

PERTH

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20 February 2009

**COMPASS RESOURCES LIMITED ACN 010 536 820 ("CMR")
(Administrators Appointed)(Receivers and Managers Appointed)
COMPASS MINING PTY LTD ACN 099 550 259 ("CMPL")
(Administrators Appointed)(Receivers and Managers Appointed)
(Collectively "the Companies")**

CIRCULAR TO CREDITORS

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

affiliated through
Kroll Worldwide
UNITED STATES
UNITED KINGDOM

I refer to previous correspondence in relation to the Companies.

I advise that on 17 February 2009, Keiran Hutchinson, Paul Campbell-Wilson and Chris Munday, all of Ernst and Young, were appointed Joint and Several Receivers and Managers ("Receivers and Managers") of the assets and undertakings of the Companies pursuant to the terms of a number of registered charges held over the Companies in favour of HNC (Australia) Resources Pty Ltd ("HNC").

The appointment of Receivers and Managers to the Companies by HNC has given HNC control over the operating companies for the Oxide, Sulphide and Exploration Joint Ventures. While the appointments are a significant change in the way in which the JVs have been handled to date, they are understood to have been done by HNC with a view to providing for the immediate JV capital (plant improvements) and operational costs and so enhancing any potential to move the operations toward a future positive cashflow position.

Even since the appointment of the Receiver and Managers, HNC has confirmed its commitment to working with the Administrators towards an outcome for creditors of both CMR and CMPL. We understand HNC considers the best way to achieve this is for HNC to remedy Oxide plant deficiencies and operate the plant with a view to then establishing a positive cashflow from which debts can be paid. Given the current low metal prices, the need to "see the site rectification issues through" (estimated to take 2 months), and the very recent appointment of Receiver and Managers, we consider progressing any proposal with HNC is, realistically, likely to take some weeks.

Accordingly, we will be making an Application to the Court for an "extension of the convening period" in order that the Administrators' Reports may be provided to creditors once we are in possession of better information. We consider it more appropriate that the "decision meeting" (otherwise to be held on or before 6 March 2009) be held at a time (we anticipate late April 2009) when there is sufficient reliable information upon which creditors may determine the future of the Companies. If you have any objections to the Application for an extension of time for convening that meeting, please submit details of same in writing to my office without delay.



Trading Accounts

The effect of appointment of the Receivers and Managers is that they are now in control of the assets and undertakings of the Companies, and that Administrators are no longer indemnified by the Companies to continue trading.

Consequently, I advise that any unfulfilled or partly unfulfilled Purchase Orders previously signed by the Administrators are now withdrawn to the extent they were unfulfilled as at the date of appointment of the Receivers and Managers. Suppliers should contact the Receivers and Managers to obtain their authorisation for goods and services continuing from 18 February 2009 forward. I outline the Receivers and Managers' contact below:

Lachlan Abbott c/- 08 8939 7501 (Batchelor Mine Site)

The appointment of the Receivers and Managers does not affect the Administrators' liability for the amounts relating to services or goods delivered under an Administrator authorised Purchase Order during the Administration up to and including 17 February 2009.

The complexity of the charge documentation is such that the Administrators may retain control over the Companies' Sydney and Darwin offices, but not the Perth or Batchelor operations. These issues should be determined shortly. The Administrators will contact suppliers to Sydney and Darwin offices in regard to these assets.

I thank you for your assistance during the Administration to date.

Formal Proof of Debt

We have received numerous Informal Proofs of Debt from creditors to date. It has also come to our attention that certain creditors may have a variety of claim types including as a result of the operation of the laws of agency. In order that we may clarify the basis of your claim (not applicable for employees, who were all engaged by CMR) would you please consider completion of the enclosed Formal Proof of Debt for submission to my office by 12 March 2009 together with full details of your claim, including tax invoices, credit applications, purchase orders and any relevant correspondence between you and the Companies.

Committees of Creditors

At the first meetings of creditors, Committees of Creditors were formed comprising the following members:



CMR	CMPL
Jim Carr (YA Global Investment LP)	Sarah Lunn (NT Controls and Automation Pty Ltd)
Alison Kopke (Ausenco Services Pty Ltd)	Kelvin Costello (Ironbark Employment)
Ray Johns (Extra Group Pty Ltd)	Alison Kopke (Ausenco Services Limited)
Alex Xu (HNC)	Alex Zue (HNC)
Justin Dunwell (Compass Employee Representative)	Justin Dunwell (Compass Employee Representative)
Karin Petherbridge (Various Industry super funds)	Karin Petherbridge (Various Industry super funds)

The functions of a Committee of Creditors of a company under Administration are:

- a. to consult with the Joint and Several Administrators about matters relating to the administration;
- b. to receive and consider reports by the Joint and Several Administrators; and
- c. that the Committee of Creditors may also agree to the Joint and Several Administrators' remuneration in accordance with the Act.

As we have meaningful updates available on the status of the administrations, we will provide these to the Committees during the anticipated extended convening periods.

Should you have any queries in relation to this matter, please do not hesitate to contact me, or in my absence, Clinton Roberts of this office.

MARTIN JONES
Joint and Several Administrator of
Compass Resources Limited and
Compass Mining Pty Ltd

Encl.

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM

To the Joint and Several Administrators of **(Please indicate the company against which your claim is made with a tick in the appropriate box below):**

✓	Name	ACN
	Compass Resources Limited	010 536 820
	Compass Mining Pty Ltd	099 550 259

1. This is to state that the company (ticked above) was, on 29 January 2009 ⁽¹⁾ and still is, justly and truly indebted to ⁽²⁾

 for
dollars andcents.

Particulars of the debt are:

Date	Consideration ⁽³⁾	Amount \$	GST included \$	Remarks ⁽⁴⁾

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:⁽⁵⁾
- 3.^{(6)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
- 3.^{(6)*} I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2009

Signature of Signatory.....

NAME IN BLOCK LETTERS.....

Occupation.....

Address.....

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT - Ordinary	\$
Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED	/ /		

Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of"; "moneys advanced in respect of the Bill of Exchange".
- (4) Under "Remarks" include details of vouchers substantiating payment.
- (5) Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Date Due
	\$	¢		

-
- (6) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.
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Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:

"This is the annexure of (insert number of pages) pages marked (insert an identifying mark) referred to in the (insert description of form) signed by me/us and dated (insert date of signing); and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.