YA Global in satisfaction of the conditions precedent, YA Global has indicated that it may be

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prepared to waive the conditions precedent referred to at (1) to (3) above, so long as it is determined, in a binding way, that:

- (a) upon completion under the Varied DOCA (i.e. including payment to your client of the amounts contemplated by the Varied DOCA), CMR will no longer be a Defaulting Joint Venturer and the various Joint Ventures will be regularised; and
- (b) in those circumstances, the receivers appointed by your clients must retire from CMR (or face an action for trespass).

In circumstances where your client appears unwilling to engage in discussions with YA Global, in order to achieve the situation in which YA Global may be prepared to waive the conditions precedent referred to at (1) to (3) above, our client proposes making application to the Court for declarations which will give YA Global the necessary comfort regarding to the issues referred to at (a) and (b) above.

Our clients expect that the period for satisfaction of the conditions precedent under the Varied DOCA will be extended so that those conditions will need to be satisfied by 6 July 2010. However, a shareholders meeting, to satisfy one of the other conditions precedent under the Varied DOCA, will be convened within a few weeks, with a view to the meeting being held before the end of May 2010. Our clients' current view is that, for the shareholders to make an informed decision, it is important that the question of the likelihood of YA Global waiving the conditions precedent (and therefore the Court's view as to the issues set out at (a) and (b) above) must be determined before that meeting is held.

With this background, our client is concerned that:

- (a) the Dispute Resolution Process contemplated by clause 20 of the various JVAs will not result in the Default Issue being resolved within the required time period; and
- (b) in any event, the issue as to the obligation of receivers and managers to retire once there is no longer an Event of Default cannot be resolved under the Dispute Resolution Process under the JVAs, and can only be determined by a Court.

Therefore, our client considers that it is appropriate for proceedings to issue to address these two issues, pursuant to clause 20.6 of the JVAs.

Please advise as to your clients' position regarding the matters set out above by Wednesday 17 March 2010.

Yours sincerely



David John  
Partner  
Freehills

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