Compass Resources Limited
ABN 51 010 536 820
ASX Code: CMR

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ASX Announcement

3 August 2015

Notice of the Annual General Meeting 2015

Dear Shareholder,

I am pleased to inform you that the Company's 2015 Annual General Meeting will be held on 1 September 2015 in Darwin.

The Notice of Meeting and Explanatory Memorandum, Independent Expert's Report, Independent Valuation Report and a copy of the Company Annual Report 2014 with a Proxy From were dispatched today to your nominated address.

The Notice of Meeting and Explanatory Memorandum, Independent Expert's Report and Independent Valuation Report are also attached.

If you have any queries, please contact Gloria Zeng at Gloria.zeng@compassresources.com.au.

Your sincerely,

John Allen

Deputy Chairman and Company Secretary

Chairman's letter

Dear Shareholders

I am pleased to present to you with the restructure proposal announced by the Company on 14 July, which the Board believes will give all our long suffering and patient shareholders an opportunity to recapture value in their shareholding.

We have secured as our new cornerstone funding party, Cove House Illiquid Investments Limited (Cove House), which is committing funding to facilitate the restructure of the Company and its Browns Project joint venture with Hunan Non Ferrous Corporation (HNC), a subsidiary of China Minmetals, the largest mining house in the People's Republic of China. HNC will hold as a result of the restructure a 19.9% shareholding in the Company.

The restructure will return the Browns Project to the control and management by your Company as a single co-ordinated project. A business plan to commence early production and positive cash flow by focussing on the processing of the existing oxide stockpile and resource on your Company's existing mining leases has been developed. This will form the basis of an initial overall review of the options available to ensure we capture the best value form the Browns Project. Once the preferred route to recommence the Brown's Project has been identified, Cove House will make available further capital to enable the development of the project.

The review will also consider the development of the sulphide deposits which is where the larger value capture is expected, and how best to utilise the value which your Company retains in the Oxide Plant (which cost some $212m to complete).

I would like to acknowledge and thank the Company's two major stakeholders, HNC and YA Global Investments, LP, a fund associated with YA Global (YA), who have provided the Company with significant funding and support during, and following the time it came out of, administration, thereby ensuring that the Company's assets were properly maintained and the Company was able to survive. Their support and patience under difficult circumstances has ensured we can today present this proposal to you to permit the Company to move forward to achieve the development and consequent value we have all believed in.

When the Company came out of administration in 2011 it retained approximately $65m in debt on its balance sheet owed to both YA and HNC, and which has increased since then. Both HNC and YA have agreed to restructure that debt to facilitate this restructure, such that the debt will cease to be a drain on the company's cash flow in the medium term, to permit the Company to develop the Browns Project. The restructured debt includes the option for the lenders to convert into equity in the Company in the future, which you are requested to consider and approve at the forthcoming shareholder meeting.

As part of the restructure the Company's Board is also being changed. Effective at Completion, the Board will be smaller in number, with two representatives from Cove House on the Board. We are committed to appointing to the Board a further independent director with appropriate technical and financial skills to help guide the Company through this next exciting phase in its development.

As the restructure agreement provides for the debt to remain on the Company's balance sheet, albeit in a positively restructured way, it will not be possible for the Company to meet the ASX requirements for relisting in the near term. As the policy of the Australian Stock Exchange is to delist all companies that have been in continuous suspension for three years and not relisted by 1 January 2016, the Company will be automatically delisted on 1 January 2016. In these circumstances, the Board has determined that delisting now makes sense as it will save the Company significant costs, and you are asked to approve such a move. The Board remains committed to revisiting the listing of the Company at an appropriate time once we are in operation and can see our way forward to developing the sulphide deposit.

With a simplified structure following approval by you of the restructure, the Board has determined to reduce the Company's overheads as a result of having its registered office in Perth, and focus the Company's activities where they should be focussed – and that is in Darwin. As a first step, we are holding our shareholder meeting in Darwin, to where we will change our registered office. We are also seeking to change our auditors to reflect this, which you are requested to approve.

The Operator of the Browns Project under the existing joint venture structure will be acquired by your Company as part of the restructure. We are thus fortunate to be able to retain the team who have so effectively maintained the project for the past 7 years to form the nucleus of our management team going forward. I would also like to acknowledge the efforts of the team and to thank them for ensuring the Browns Project has been so well maintained, and I look forward to working with them going forward in a more constructive and value accretive way. In the immediate term I will act as Executive Chairman, until we find a suitable Chief Executive Officer to manage the project, and he or she will be based in Darwin, which we are committed to doing.

The Board of your Company believes its portfolio of tenements surrounding the Browns Project and the Board has outstanding potential and intends to undertake an exploration programme to better identify that potential and also capture value from its uranium resource.

Since I joined the Board in late 2011 we have worked hard to find new funding to enable the Browns Project to be brought back into operation. We believe we have now found the right cornerstone funding party, a new and vibrant business plan and a willingness and ability to create a new Compass Resources where we can all again capture and share the enormous value inherent in the Browns Project.

I request that you positively support all of the resolutions being put to you at the forthcoming shareholder meeting.

Yours sincerely

John Allen

Chairman Elect.

Compass Resources Ltd

ABN 51 010 536 820

Notice of Annual General Meeting
and
Explanatory Memorandum

Date of Meeting

1 September 2015

Time of Meeting

3.00pm ACST

Place of Meeting

Hilton Darwin,

32 Mitchell Street

Darwin, Northern Territory

This is an important document. Please read it carefully and in its entirety. If you do not understand it please consult with your professional advisers.

If you are unable to attend the AGM, please complete the Proxy Form enclosed and return it in accordance with the instructions set out in that form.

Notice of Annual General Meeting

Compass Resources Limited
ABN 51 010 536 820

The Annual General Meeting of Compass Resources Limited (Company) will be held at Hilton Darwin, 32 Mitchell Street, Darwin, Northern Territory, at 3pm ACST on 1 September 2015.

Terms used in this Notice of Meeting and the Explanatory Memorandum are defined in the Glossary.

The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the AGM.

AGENDA

ORDINARY BUSINESS

1. **Financial reports**
   To receive and consider the annual Financial Report, the Directors' Report and the Auditor's Report of the Company for the financial year ended 31 December 2014 which are contained within the Annual Report.

   Note: This item of business is for discussion only and is not a Resolution.

2. **Resolution 1 – Adoption of the Remuneration Report (non-binding resolution)**
   To consider and, if thought fit, to pass as an **ordinary resolution**:
   'That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the Company (which is contained in the Directors' Report in the Annual Report) for the financial year ended 31 December 2014 be adopted.'

   Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

   Voting Prohibition Statement
   In accordance with Section 250R(4) of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of any member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or any Closely Related Party of such a member. However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution or the voter is the Chairman of the Meeting and the appointment of the Chairman of the Meeting as proxy does not specify the way the proxy is to vote on this Resolution and expressly authorises the Chairman of the Meeting to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. **Resolution 2 – Approval of Issue of Convertible Notes to Cove House**
   To consider and, if thought fit, to pass the following as an **ordinary resolution**:
   "That, subject to the passing of Resolutions 3, 4, 10 and 11, for the purposes of sections 208 and 611(Item 7) of the Corporations Act, and for all other purposes, approval is given for the Company to issue:
   (a) up to 11,000,000 Cove House Convertible Notes to Cove House; and
   (b) up to 3,594,893,252 Cove House Conversion Shares to Cove House on conversion of the Cove House Convertible Notes,
   on the terms and conditions set out in the Explanatory Memorandum."

   Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 2 by Cove House and any of its Associates.

   Expert Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under Section 611(Item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined the issue of the Cove House Convertible Notes to Cove House is both fair and reasonable to the non-associated Shareholders in the context of the Transaction.

4. **Resolution 3 – Approval of Issue of Convertible Notes to YA Global**
   To consider, and if thought fit, to pass as an **ordinary resolution**:
   "That, subject to the passing of Resolutions 2, 4, 10 and 11, for the purposes of Sections 208 and Section 611 (Item 7) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue:
   (a) 46,793,700 YA Convertible Notes to YA Global; and
   (b) up to 2,193,885,341YA Conversion Shares to YA Global on conversion of the YA Convertible Notes, on the terms and conditions set out in the Explanatory Memorandum."

   Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 3 by YA Global and any of its Associates.

Expert Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under section 611(Item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined the issue of the YA Convertible Notes to YA Global is both fair and reasonable to the non-associated Shareholders in the context of the Transaction.

5. **Resolution 4 – Approval of YA Security Arrangements**
   To consider, and if thought fit, to pass as an **ordinary resolution**:
   "That, subject to the passing of Resolutions 2, 3, 10 and 11, for the purpose of ASX Listing Rule 10.1 and for all other purposes, Shareholders approve the Company granting, and the performance of the terms, of the YA Security Arrangements, on the terms and conditions set out in the Explanatory Memorandum."

   Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 4 by YA Global and any of its associates (as that term is defined in the Listing Rules), however the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

   Expert Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the YA Security Arrangements the subject of this Resolution 4 to the non-associated Shareholders in the Company. The Independent Expert has determined the grant of the YA Security Arrangements is both fair and reasonable to the non-associated Shareholders in the context of the Transaction.

6. **Resolution 5 – Election of Benjamin James Keefe as a Director**
   To consider and, if thought fit, to pass as an **ordinary resolution**:
   'That, Benjamin James Keefe is to be appointed as a Director in accordance with the Corporations Act and the Constitution effective upon Completion."

7. **Resolution 6 – Election of Paul Young as a Director**
   To consider and, if thought fit, to pass as an **ordinary resolution**:
   'That, Paul Young is to be appointed as a Director in accordance with the Corporations Act and the Constitution effective upon Completion."

8. **Resolution 7 – Re-election of Timothy Morrison as a Director**
   To consider and, if thought fit, to pass as an **ordinary resolution**:
   'That, Timothy Morrison is to be re-appointed as a Director in accordance with the Corporations Act and the Constitution."

9. **Resolution 8 – De-listing from the ASX**
   To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:
   "That, in accordance with Chapter 17 of the Listing Rules and for all other purposes, the Company seeks to be de-listed from the ASX on a date to be determined by the ASX (such de-listing to take place no earlier than one month after this Resolution is passed) and the Directors be authorised to do all things reasonably necessary to give effect to the de-listing of the Company from the ASX."

   Short Explanation: The Company is seeking Shareholder approval to de-list from the ASX for the reasons set out in the Explanatory Memorandum.

10. **Resolution 9 – Appointment of Auditor**
    To consider and, if thought fit, with or without amendment, to pass the following resolution as an **ordinary resolution**:
    "To appoint Ernst & Young as the Company's auditor to replace Grant Thornton who retires at this meeting. Ernst & Young having been nominated for appointment, has consented to act as auditor."

    Short Explanation: The Company proposes to change its auditor for the reasons set out in the Explanatory Memorandum. Ernst & Young has consented to be appointed.

SPECIAL BUSINESS

11. **Resolution 10 – Financial Assistance to Cove House**
    To consider and, if thought fit, to pass the following resolution as a **special resolution**:
    "That, for the purpose of section 260B(2) of the Corporations Act and for all other purposes, approval is given for financial assistance to be given by the Subsidiaries in relation to the Cove House Security Arrangements on the terms and conditions set out in the Explanatory Memorandum."

    Note: This is a special resolution which requires at least 75% of the votes cast by Shareholders entitled to vote on the resolution to be in favour of the resolution.

Short Explanation: The Company is seeking Shareholder approval for the Subsidiaries to give financial assistance in relation to the Cove House Security Arrangements for the reasons set out in the Explanatory Memorandum.

12. Resolution 11 – Financial Assistance to YA Global

To consider and, if thought fit, to pass the following resolution as a **special resolution**:
"That, for the purpose of section 260B(2) of the Corporations Act and for all other purposes, approval is given for financial assistance to be given by the Subsidiaries in relation to the YA Security Arrangements on the terms and conditions set out in the Explanatory Memorandum."

Note: This is a special resolution which requires at least 75% of the votes cast by Shareholders entitled to vote on the resolution to be in favour of the resolution.

Short Explanation: The Company is seeking Shareholder approval for the Subsidiaries to give financial assistance in relation to the YA Security Arrangements for the reasons set out in the Explanatory Memorandum.

NOTES

These notes form part of the Notice of Meeting.

1. **Background information**
   To assist you in deciding how to vote on the Resolutions, background information to the resolutions is set out in the Explanatory Memorandum forming part of this Notice of Meeting.

2. **Recommendation**
   The Board believes Resolutions 2 to 11 are in the best interests of the Shareholders and (save where otherwise indicated in the Explanatory Memorandum) unanimously recommends Shareholders vote in favour of each of them.

3. **Voting entitlements**
   The Directors have determined that, for the purpose of voting at the AGM, Shareholders eligible to vote at the AGM are those persons who are the registered holders of Shares at 5.00 p.m. (ACST) on **Sunday, 30 August 2015**.

4. **How to vote**
   You may vote by attending the AGM in person, by proxy, or by an authorised representative.

5. **Voting in person**
   To vote in person, attend the AGM on the date and at the place set out above. Shareholders are asked to arrive at the venue by **2.30pm** ACST so the Company may check their Shareholding against the Company's Share register and note attendances.

6. **Voting by proxy**
   A Shareholder has the right to appoint a proxy (who need not be a Shareholder). A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy must appoint a representative to exercise any of the powers the body corporate can exercise as a proxy at the AGM. The representative should bring to the AGM evidence of their appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

   If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

   To vote by proxy, the Proxy Form (together with the original of any power of attorney or other authority, if any, or certified copy of that power of attorney or other authority under which the Proxy Form is signed) must be received at the address noted below **no later than 3.00 p.m. on Sunday, 30 August 2015**. Proxy Forms received after that time will be invalid. Proxy Forms must be received before that time via any of the following methods:

   By Post: **Compass Resources Ltd**
   Attn: Gloria Zeng
   C/o Carlisle Partners,
   Level 2, 6-10 O'Connell Street,
   Sydney, NSW 2000 Australia
   By Facsimile: +61 9 9239 9085

   Any proxy form received after **3.00 p.m. (ACST) on Sunday, 30 August 2015** will not be valid for the AGM.

7. **Voting by corporate representatives**
   A body corporate may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act. A certificate of appointment of the corporate representative will be sufficient for these purposes and must be lodged with the Company before the AGM or at the registration desk on the day of the AGM.

8. **Questions from Shareholders**
   The Chairman of the AGM will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management and performance of the Company.

   Grant Thornton as the auditor responsible for preparing the Auditor's Report for the year ended 31 December 2014 (or their representative), will attend the AGM. The Chairman of the AGM will allow a reasonable opportunity for the Shareholders as a whole to ask the auditor questions at the meeting about:

   (a) the conduct of the audit;
   (b) the preparation and content of the Auditor's Report;
   (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
   (d) the independence of the auditor in relation to the conduct of the audit.

To assist the Board and the auditor of the Company in responding to any questions you may have, please submit any questions you may have by fax or to the address below by no later than **5.00 p.m. ACST** on **25 August 2015**.

By Post: Compass Resources Ltd
Attn: Gloria Zeng
C/o Carlisle Partners,
Level 2, 6-10 O'Connell Street,
Sydney, NSW 2000 Australia
By Facsimile: +61 9 9239 9085

As required under section 250PA of the Corporations Act, at the AGM, the Company will make available those questions directed to the auditor received in writing at least 5 business days prior to the AGM, being questions which the auditor considers relevant to the content of the Auditor's Report or the conduct of the audit of the annual Financial Report for the year ended 31 December 2014. The Chairman of the AGM will allow a reasonable opportunity for the auditor to respond to the questions set out on this list.

9. Annual Report

The Company advises a hard copy of its Annual Report for the year ended 31 December 2014 will be mailed to you no later than 21 days before the AGM. If you would like to receive a soft copy of the Annual Report 2014, please contact Gloria Zeng at gloria.zeng@compassresources.com.au or call +61 2 9239 9004.

10. Enquiries

Shareholders are invited to contact Gloria Zeng on +61 2 9239 9004 if they have any queries on the matters set out in these documents.

By order of the Board
Date 16 July 2015

Signed _____

Name **John Allen**
Company Secretary

The Notice of Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum and all attachments are important documents and should be read carefully. If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice of Meeting please contact the Company, your stockbroker or other professional adviser.

This Explanatory Memorandum has been prepared for Shareholders in connection with the AGM of the Company to be held on 1 September 2015.

The purpose of this Explanatory Memorandum is to provide Shareholders with information the Board believes to be material to Shareholders in deciding whether or not to approve the resolutions detailed in the Notice of Meeting.

1. FINANCIAL REPORTS

The Corporations Act requires the annual Financial Report, Directors' Report, and the Auditor's Report to be received and considered at the AGM. Refer to section 9 of the Notes of the Notice of Meeting as to how to obtain a copy of the Annual Report.

The Corporations Act does not require Shareholders to vote on the Annual Report. However, Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the financial statements and reports contained within the Annual Report.

The Company's auditor, Grant Thornton will be present at the AGM and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the preparation and content of the Auditor's Report, the Company's accounting policies and the independence of the auditor in relation to the conduct of the audit.

2. RESOLUTION 1 - ADOPTION OF THE REMUNERATION REPORT

The Annual Report for the year ended 31 December 2014 contains the Remuneration Report which:

(a) sets out the remuneration policy for the Company;
(b) discusses the relationship between the remuneration policy and the Company's performance; and
(c) details the remuneration arrangements of Key Management Personnel, including the Managing Director, senior executives and non-executive Directors.

The Remuneration Report is contained within the Directors' Report in the Company's Annual Report.

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company. The Chairman of the AGM will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the meeting.

Although voting on the adoption of the Remuneration Report is for advisory purposes only, if there are two consecutive votes at annual general meetings of the Company against the Company's remuneration report of 25% or more (each year's votes being considered a **Strike**), at the second consecutive annual general meeting at which a Strike occurs (**Second Strike**), a resolution must be put to Shareholders to hold another meeting where each Director is nominated for re-election (**Spill Resolution**). If the Spill Resolution is passed, then the Company is required to hold an additional general meeting (**Further Meeting**) within 90 days of the Spill Resolution. At the Further Meeting all Directors (excluding the Managing Director) must be nominated for re-election.

The Company did not receive a Strike at the last annual general meeting.

Section 250R(4) of the Corporations Act prohibits any votes on this Resolution being cast by Key Management Personnel (or their Associates) whose remuneration details are disclosed in the Remuneration Report. However, an exception to this prohibition exists to enable the Chairman to vote Shareholders' undirected proxy votes. In this regard, you should specifically note that if you appoint the Chairman as your proxy and you indicate on the Proxy Form you do not wish to specify how the Chairman should vote on Resolution 1, the Chairman will cast your votes in favour of Resolution 1. If you wish to appoint the Chairman as your proxy but do NOT want your votes to be cast in favour of Resolution 1, you must indicate your voting intention by marking either 'against' or 'abstain' against Resolution 1 in the Proxy Form.

3. BACKGROUND INFORMATION REGARDING THE TRANSACTION

3.1 Background to Transaction

On 14 July 2015, the Company announced to ASX it had entered into agreements in respect of the Transaction.

A summary of the key terms of the Transaction is set out in section 3.3 below.

In 2011, the Company came out of voluntary administration however retained the Debt.

The Company has not been able to service or repay the Debt. The Company is presently in default in respect of the Debt.

As a result of the Company not being able to service the Debt, while the Company has been able to make its contributions in respect of the Joint Ventures while they remain on a care and maintenance basis, it has not been able to advance the Joint Ventures other than the completion of the scoping study in 2013.

As a result, the Company has been seeking to repay or restructure the Debt.

The Company's view is that the present structure of the Joint Ventures has been an impediment to repaying or restructuring the Debt, as potential financiers and investors have been reluctant to engage given the complexity of the structure (with there being three separate Joint Ventures in respect of the Browns Project), that the Company is not the operator of the Joint Ventures, and that the Company has (at most) a 50% voting right in respect of the operation of the joint ventures.

The Transaction provides a mechanism to:
(a) restructure the Debt, so that absent an event of default it will cease to bear interest and will not be repayable for a period of 6 years;
(b) retain its interest in the Browns Project;
(c) restructure the Joint Ventures into a single joint venture; and
(d) provide the Company with control of the new joint venture.

The Transaction is explained in further detail below.

3.2 Requirement for Shareholder Meeting

Of the Resolutions, the Resolutions for the approval of the Transaction are Resolutions 2, 3, 4, 10 and 11 (**Transaction Resolutions**). The Transaction is explained in this Explanatory Memorandum and the Independent Expert's Report.

Before deciding whether to approve the Transaction Resolutions, you should read this Explanatory Memorandum and the Independent Expert's Report.

3.3 Summary of the Transaction

(a) Composition of Transaction

The material terms of the Transaction are:

(i) The Company will acquire all the shares in the Operator from HNCH – and so obtain control of the entity which presently operates the Joint Ventures;

(ii) Cove House will acquire all of the shares in HAR from HNCH – and so obtain control of HAR's 50% interest in the Joint Ventures;

(iii) The Company and Cove House will enter into the Replacement Joint Venture Agreement;

(iv) YA Global will transfer shares in the Company to HNCH so that immediately after Completion HNCH's interest in the Company is equal to 19.9% of the issued shares in the Company;

(v) The existing secured debt owed by the Company to HNC and HNCH will be re-structured into:
A. secured debt of $35 million, payable 6 years after completion, which will not bear interest (other than following default) (**Restructured Secured Debt**); and
B. unsecured debt of $1.16 million, payable a maximum 6 years after completion, which will not bear interest (other than following default) (**Restructured Unsecured Debt**);

(vi) Cove House will acquire the Restructured Secured Debt and the security that secures it;

(vii) HNCH will retain the Restructured Unsecured Debt;

(viii) Cove House and the Company will enter into the Cove House Convertible Securities Agreement providing for the issue of the Cove House Convertible Notes;

(ix) The Company will initially issue 5 million Cove House Convertible Notes to Cove House and receive $5,000,000;

(x) $6,000,000 will remain available to be drawn (equating to 6 million Cove House Convertible Notes) down under the Cove House Convertible Securities Agreement at the election of Cove House;

(xi) The Company will pay $1.5 million to YA Global in partial repayment of the debt owed by the Company to YA Global under facility agreements between the Company and YA Global, and $719,000 to YA Global in full and final repayment of interim funding provided to the Company by YA Global to fund the Company while it pursued the Transaction;

(xii) The balance of the debt owed by the Company to YA Global ($46,793,700) will be restructured to take the form of the YA Replacement Debt Convertible Securities Agreement, and the YA Convertible Notes will be issued to YA Global;

(xiii) The Company will pay CT $1,200,000 in full satisfaction of their claim against Compass.

(xiv) Compass and the Subsidiaries will grant the Cove House Security Arrangements to Cove House;

(xv) Compass and the Subsidiaries will grant the YA Security Arrangements to YA Global;

(xvi) The Cove House Convertible Notes will have conversion rights (exercisable by Cove House), such that if:

A. Cove House converts all 11 million Cove House Convertible Notes that could be issued to it, and YA Global converts all of the YA Convertible Notes, Cove House will acquire a relevant interest in 3,594,893,252 Shares and have voting power of 50% in the Company (assuming no further issues are made prior to conversion) ; and

B. Cove House converts all 11 million Cove House Convertible Notes that could be issued to it, and YA does not convert any YA Convertible Notes, Cove House will acquire a relevant interest in 3,594,893,252 Shares and have voting power of 72.0% in the Company (assuming no further issues are made prior to conversion);

(xvii) The YA Convertible Notes will have conversion rights (exercisable by YA Global), such that if:

A. YA Global converts all 46,793,700 YA Convertible Notes, and Cove House converts all of the 11 million Cove House Convertible Notes that could be issued to it, YA Global will acquire a relevant interest in 3,019,710,332 Shares and have voting power of 42% in the Company (when aggregated with YA Global's existing shareholding, and assuming no further issues are made prior to conversion); and

B. YA Global converts all 46,793,700 YA Convertible Notes, and Cove House does not convert any of the Cove House Convertible Notes, YA Global will acquire a relevant interest in 3,019,710,332 Shares and have voting power of 84.0% in the Company (when aggregated with YA Global's existing shareholding, and assuming no further issues are made prior to conversion).

(b) Directors

The current Directors are Chairman Mark Angelo, Deputy Chairman and Company Secretary Mr John Allen, and Non-Executive Directors Mr Gerald Eicke, Mr David Gonzalez, Mr James Carr and Mr Timothy Morrison.

Subject to Completion and the passing of the relevant resolutions, the Board of the Company will be re-structured so that immediately following Completion, the Board shall consist of:

John Allen as Chairman of the Board;

Mark Angelo as nominee of YA Global;

Ben Keefe as nominee of Cove House; and

Paul Young as nominee of Cove House.

Some details of the proposed new Directors are set out at section 6.

Subsequently YA Global and Cove House will mutually agree an independent non-executive Director to appoint to the Board.

At any time while HNCH holds 10% or more of the fully paid ordinary shares of the Company, it will have the right (but not the obligation) to require the Company to appoint a nominee of HNCH as a non-executive Director of the Company.

(c) Conditions

Completion of the Transaction is subject to the following key conditions:

(i) HNC obtains all approvals from any governmental authority of the People's Republic of China necessary for the consummation of the Transaction, including the approval of China Minmetals Corporation, the ultimate holding company of HNC;

(ii) the Treasurer gives advice in writing of a decision by the Treasurer that the Commonwealth Government has no objection to the Transaction or the Treasurer is, by reason of lapse of time, not empowered to make an order under the Foreign Acquisitions and Takeovers Act 1975 (Cth) in relation to the Transaction;

(iii) Cove House is satisfied with its due diligence investigations;

(iv) the Company obtains all required Shareholder approvals:
(v) the Operator obtains shareholder approval from HNCH for any and all financial assistance which may be given in connection with the Transaction;
(vi) the Company and Cove House entering into the Replacement Joint Venture Agreement; and
(vii) the various transaction documents remain binding and in full force and effect and none of them are terminated.

3.4 Summary of Security Arrangements

The Cove House Security Arrangements comprise:
(a) a new general security agreement over all of the assets of the Company and the Subsidiaries; and
(b) mortgages over the mining tenements held by the Company and the Subsidiaries.

The Cove House Security Arrangements secure the obligations of the Company and the Subsidiaries to Cove House (under the Cove House Convertible Securities Agreement, the Restructured Secured Debt and otherwise), and provide for Cove House to have recourse to all of the assets of the Company and the Subsidiaries if the Company and the Subsidiaries default in the performance of those obligations.

Immediately following Completion, the Cove House Security Arrangements will secure the Restructured Secured Debt (principal of $35 million) and the Cove House Convertible Securities Agreement (principal of $5 million – although if in future the maximum amount of Cove House Convertible Notes are issued, this will increase to $11 million).

The YA Security Arrangements comprise:
(a) a new general security agreement over all of the assets of the Company and the Subsidiaries; and
(b) mortgages over the mining tenements held by the Company and the Subsidiaries.

The YA Security Arrangements secure the obligations of the Company and the Subsidiaries to YA (under the YA Replacement Debt Convertible Securities Agreement and otherwise), and provide for YA Global to have recourse to all of the assets of the Company and the Subsidiaries if the Company and the Subsidiaries default in the performance of those obligations.

Immediately following Completion, the YA Security Arrangements will secure the YA Replacement Debt Convertible Securities Agreement (principal of $46,793,700).

The Cove House Security Arrangements rank in priority to the YA Security Arrangements.

3.5 Details of the Investors

Cove House is an Irish domiciled investment vehicle independently managed and controlled by Cove House Investments Ltd, and which is funded by Aggregator Solutions plc – Opportunities Fund III, managed by Deutsche Alternative Asset Management (UK) Ltd.

YA Global is a Cayman Islands limited partnership. It is the existing majority Shareholder of the Company and has been the primary funder of the Company since the Company came out of administration in 2011.

3.6 Pro forma balance sheet

An unaudited pro forma statement of financial position of the Company following the Transaction is set out below:

Consolidated Statement of Pro Forma Financial Position

	31 Dec 2014 $'000's	Post transaction completion* $'000's	Post Proposed Transaction** $'000's
Assets			
Current assets			
Cash and cash equivalents	113	304	6,124
Trade and other receivables	15	15	15
Other current assets	103	103	103
Total current assets	231	422	6,242
Non-current assets			
Cash and cash equivalents	1,196	1,196	1,196
Trade and other receivables	5	5	5
Property, plant and equipment	2	2	2
Deferred exploration and evaluation costs	33,886	33,886	33,886
Total non-current assets	35,089	35,089	35,089
Total assets	35,320	35,511	41,331
Liabilities			
Current liabilities			
Trade and other payables	509	509	509
Loans and borrowings - current	80,536	-	-
Other liabilities	4,248	4,248	4,248
Total current liabilities	85,293	4,757	4,757
Non-current liabilities			
Loans and borrowings - non-current	-	58,552	61,146
Restoration provision	1,364	1,364	1,364
Total non-current liabilities	1,364	59,916	62,510
Total liabilities	86,657	64,673	67,267
Net assets/(liabilities)	(51,337)	(29,162)	(25,936)
Equity			
Issued capital	202,425	202,425	202,425
Reserves	-	29,402	32,808
Accumulated losses	(253,762)	(260,989)	(261,169)
Total equity attributable to equity holders of the parent	(51,337)	(29,162)	(25,936)
Total equity	(51,337)	(29,162)	(25,936)

*This column shows a post-completion position where:

(a) the Company has issued 5 million Cove House Convertible Notes to Cove House for a purchase price of $5,000,000;
(b) the Company has used the $5,000,000 received to pay YA Global and the Trustees of the Creditors' Trust the amounts payable to them on Completion, and pay the Company's transaction costs, with the balance of the funds received increasing the Company's cash and cash equivalents;
(c) as a result of the restructuring of the Debt:
    (i) the restructured debt has ceased to be current debt;
    (ii) in accordance with the accounting standards, part of the restructured debt will be recognised as non-current debt, and part of the re-structured debt will be recognised as equity reserves

** This column shows a post-completion position where the Company has issued a further 6 million Cove House Convertible Notes to Cove House for a further purchase price of $6,000,000 (assuming this occurs), so increasing the Company's cash by a further $6,000,000, and increasing the Company's non-current debt and equity reserves by a corresponding amount.

3.7 Pro forma capital structure

The pro forma capital structure of the Company on completion of the Transaction is set out below. Additional information is also provided showing the capital structure of the Company assuming all Resolutions in the Notice of Meeting are approved, the Convertible Notes are subsequently fully converted into Shares, and no further issues are made prior to conversion.

	Prior to Proposed Transaction		Post Proposed Transaction	
Shares on issue				
Non-associated Shareholders	296,382,346	21.20%	296,382,346	21.20%
Cove House	-	0.00%	-	0.00%
YA Global	1,098,625,565	78.40%	825,824,991	58.90%
HNC	6,000,000	0.40%	278,800,574	19.90%
Total shares on issue	**1,401,007,911**	**100.00%**	**1,401,007,911**	**100.00%**
Shares issued on conversion of notes				
Cove House			3,594,893,252	
YA Global			2,193,885,341	
Total shares issued on conversion of notes	**-**	**-**	**5,788,778,593**	**100.00%**
Fully diluted interests				
Non-associated Shareholders	296,382,346	21.20%	296,382,346	4.10%
Cove House	-	0.00%	3,594,893,252	50.00%
YA Global;	1,098,625,565	78.40%	3,019,710,332	42.00%
HNC	6,000,000	0.40%	278,800,574	3.90%
Total fully diluted shares on issue	**1,401,007,911**	**100.00%**	**7,189,786,504**	**100.00%**

3.8 Dilution on Conversion

Shareholders should be aware that if the Transaction Resolutions are approved, all the Convertible Notes may be converted at the option of their holders. The table below illustrates the dilutive effect of the conversion of the Convertible Notes.

	All parties convert notes	Only YA converts notes	Only Cove House converts notes
Fully diluted interests			
Non-associated Shareholders	4.1%	8.2%	5.9%
Cove House	50.0%	0.0%	72.0%
YA	42.0%	84.0%	16.5%
HNC	3.9%	7.8%	5.6%
Total fully diluted shares on issue	**100%**	**100%**	**100%**

3.9 Advantages of the Transaction

The Directors are of the view the Transaction will result in the following non-exhaustive list of advantages, which may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

(a) the issue of the Cove House Convertible Notes will provide capital to the Company. This will allow the Company to pay its existing creditors, provide for working capital, and allow the Company to assess the commercial viability of developing the Browns Project;
(b) the Company will retain its interest in the Browns Project;
(c) the existing structure of the Joint Ventures will be simplified;
(d) the Company will control the new joint venture;
(e) the Company will cease to incur interest in respect of the Debt; and
(f) some value will be preserved for Shareholders. While the Transaction may result in the dilution of existing shareholdings (if the Cove House Convertible Notes or the YA Convertible Notes are converted, the Directors consider that if the Transaction does not proceed, the Company is unlikely to be able to source adequate funds to meet its obligations in respect of the Debt, and the Company will be forced into administration or liquidation. In such a situation no value is likely to be preserved for existing Shareholders and the return to Shareholders is likely to be nil.

3.10 Disadvantages of the Transaction

The Directors are of the view the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

(a) the Transaction may result in diluting the current Non-Associated Shareholders interest in Compass from 21.2% to as little as 4.1%;
(b) YA Global's and Cove House's Board influence and interest in the issued capital of the Company will give each of them significant control over the decision making of the Company;
(c) the Security Arrangements will allow each of Cove House and YA Global to enforce their security interests over all of the assets of the Company and the Subsidiaries if a default occurs under the Security Arrangements. In such a situation no value is likely to be preserved for existing Shareholders; and
(d) the Company's debt position after the Transaction will mean that it will not be able to satisfy ASX's requirements for re-instatement to trading on ASX.

3.11 Plans for the Company if the Transaction is not approved

As noted above, the Company has been undergoing a period of financial difficulty due to the significant amount of Debt. Accordingly, if the Transaction does not proceed:
(a) this will have a significant impact on the Company's ability to continue to operate;
(b) the Shares will remain suspended from trading on ASX;
(c) the Company's assets will continue to be held on a care and maintenance basis; and
(d) the Company is likely to be forced into administration or liquidation if it cannot source adequate funds to meet its current debt obligations (which the Directors consider to be unlikely).

3.12 Directors' recommendation

Mr Mark Angelo, Mr Gerald Eicke and Mr David Gonzalez are each managing members of YA Global and have refrained from participating in Board deliberations in relation to the Transaction due to having a material personal interest in the outcome.

As a result of their material personal interest, Mr Mark Angelo, Mr Gerald Eicke and Mr David Gonzalez also decline to make a recommendation to Shareholders as to how to vote on the Transaction Resolutions.

The Directors that do not have a material personal interest in the Transactions Resolutions or the Transaction (being Mr John Allen, Mr James Carr and Mr Timothy Morrison) unanimously recommend the Transaction and that Shareholders vote in favour of the Transaction Resolutions for the reasons given in sections 3.9 and 3.11.

4. RESOLUTIONS 2 AND 3 – APPROVAL OF CONVERTIBLE NOTES - COVE HOUSE AND YA GLOBAL

4.1 General

The issue of the Cove House Conversion Shares and YA Conversion Shares (at the option of the Investors on conversion of the Cove House Convertible Notes and YA Convertible Notes) may (depending upon the extent to which each party exercises its conversion rights) result in Cove House's or YA Global's voting power in the company increasing:
(a) from 20% or below to more than 20%; or
(b) from a starting point that is above 20% and below 90%.

The Company is seeking the approval of Shareholders to this under Item 7 of Section 611 of the Corporations Act.

4.2 Effect of Resolutions 2 and 3 on Compass Share capital and percentage holdings

The issue of the YA Conversion Shares and Cove House Conversion Shares will have a dilutive effect on existing Shareholders. Tables demonstrating the impact (and dilutive effect) of the transactions contemplated by Resolutions 2 and 3 are set out at sections 3.7 and 3.8.

4.3 Corporations Act requirements - Section 611 (Item 7)

(a) Prohibition on certain transactions of relevant interests in voting shares

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the transaction that person's or someone else's voting power in the company increases:
(i) from 20% or below to more than 20%; or
(ii) from a starting point that is above 20% and below 90%.

Item 7 of Section 611 provides that Section 606(1) of the Corporations Act does not apply to an acquisition of a relevant interest in the voting shares of a company if the acquisition has been approved by resolution passed at a general meeting at which no votes are cast in favour of the resolution by the person proposing to make the acquisition and their associates.

Under Section 610 of the Corporations Act, a person's voting power is defined as the percentage of the total voting shares in the Company held by the person and the person's associates.

(b) Associate

For the purposes of Chapter 6 of the Corporations Act, subject to specified exclusions, a person (second person) will be an "associate" of the other person (first person) if:
(i) the first person is a body corporate and the second person is:
A. a body corporate the first person controls;

B. a body corporate that controls the first person; or
C. a body corporate that is controlled by an entity that controls the first person; or

the second person has entered or proposed to enter in a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

An entity controls another entity if it has the capacity to determine the outcome of decisions about that other entity's financial and operating policies.

(c) Relevant Interest

Pursuant to Section 608(1) of the Corporations Act, a person has a "relevant interest" in securities if they:
(i) are the holder of the securities;
(ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
(iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition Section 608(3) of the Corporations Act provides that a person is deemed to have a "relevant interest" in any securities that a body corporate has if their voting power in that body corporate is above 20% or they control that body corporate.

(d) Exceptions to the Section 606 prohibition
There are various exceptions to the prohibition in Section 606. Section 611 contains a table setting out circumstances in which acquisitions of relevant interests in a company's voting shares are exempt from the prohibition. Item 7 of this table provides an exception in circumstances where the acquisition is approved previously by a resolution passed at a general meeting of the company in which the acquisition is made.

4.4 Information required under Section 611 (Item 7) of the Corporations Act and ASIC Regulatory Guide 74
The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74.

Shareholders are also referred to the Independent Expert's Report attached to this Explanatory Memorandum in the Schedule.

(a) Identity of the Investors and their associates
The investors are YA Global and Cove House. Their details are set out at section 3.5.

(b) Maximum extent of increase in voting power
Following full conversion of the Cove House Convertible Notes, Cove House will acquire a relevant interest in 3,594,893,252 Shares and could have voting power of up to 72.0% in the Company (assuming YA does not convert any YA Convertible Notes and no further issues are made prior to conversion).

Following full conversion of the YA Convertible Notes, YA will acquire a relevant interest in 3,019,710,332 Shares and could have voting power of up to 84.0% in the Company (assuming Cove House does not convert any Cove House Convertible Notes and no further issues are made prior to conversion).

Refer to sections 3.3 and 3.8 for further details.

(c) Reasons for the proposed Transaction
The Cove House Conversion Shares and YA Conversion Shares will be issued if Cove House and YA Global exercise their conversion rights under their respective Convertible Notes. The Convertible Notes are being issued as part of the Transaction. The reasons for Compass proceeding with the Transaction are set out in section 3 above.

(d) Material terms and timing of the proposed Transaction
The material terms of the Transaction are set out in section 3 above. The Cove House Conversion Shares and YA Conversion Shares will be issued to YA Global and Cove House under the terms of the Convertible Notes, post Completion, if they exercise their conversion rights.

(e) Investor intentions
If Shareholders approve Resolutions 2 and 3 and Cove House and YA Global exercise their conversion rights, YA Global and Cove House have informed Compass that they will initially support the Company while it seeks to develop an independently verifiable, viable and commercially feasible monetisation strategy.

Other than as set out in this section or otherwise in this Notice, YA Global and Cove House do not currently intend to:

(i) materially change the business of Compass;
(ii) inject any further capital into Compass;
(iii) materially change the future employment of present employees of Compass;
(iv) transfer or redeploy any assets of Compass; or
(v) significantly change the financial or dividend distribution policies of Compass.

The intentions of YA Global and Cove House set out in this section are statements of present intention only and may change depending on the prevailing circumstances in the future.

(f) Proposed Directors

This is set out in sections 3.3 and 6.

(g) Directors Interests and Recommendations

Mr Mark Angelo, Mr Gerald Eicke and Mr David Gonzalez are each managing members of YA Global and have refrained from participating in Board deliberations in relation to the Transaction due to having a material personal interest in the outcome.

The Directors (other than Mr Angelo, Mr Eicke and Mr Gonzalez, who decline to make a recommendation due to their material personal interest) recommend Shareholders vote in favour of Resolution 2 and 3, as set out in section 3.12 above.

(h) Independent Expert's Report

To assist Shareholders in deciding how to vote on the Transaction, the Board engaged **RSM Bird Cameron Corporate Pty Ltd** to prepare the Independent Expert's Report to provide an opinion on whether or not the Transaction is 'fair and reasonable' to Shareholders. As part of the process, RSM Bird Cameron Corporate Pty Ltd commissioned:

(i) Ravensgate to act as an independent specialist to value the exploration assets held by Compass; and
(ii) Aon to act as an independent specialist to value the plant and equipment included in the Browns Project

The Independent Expert's Report has been prepared in order to satisfy the requirements for Shareholder approval under Section 611 (Item 7) of the Corporations Act.

The Independent Expert has concluded the issue of the Cove House Conversion Shares and YA Conversion Shares to Cove House and YA Global respectively, in connection with the Transaction, is both fair and reasonable to Shareholders.

A complete copy of the Independent Expert's Report (including the Independent Specialist Reports) is provided in the Schedule to this Explanatory Memorandum.

RSM Bird Cameron Corporate Pty Ltd has consented to the use of the Independent Expert's Report, and the opinion which it contains, in the form and context used in the Notice of Meeting and Explanatory Memorandum. Ravensgate and Aon have consented to the use of their Independent Specialist Reports in the form and context used in the Notice of Meeting and Explanatory Memorandum.

4.5 Listing Rule 7.1

Listing Rule 7.1 provides a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option or convertible security), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement date of that 12 month period.

Pursuant to Listing Rule 7.2 (Exception 16), shareholder approval pursuant to Listing Rule 7.1 is not required where approval is being obtained pursuant to Section 611 (Item 7) of the Corporations Act. Accordingly, if Resolutions 2 and 3 are passed by the requisite majority, the issue of the Convertible Notes (and any subsequent issue of Cove House Conversion Shares and YA Conversion Shares upon conversion of the Convertible Notes) will be made without using the Company's 15% annual placement capacity and the Company will retain flexibility to issue equity securities in the future, up to the 15% annual placement capacity set out in Listing Rule 7.1.

4.6 Listing Rule 10.11 and Chapter 2E

Approval under Chapter 2E of the Corporations Act is sought for Resolutions 2 and 3 to enable the Company to issue the Cove House Convertible Notes to Cove House and the YA Convertible Notes to YA Global.

Approval under Listing Rule 10.11 is also sought for Resolution 3 to enable the Company to issue the YA Convertible Notes to YA Global.

Details of the Cove House Convertible Notes and the YA Convertible Notes are provided at section 3 above.

Chapter 2E of the Corporations Act requires that for a public company to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's shareholders in the manner set out in Sections 217 to 227 of the Corporations Act; and
(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

A broad interpretation of whether a financial benefit is given is required under the Corporations Act. An example of a financial benefit is the issuing of securities.

A related party includes an entity which controls the company and also includes an entity which has reasonable grounds to believe that it is likely to control the company at any time in the future.

Control is defined as the ability to influence the outcome of decisions about the operating and financial policies of the company.
A related party also includes an entity which is controlled by a director of a company.

YA Global presently controls the Company, and is arguably itself controlled by Mr Mark Angelo, Mr David Gonzalez and Mr Gerald Eicke (who are directors of the Company).

If the Transaction proceeds and Cove House converts the Cove House Convertible Notes, Cove House will control the Company in the future.

Accordingly the Company seeks approval under Chapter 2E of the Corporations Act for Resolutions 2 and 3 to enable the Company to issue the Cove House Convertible Notes to Cove House and the YA Convertible Notes to YA Global.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues or agrees to issue securities to a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

YA Global is a related party of the Company for the reasons set out above. Accordingly the Company seeks approval under ASX Listing Rule 10.11 for Resolution 3 to enable the Company to issue the YA Convertible Notes to YA Global.

The Company considers that the proposed issue of the Convertible Notes to Cove House falls within exception 6 under ASX Listing Rule 10.12, and accordingly does not need approval under ASX Listing Rule 10.11.

4.7 Additional information provided in accordance with Listing Rule 10.13 and Chapter 2E

(a) The Cove House Convertible Notes and the YA Convertible Notes will be issued on Completion, which will take place as soon as the conditions to the Transaction (including the key conditions set out in section (c)) are satisfied and in the case of the YA Convertible Notes, no later than 1 month after the date of the Meeting).
(b) The Cove House Convertible Notes and the YA Convertible Notes are each being issued at an issue price of $1 per Convertible Note.
(c) Cove House will be issued up to 11 million Cove House Convertible Notes which are convertible into 3,594,893,252 Cove House Shares.
(d) YA Global will be issued 46,793,700 YA Convertible Notes which are convertible into 2,193,885,341 YA Conversion Shares.
(e) The YA Convertible Notes are being issued by way of re-structuring of the present debt owed by the Company to YA Global. As such no new funds will be raised by their issue.
(f) The Company intends to use the funds raised from the issue of the Cove House Convertible Notes to re-pay existing debt, for working capital purposes, and to assess the commercial viability of developing the Browns Project.
(g) A voting exclusion statement for each of Resolution 2 and 3 is included in the Notice.
(h) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes there is no other information that would be reasonably required by Shareholders to consider Resolutions 2 and 3.

4.8 Directors' recommendations

The Directors (other than Mr Angelo, Mr Eicke and Mr Gonzalez, who decline to make a recommendation) recommend Shareholders vote in favour of Resolution 2 and 3 as set out in section 3.12 above.

5. RESOLUTION 4 – APPROVAL OF YA SECURITY ARRANGEMENTS

5.1 Background

The Company has agreed, subject to obtaining necessary shareholder approvals, to provide the YA Security Arrangements to YA Global as part of the Transaction.

5.2 Summary of Security Arrangements

The key terms of the proposed YA Security Arrangements are as set out in section 3.4.

5.3 ASX Listing Rule 10.1

The Company is now seeking shareholder approval for the grant of the Security Arrangements under ASX Listing Rule 10.1.

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to a related party or a substantial holder or an associate of a related party or a substantial holder without shareholder approval.

YA Global presently controls the Company, and is arguably itself controlled by Mr Mark Angelo, Mr David Gonzalez and Mr Gerald Eicke (who are directors of the Company).

A "substantial asset" is an asset valued at greater than 5% of the equity interests of a company as set out in the latest accounts given to ASX under the Listing Rules and 'disposal' of a substantial asset includes using the asset as collateral.

It is proposed that the Company grant the YA Security Arrangements to YA Global, on the terms set out in section 3.4.

Immediately following Completion, the YA Security Arrangements will secure the principal under the YA Replacement Debt Convertible Securities Agreement of $46,793,700 and will be over all of the assets of the Company.

Accordingly, the Company seeks shareholder approval for the grant of the YA Security Arrangements to YA Global pursuant to Listing Rule 10.1.

In accordance with Listing Rule 10.10, accompanying this Notice is an Independent Expert's Report prepared by RSM Bird Cameron Corporate Pty Ltd. The Independent Expert's Report assesses whether the grant of the YA Security Arrangements to YA Global as security for the YA Replacement Debt Convertible Securities Agreement is ***fair and reasonable*** to the non-associated Shareholders. The report concludes that the grant of the YA Security Arrangements is fair and reasonable to the non-associated Shareholders.

Please refer to the Independent Expert's Report in the Schedule of this Notice for further details and in particular the advantages and disadvantages of the grant of the YA Security Arrangements to YA Global. This assessment is designed to assist all Shareholders in reaching their voting decision. It is recommended all Shareholders read the Independent Expert's Report in full.

5.4 Voting exclusion statement

A voting exclusion statement for Resolution 4 is included in the Notice.

6. RESOLUTIONS 5, 6 AND 7 – ELECTION OF DIRECTORS

6.1 General

Subject to Resolutions 5 and 6 being passed, after Completion the Board will comprise of Mr John Allen, Mr Ben Keefe, Mr Paul Young and Mr Mark Angelo.

Details on each prospective new Director's respective background including experience, knowledge and skills are set out below.

Ben Keefe is an Investment Manager at Deutsche Bank (a position he has held since June 2013), where he is the director and investment manager of Aggregator Solutions plc, a $1 billion fund. Mr Keefe has previously had roles at Gamma Finance LLP, UBS Investment Bank and Nedgroup Investments.

Mr Keefe's skills include investments, portfolio management, equities and private equity.

Paul Young is a mining analyst at Deutsche Bank, where he is the Head of Metals and Mining Research (as position he has held since April 2008). Mr Young has previously had roles at RBC, Anglo American and BHP Billiton.

Mr Young's skills include mining, financial modelling and valuations.

Mr Timothy Morrison was appointed as a Director of the Company in October 2014. He is experienced in capital raising and fund management in the mineral and other sectors.

Mr Morrison will resign as a Director at Completion.

The Board considers the mix of executive and non-executive Directors collectively brings the range of skills, knowledge and experience necessary to direct the Company.

6.2 Election of Mr Ben Keefe

Mr Ben Keefe offers himself for election as a Director of the Company.

6.3 Election of Mr Paul Young

Mr Paul Young offers himself for election as a Director of the Company.

6.4 Election of Mr Timothy Morrison

Mr Timothy Morrison retires in accordance with article 47 of the Constitution and offers himself for re-election as a Director of the Company.

7. RESOLUTION 8 – DE-LISTING FROM ASX

7.1 Background to De-listing

Listing Rule 17.11 provides the ASX may at any time remove an entity from the Official List at the request of the entity. ASX is not required to act on the entity's request, or may require conditions to be satisfied before it will act on the request.

Guidance Note 25 ("Exercise of discretions") states, at paragraph 30, as follows: Under Rule 17.11 ASX may remove (ie delist) an entity at the request of the entity. The discretion in this rule gives ASX an ability to manage a removal in the most efficient and most suitable way. ASX will consider what is reasonable to security holders as an exit mechanism, what the entity wants, and the information in the market.

The Company intends to make an application to ASX requesting for it to be removed from the Official List. The reasons for this application are set out more fully in Section 7.2 below.

Against the event ASX requires Shareholder approval as a condition of the Company being removed from the Official List and to ensure Shareholders are aware and approve of the de-listing, the Company has chosen to seek shareholder approval to apply for de-listing.

Resolution 8 seeks Shareholder approval to remove the Company from the Official List on a date to be decided by the ASX.

7.2 Reasons for De-Listing

Under ASX Guidance Note 33, the ASX has determined that any company that has been in continuous suspension for more than 3 years, as the Company has been, will be automatically delisted on 1 January 2016 if it has not chosen to apply for re-admission to the Official List by that date.

The Directors note that as a result of the Debt, the Company presently cannot meet the ASX's requirements to cease to be suspended from trading, and that as a result of the continuing debt burden the Company will carry as a result of the restructure, it will not be possible for the Company to meet the ASX's requirements to cease to be suspended from trading.

The Directors are also of the view it will not be possible to raise any further capital from the market while the Company continues to carry such a large debt burden.

Until the Company can determine the viability of the Browns Project, it is not, in the view of the Board, appropriate for the Company to continue to remain listed.

Consequently the Directors have decided to seek delisting now so the Company does not continue to bear the overhead costs of the listing.

It is the intention of the Company at some later date and following the successful restructure and development of the Browns Project, to consider its options in relation to re-admission to the ASX, or trade sale.

7.3 Effect of De-listing

The effect of de-listing is that Shareholders will not be able to trade the Shares on ASX. This will mean that the Shares are less liquid. It will also mean that the Company will cease to be required to comply with the Listing Rules.

However the Shares are presently suspended from trading on ASX, and for the reasons set out in section 7.2 the Directors consider that it is not presently possible for the Company to meet the ASX's requirements to cease to be suspended from trading, and that as a result the Company will be automatically delisted on 1 January 2016.

Accordingly the Directors consider that the practical effect of de-listing is that the Company will cease to bear the overhead costs of the listing.

8. RESOLUTION 9 –APPOINTMENT OF AUDITOR

It is proposed that Grant Thornton will resign as the Company's auditor within the meaning of Section 329 of the Act and a new auditor will be appointed at the Meeting in accordance with Section 327B of the Act.

A Shareholder has nominated Ernst & Young to be the new auditor and Ernst & Young have consented to act in that capacity. For the purposes of Section 328B(3) of the Act, a copy regarding the nomination of new auditor can be found at Annexure 2 of this report.

Grant Thornton is prepared to resign.

The Company has been very satisfied with the audit services provided by Grant Thornton and the decision to seek shareholder approval to appoint a new auditor is based on commercial considerations only.

The Chairman, Company Secretary and corporate financial controller of the Company are based in Sydney. Ernst and Young is based in Sydney and it is considered this will facilitate better communication with the Auditor. Moreover Ernst and Young have had a long prior association with the Browns Project and therefore a strong understanding of it.

9. RESOLUTIONS 10 and 11 – FINANCIAL ASSISTANCE

9.1 Background

As part of the Transaction, Cove House and YA Global require that the Subsidiaries grant the Cove House Security Arrangements and the YA Security Arrangements. Please refer to section 3 for further details regarding the Transaction and the Security Arrangements the subject of Resolutions 10 and 11.

The grant of the Cove House Security Arrangements and YA Security Arrangements may be seen as the Subsidiaries providing financial assistance to Cove House and YA Global (as relevant) to acquire the Cove House Conversion Shares and the YA Conversion Shares.

A company may be regarded as giving financial assistance if it gives something needed in order that a transaction be carried out or something in the nature of aid or help. Common examples of financial assistance include issuing a debenture, giving security over the company's assets, and giving a guarantee or indemnity for another person's liability.

9.2 Why Shareholder Approval Is Required

Section 260A(1) of the Corporations Act provides that a company may financially assist a person to acquire shares in the company or a holding company of the company if the assistance is approved by shareholders under section 260B of the Corporations Act.

Approval by the shareholders of the Subsidiaries will be sought as part of the Transaction.

However, under section 260B(2) of the Corporations Act, if immediately after the acquisition, the company will be a subsidiary of another corporation which is listed in Australia (**Listed Australian Holding Company**), the financial assistance must also be approved by a special resolution of the holding company. Because the Company is or will be the Listed Australian Holding Company of the Subsidiaries, shareholders of the Company are asked to approve the giving of financial assistance.

9.3 Effect of Shareholder Approval and Financial Assistance

The effect of Shareholders approving Resolutions 10 and 11 is that the Subsidiaries will be able to provide the Security Arrangements, and one of the conditions to the Transaction will be satisfied.

The effect of the Subsidiaries granting the Cove House Security Arrangements and the YA Security Arrangements is set out in section 3.4.

9.4 What happens if Shareholder approval not granted

If Shareholder approval of Resolutions 10 and 11 is not granted, the Transaction will not proceed. This will have the effect set out in section 3.11.

9.5 Advantages and Disadvantages of Resolutions 10 and 11

The advantages and disadvantages of the Transaction (which has required the Company to provide financial assistance to Cove House and YA Global) are set out in section 3.

9.6 Board Recommendation

The Directors (other than Mr Angelo, Mr Eicke and Mr Gonzalez, who decline to make a recommendation) recommend Shareholders vote in favour of Resolutions 10 and 11 as set out in section 3.12 above.

9.7 Notice to ASIC

A copy of this Notice of Meeting was lodged with ASIC before being sent to the shareholders of the Company as required by section 260B(5) of the Corporations Act.

GLOSSARY

In this document:

ACST means Australian Central Standard Time.

Annual Report means the Company's Annual Report for the year ended 31 December 2014 containing the Financial Report, the Directors' Report and the Auditors Report.

Aon means Aon Global Risk Consulting.

Associate has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

ASX means ASX Limited (ACN 000 943 377) or the Australian Securities Exchange, as appropriate.

Auditor's Report means the Auditor's Report on the Financial Report.

Board means the Company's Board of Directors.

Browns Project means the Company's polymetallic project near Batchelor in the Northern Territory.

Closely Related Party of a member of the Key Management Personnel means:

(a) a spouse or child of the member;

(a) a child of the member's spouse;

(b) a dependent of the member or the member's spouse;

(c) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealing with the entity;

(d) a company the member controls; or

(e) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company or **Compass** means Compass Resources Limited (ACN 010 536 820).

Completion means completion of the Transaction.

Constitution means the Company's Constitution, as amended from time to time.

Convertible Notes means the Cove House Convertible Notes and the YA Global Convertible Notes.

Corporations Act means the *Corporations Act 2001* (Cth).

Cove House means Cove House Illiquid Investments Limited, an Irish domiciled investment vehicle independently managed and controlled by Cove House Investments Ltd, and which is funded by Aggregator Solutions plc – Opportunities Fund III, managed by Deutsche Alternative Asset Management (UK) Ltd.

Cove House Conversion Shares means the Shares to be issued to Cove House on conversion of the Cove House Convertible Notes as described in section 3.1.

Cove House Convertible Notes means the convertible notes to be issued to Cove House under the Cove House Convertible Securities Agreement.

Cove House Convertible Securities Agreement means the convertible securities agreement between the Company and Cove House, providing for the issue of up to 11 million convertible notes in the Company for $1 per convertible note, as described in section 3.1.

Cove House Security Arrangements means the security arrangements to be entered into by the Company, the Subsidiaries and Cove House for Cove House to be granted a first ranking security over all of the assets of the Company and the Subsidiaries, including general security agreements and tenement mortgages over the mining tenements held by the Company and the Subsidiaries, as described in section 3.

CT means the trustees of the Compass Resources Creditor's Trust.

Debt means the current debt owing to YA Global and HNC being approximately $86 million.

Directors mean the directors of the Company.

Directors' Report means the annual Directors' Report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the Explanatory Memorandum which accompanies and forms part of the Notice of Meeting.

Financial Report means the annual Financial Report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

HAR means HNC (Australia) Resources Pty Ltd (ACN 124 647 829), which holds a 50% interest in the Joint Ventures on behalf of HNC.

HNC means Hunan Non-Ferrous Metals Corporations Ltd.

HNCH means HNC (Australia) Holding Pty Limited (ACN 124 647 534).

Independent Expert means RSM Bird Cameron Corporate Pty Ltd.

Independent Specialist Reports means the independent specialist reports from Aon and Ravensgate that are incorporated in and form part of the Independent Expert's Report.

Investors mean YA Global and Cove House.

Joint Ventures means the Oxide Joint Venture, the Sulphide Joint Venture and the Regional Exploration Joint Venture, each as constituted by agreements dated 26 April 2007 between HNC, HAR, the Company and Guardian Resources Pty Ltd (ACN 009 439 196), and **Joint Venture** means any one of them as the context requires.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the Listing Rules of the ASX.

Non-Associated Shareholders means a Shareholder who is not Cove House or YA Global or associated with either of them.

Notice or **Notice of Meeting** means this notice of Annual General Meeting (also referred to as AGM).

Operator means HNC (Australia) Exploration and Mining Pty Ltd - the subsidiary of HNCH that operates the Joint Venture (but holds no economic interest in the Joint Venture or its associated assets).

Proxy Form means the proxy form attached to the Notice of Meeting.

Ravensgate means Corvidae Pty Ltd ACN 123 334 618 as trustee for Ravensgate Unit Trust, trading as Ravensgate.

Remuneration Report means the Remuneration Report which is contained in the Directors' Report.

Replacement Joint Venture Agreement means a replacement joint venture agreement to be entered into between the Company and Cove House to provide for the control, management and funding of the Browns Project by the Company.

Resolution means a resolution referred to in the Notice of Meeting.

Security Arrangements means collectively the Cove House Security Arrangements and the YA Security Arrangements.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Subsidiaries means Guardian Resources Pty Ltd (ACN 009 439 196), Raptor Minerals Pty Limited (ACN 101 168 343) and the Operator (to become a subsidiary as part of the Transaction).

Transaction means the proposed recapitalisation transaction between YA Global, HNC, HAR, HNCH, the Operator, Cove House, CT and the Company as described at section 3.

Transaction Resolutions has the meaning given in section 3.2 of the Explanatory Memorandum.

YA Conversion Shares means the Shares to be issued on conversion of the YA Convertible Notes, as described in section 3.

YA Convertible Notes means the convertible notes to be issued to YA under the YA Replacement Debt Convertible Securities Agreement.

YA Global means YA Global Investments, LP.

YA Replacement Debt Convertible Securities Agreement means the agreement between YA Global and the Company providing for a restructure of the existing debt owing to YA Global by way of a convertible securities agreement between Compass and YA Global, providing for the issue of 46,793,700 million convertible notes in Compass for $1 per convertible note, as described in section 3.

YA Security Arrangements means the security arrangements to be entered into by the Company, the Subsidiaries and YA Global for YA Global to be granted a second ranking security over all of the assets of the Company and the Subsidiaries, including a general security agreements and tenement mortgages over the mining tenements held by the Company and the Subsidiaries, as described in section 3.

SCHEDULE

RSM Bird Cameron Corporate Pty Ltd

Compass Resources Limited

Financial Services Guide and Independent Expert's Report

July 2015

We have concluded that the Proposed Transaction and the YA Security are fair and reasonable to Shareholders of Compass Resources Limited.

RSM Bird Cameron Corporate Pty Ltd

Financial Services Guide

RSM Bird Cameron Corporate Pty Ltd ABN 82 050 508 024 ("RSM Bird Cameron Corporate Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.
This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
  (a) basic deposit products;
  (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact Details

You may contact us using the details set out at the top of our letterhead on page 1 of the FSG.

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Independent Expert's Report

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RSM Bird Cameron Corporate Pty Ltd
AFS Licence No 255847

Direct Line: (08) 9261 9447
Email: andy.gilmour@rsmi.com.au

16 July 2015

Shareholders
Compass Resources Limited
Level 1
28 Ord Street
WEST PERTH WA 6005

Dear Shareholders

Independent Expert's Report

1. Introduction

1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to shareholders for a General Meeting of Compass Resources Limited ("Compass", "CMR" or "the Company"), at which, shareholder approval will be sought for the conversion of convertible notes to be issued to Cove House Illiquid Investments Limited ("Cove House") and YA Global Master SPV Ltd ("YA"). Shareholder approval is also sought for the provision of security over the assets of CMR to Cove House and YA. The issue of the convertible notes and the security are subject to the following events (combined, "the Proposed Transaction"):

Transactions specific to the structure of CMR's joint ventures

- CMR to acquire all the shares in HNC (Australia) Exploration and Mining Pty Ltd (the operator of CMR's Browns Project joint ventures) from HNC (Australia) Resources Pty Ltd ("HAR");
- Cove House to acquire all of the shares in HAR from HNC Nonferrous Metals Corporation Limited and HNC (Australia) Resources Holding Pty Ltd (together "HNC"). As a result, Cove House will become CMR's joint venture partner where HNC was previously the joint venture partner;
- The terms of any existing joint ventures between CMR and Cove House (or previously with HNC) will be restructured so that all previous joint ventures are aggregated into one joint venture agreement and that Cove House will be free carried;

Transactions specific to Cove House

- The current debt owed to HNC by CMR will be restructured so that a balance of $36.2 million is payable six years after completion of the Proposed Transaction ("Completion"). The debt will bear no interest;
- Cove House to acquire $35 million of the restructured debt owed to HNC and the security that secures that debt ("the Cove House Security"). The remaining $1.2 million will be retained by HNC and will be unsecured;
- Cove House to enter into a convertible securities agreement with CMR providing for the issue of up to 11 million convertible notes in CMR for $1 per convertible note with the same terms with respect to interest and repayment as those for the $35 million in restructured debt. The convertible notes can convert into approximately 3.6 billion ordinary CMR shares. At Completion, only $5 million in convertible notes will be issued to Cove House. The remaining $6 million of the convertible note facility can be drawn by CMR as and when required;
- If all of the convertible notes that could be issued to Cove House are converted, Cove House could hold as much as 72.0% of the issued capital of CMR (assuming no YA convertible notes discussed below are converted). If the YA convertible notes are also converted, then Cove House's interest in CMR upon conversion of the Cove House convertible notes would be 50%;

Transactions specific to YA

- YA will transfer shares in the Company to HNC so that immediately after Completion HNC's interest in the Company is equal to 19.9% of the issued shares in the Company (reducing YA's interest in the Company to 58.9%);
- The Company will pay $1.5 million to YA in partial repayment of the debt owed by the Company to YA under existing facility agreements between the Company and YA, and $719,000 to YA in full and final repayment of interim funding provided to the Company by YA to fund the Company while it pursued the Proposed Transaction;

- The balance of the debt owed by the Company to YA of $46.8 million will be restructured to take the form of convertible debt with a nil coupon rate and a maturity date six years from Completion of the Proposed Transaction. YA's convertible debt can convert into approximately 2.2 billion ordinary CMR shares;
- Compass will grant YA security over its assets ("the YA Security") that will rank second to the Cove House Security;
- YA's interest in CMR will decline from 78.4% to 58.9% following the transfer of shares to HNC on Completion. However, if YA converts all the convertible notes it will be issued under the Proposed Transaction, it will increase its interest in CMR from 58.9% to 84.0% (assuming no Cove House convertible notes are converted). If Cove House also converts its convertible notes, then YA's interest in CMR would be 42.0% upon conversion of the YA convertible notes;

Other transactions

- The trustees of the Compass Resources Creditor's Trust ("CT") will receive $1.2 million from Compass on closing in full satisfaction of its claim against Compass.

1.2 Section 606 of the Corporations Act ("Act") prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company increasing from a starting point that is below 20% to an interest that is above 20% or results in that person's voting interest changing from an interest that is above 20% and below 90%.

1.3 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the Non-Associated Shareholders of the company.

1.4 In addition, ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to a substantial shareholder or any of its associates without the approval of holders of the entity's ordinary securities.

1.5 Assets offered as security are considered to have the potential to be transferred because a call can be made for those assets. YA and CMR have common directors and is a substantial holder of CMR, therefore, shareholder approval will be necessary for the issue of the YA Security.

1.6 The Directors of CMR have requested that RSM Bird Cameron Corporate Pty Ltd ("RSMBCC"), being independent and qualified for the purpose, express an opinion as to whether (1) the issue of the convertible notes, and (2) the issue of the YA Security is fair and reasonable to shareholders not associated with the Proposed Transaction ("Non-Associated Shareholders"). We have considered each of these transactions in isolation and provided two separate opinions. When assessing the convertible note transaction, we have considered all aspects of the Proposed Transaction, as the issue and subsequent conversion of the notes will be subject to the terms of the Proposed Transaction. When assessing the YA Security, we have considered the issue of the YA Security independent of the other elements of the Proposed Transaction.

1.7 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and Conclusion – Convertible Notes

Opinion

2.1 When assessing our opinion of the conversion of the convertible notes to be issued to Cove House and YA, we have considered all of the terms of the Proposed Transaction as they are all interdependent.

2.2 In our opinion, and for the reasons set out in Sections 12 and 13 of this Report, the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of CMR.

Approach

2.3 In assessing whether the Proposed Transaction is fair and reasonable to the non-associated shareholders, we have considered Australian Securities and Investment Commission ("ASIC") Regulatory Guide 111 – Content of Expert Reports ("RG 111"), which provides specific guidance as to how an expert is to appraise transactions.

2.4 Where an issue of shares by a company otherwise prohibited under section 606 of the Act is approved under item 7 of section 611, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.

2.5 Therefore we have considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing and comparing:

- The Fair Value of a share in CMR on a control basis pre the Proposed Transaction; with
- The Fair Value of a share in CMR on a non-control basis immediately post Completion of the Proposed Transaction,

and, considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

2.6 Further information of the approach we have employed in assessing whether the Proposed Transaction is "fair and reasonable" is set out at Section 5 of this Report.

2.7 Fairness

2.8 Our assessed values of a CMR share prior to and immediately after the Proposed Transaction, are summarised in the table and figure below.

Assessment of fairness	Ref:	Value per Share		
		Low	Preferred	High
Fair value of a CMR share pre the Proposed Transaction - Control basis	10	Nil	Nil	Nil
Fair value of a CMR share post the Proposed Transaction - Non control basis	11	Nil	Nil	Nil

Table 1: Assessed values of a CMR share pre and post the Proposed Transaction (Source: RSMBCC analysis)

2.9 The table above indicates that, despite the Proposed Transaction, the value of CMR to shareholders is nil. Although a share cannot be worth less than nil, we have assessed the value of a CMR share assuming that its value could be less than nil so that we can observe the impact on the Proposed Transaction on the value of a CMR share.

Assessment of fairness	Ref:	Value per Share		
		Low	Preferred	High
Fair value of a CMR share pre the Proposed Transaction - Control basis	10	$(0.055)	$(0.052)	$(0.049)
Fair value of a CMR share post the Proposed Transaction - Non control basis	11	$(0.050)	$(0.049)	$(0.002)

Table 2: Assessed values of a CMR share pre and post the Proposed Transaction (Source: RSMBCC analysis)

2.10 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of Section 611, Item 7 of the Corporations Act 2001, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders of CMR, as the value of a CMR share post the Proposed Transaction is greater than or equal to the value of a CMR share pre the Proposed Transaction.

Reasonableness

2.11 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- The future prospects of the Company if the Proposed Transaction does not proceed; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

2.12 If the Proposed Transaction does not proceed then it is likely that the Company will require additional financing in order to repay its debts and may be forced into administration and liquidation. In such a scenario, Non-Associated Shareholders would be unlikely to receive any value for their shares.

2.13 The stated intentions of Cove House is to work with the Company to enable it to develop a viable business plan which, when implemented, will create value for the shareholders of CMR. It is expected that such a plan will initially focus on the oxide resource primarily and in time develop the sulphide resource.

2.14 YA intends to take a passive investor role following closing.

2.15 The key advantages of the Proposed Transaction are:

- The Proposed Transaction is fair;
- The convertible notes do not carry a coupon which will reduce interest charges in the future;
- The Proposed Transaction will allow Cove House to recapitalise the Company and commence activities to assess the commercial viability of the Browns Project; and
- The Company will take on the operatorship of the Browns Project.

2.16 The key disadvantages of the Proposed Transaction are:

- Shareholders' interests in CMR will be diluted if the convertible notes are converted;
- Control of CMR will be relinquished to Cove House if the convertible notes are converted;
- Cove House can enforce the Cove House Security if CMR defaults in its obligations to Cove House;
- YA can enforce the YA Security if CMR defaults in its obligations to YA; and
- The Browns Project joint ventured will be restructured so that CMR will be responsible for funding 100% of the costs of the project.

2.17 We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of CMR at this time.

2.18 In our opinion, the position of the Non-Associated Shareholders of CMR if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of CMR.

3. Summary and Conclusion – the YA Security

Opinion

3.1 In our opinion, the issue of the YA Security is fair and reasonable to the Non-Associated Shareholders of CMR.

Fairness

3.2 The YA Security is limited to the value of the debt owed to YA plus any associated costs. As such, YA will not receive any value from the YA Security that is greater than the debt owing to it (adjusted for any interest owed to YA and any costs incurred by YA). For the purpose of our analysis we have not added any additional interest charges or additional costs as the amount of such is not predictable and not material to our opinion of fairness.

Assessment of fairness	Ref:	Low ($'000)	Preferred ($'000)	High ($'000)
Fair value of Secured assets	12.5	18,835	22,749	26,662
Fair value of debt to YA	11.12	45,246	45,246	45,246

Table 3: Analysis of fairness of the YA Security (Source: RSMBCC analysis)

3.3 In accordance with the guidance set out in RG 111 issued by ASIC, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 11.2, we consider the issue of the YA Security to be fair to the Non-Associated Shareholders of CMR, as the value of the YA Security is less than the value of the debt owed to YA and, in any case, cannot be more than the value of the debt owed to YA.

Reasonableness

3.4 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for the security holders to accept the offer in the absence of any higher bid before the offer closes. In assessing the reasonableness of the YA Security, we have considered the following factors in our assessment:

- The future prospects of the Company if the YA Security is issued; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of issuing the YA Security.

3.5 The issue of the YA Security is a condition of the Proposed Transaction. If the Proposed Transaction does not proceed then it is likely that the Company will require additional financing in order to repay its debts and may be forced into

administration and liquidation. In such a scenario, Non-Associated Shareholders would be unlikely to receive any value for their shares.

3.6 We consider the key advantages of issuing the Security to be as follows:
- The issue of the YA Security is fair;
- The issue of the YA Security allows the Proposed Transaction to take place which will allow CMR to recapitalise the Company and commence activities to assess the commercial viability of the Browns Project; and
- The issue of the YA Security is effectively a transfer of existing security already in place with HNC, together with the provision of additional tenement mortgages.

3.7 The key disadvantage of issuing the YA Security is:
- If YA exercise its rights to call the YA Security, then all of CMR's assets may be sold or transferred to YA and shareholders of CMR will not be left with any assets.

3.8 In our opinion, the position of the Non-Associated Shareholders of CMR if the YA Security is issued is more advantageous than if the YA Security is not issued. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the issue of the YA Security is reasonable for the Non-Associated Shareholders of CMR.

3.9 Having regard for the relative advantages and disadvantages of the YA Security, an individual Non-Associated Shareholder's decision in relation to the YA Security may be influenced by his or her individual circumstances. If in doubt, Shareholders should consult an independent advisor. In particular, when considering the relative merits of the issue of the YA Security, Non-Associated Shareholders should have particular regard to the potential advantages and disadvantages set out above in the context of their own risk profile and investment strategy.

4. Summary of Transaction

Overview

4.1 CMR has entered into a series of documents with YA, HNC, Cove House and CT to recapitalise the Company by restructuring the existing debt on CMR's balance sheet and the joint venture ownership of its exploration assets. The Proposed Transaction comprises the following individual transactions:

Transactions specific to the structure of CMR's joint ventures
- CMR to acquire all the shares in HNC (Australia) Exploration and Mining Pty Ltd (the operator of the CMR's joint venture projects) from HNC (Australia) Resources Pty Ltd ("HAR");
- Cove House to acquire all of the shares in HAR from HNC Nonferrous Metals Corporation Limited and HNC (Australia) Resources Holding Pty Ltd (together "HNC"). As a result, Cove House will become CMR's joint venture partner where HNC was previously the joint venture partner;
- The terms of any existing joint venture between CMR and Cove House (or previously with HNC) will be restructured so that all previous joint ventures are aggregated into one joint venture agreement and that Cove House will be free carried;

Transactions specific to Cove House
- The current debt owed to HNC by CMR will be restructured so that a balance of $36.2 million is payable six years after Completion. The debt will bear no interest;
- Cove House to acquire $35 million of the restructured debt owed to HNC and the security that secures that debt ("the Cove House Security"). The remaining $1.2 million will be retained by HNC, will be unsecured and repayable as and when CMR is able to repay it;
- Cove House to enter into a convertible securities agreement with CMR providing for the issue of up to 11 million convertible notes in CMR for $1 per convertible note with similar terms as those for the $35 million in restructured debt. The convertible notes can convert into approximately 3.6 billion ordinary CMR shares. At Completion, only $5 million in convertible notes will be issued to Cove House. The remaining $6 million of the convertible note facility can be drawn by CMR as and when required;
- If all of the convertible notes issued to Cove House are converted, Cove House could hold as much as 72.0% of the issued capital of CMR (assuming no YA convertible notes discussed below are not converted). If the YA convertible notes are also converted, then Cove House's interest in CMR upon conversion of the Cove House convertible notes would be 50%;
- Cove House will be entitled to appoint two directors to the Board of CMR.

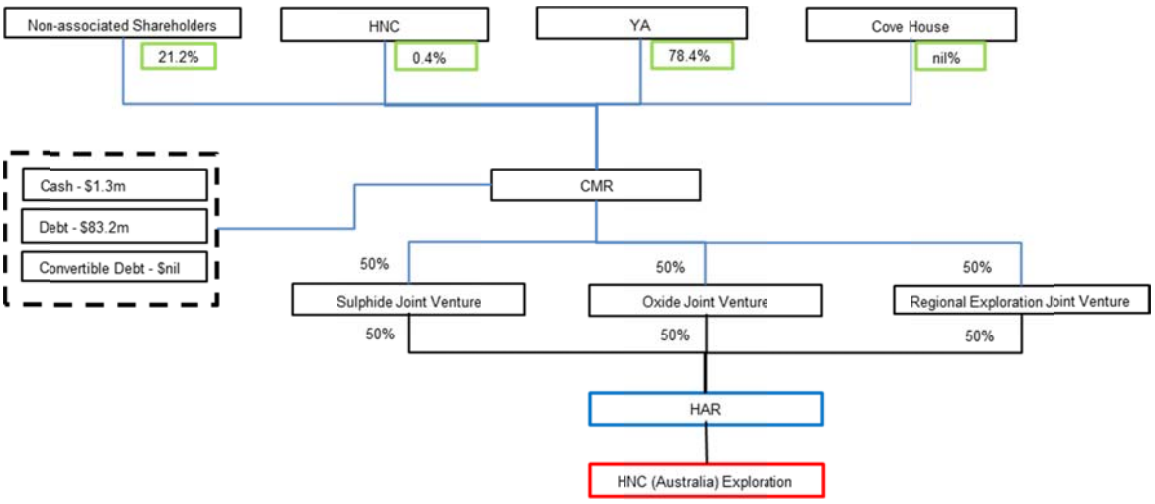
Transactions specific to YA
- YA Global will transfer shares in the Company to HNC so that immediately after Completion HNC's interest in the Company is equal to 19.9% of the issued shares in the Company (reducing YA's interest in the Company to 58.9%);

- The Company will pay $1.5 million to YA Global in partial repayment of the debt owed by the Company to YA under existing facility agreements between the Company and YA, and $719,000 to YA in full and final repayment of interim funding provided to the Company by YA to fund the Company while it pursued the Proposed Transaction;
- The balance of the debt owed by the Company to YA of $46.8 million will be restructured to take the form of convertible debt with a nil coupon rate and a maturity date six years from Completion of the Proposed Transaction. YA's convertible debt can convert into approximately 2.2 billion ordinary CMR shares;
- Compass will grant YA security over its assets ("the YA Security") that will rank second to the Cove House Security;
- YA's interest in CMR will decline from 78.4% to 58.9% following the transfer of shares to HNC on closing. However, if YA converts all the convertible notes it will be issued under the Proposed Transaction, it will increase its interest in CMR from 58.9% to 84.0% (assuming no Cove House convertible notes are converted). If Cove House also converts its convertible notes, then YA's interest in CMR would be 42.0% upon conversion of the YA convertible notes;
- YA will be entitled to appoint one director to the Board of CMR;

Other transactions

- The trustees of the Compass Resources Creditor's Trust ("CT") will receive $1.2 million from Compass on closing in full satisfaction of its claim against Compass.
- The Board of CMR will be restructured so that John Allen will be Chairman and an independent non-executive director will be appointed (in addition to the two Cove House nominated directors and the YA nominated director). While HNC holds 10% or more of the issued capital of CMR, it can appoint a nominee of HNC as a non-executive director of CMR.

4.2 The Proposed Transaction will result in the following changes to the corporate structure of CMR:



Structure of CMR and Joint Ventures prior to the Proposed Transaction

Figure 1: Current corporate structure (*Source: RSMBCC Analysis*)

Structure of CMR and Joint Ventures after the Proposed Transaction

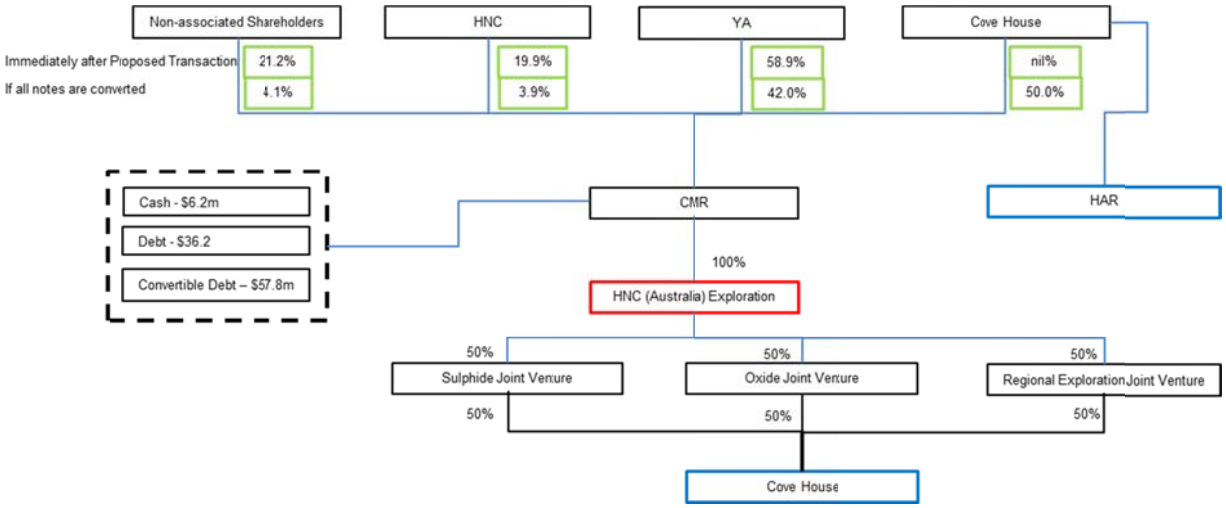


Figure 2: Corporate structure after Proposed Transaction (*Source: RSMBCC Analysis)*

4.3 The previous figures show that there is a significant movement in shareholder interests (green) in CMR as a result of the Proposed Transaction. The other key changes are the operator of the joint ventures (red) will be owned by CMR and the joint venture party has changed to Cove House (blue).

The Security

4.4 Security will be issued to Cove House over all of the assets of CMR. The security could be called if CMR is unable to meet its obligations on maturity of the amounts owed to Cove House. The amounts owed to Cove House mature 6 years after closing, subject to Cove House being able to require early repayment on 60 days' notice if CMR is not able to develop an independently verifiable viable and commercially feasible monetisation strategy. The debt has a nil coupon rate.

4.5 Security will also be issued to YA on the same terms and conditions as the security issued to Cove House. However, the YA Security will rank second behind the Cove House Security.

Rationale for the Proposed Transaction

4.6 The purpose of the Proposed Transaction is for CMR to obtain funding and to restructure the debt of CMR. In order to restructure the debt, the structure of the joint ventures also needed to be modified to meet the requirements of Cove House and YA.

4.7 The restructure should provide CMR with sufficient funds to undertake initial planning and studies to assess the possibility of recommencing mining at the Browns Project.

Impact of Proposed Transaction on CMR's Capital Structure

4.8 The Proposed Transaction will result in the following changes to the capital structure of CMR.

	Prior to Proposed Transaction		Post Proposed Transaction	
Shares on issue				
Non-associated Shareholders	296,382,346	21.2%	296,382,346	21.2%
Cove House	-	0.0%	-	0.0%
YA	1,098,625,565	78.4%	825,824,991	58.9%
HNC	6,000,000	0.4%	278,800,574	19.9%
Total shares on issue	**1,401,007,911**	**100.0%**	**1,401,007,911**	**100.0%**
Convertible notes				
Cove House	-	-	3,594,893,252	62.1%
YA	-	-	2,193,885,341	37.9%
Total convertible notes	**-**	**-**	**5,788,778,593**	**100.0%**
Fully diluted interests				
Non-associated Shareholders	296,382,346	21.2%	296,382,346	4.1%
Cove House	-	0.0%	3,594,893,252	50.0%
YA	1,098,625,565	78.4%	3,019,710,332	42.0%
HNC	6,000,000	0.4%	278,800,574	3.9%
Total fully diluted shares on issue	**1,401,007,911**	**100.0%**	**7,189,786,504**	**100.0%**

Table 4: Share structure of CMR before and after the Proposed Transaction (source: RSMBCC)

4.9 The table above shows the fully diluted position of CMR if all the convertible notes are converted. It is possible that not all of the convertible notes are converted.

4.10 As such, we have included a table below that demonstrates the interests of shareholders assuming only one party converts its notes and the other party does not.

	All parties convert notes	Only YA converts notes	Only Cove House converts notes
Fully diluted interests			
Non-associated Shareholders	4.1%	8.2%	5.9%
Cove House	50.0%	0.0%	72.0%
YA	42.0%	84.0%	16.5%
HNC	3.9%	7.8%	5.6%
Total fully diluted shares on issue	**100.0%**	**100.0%**	**100.0%**

Table 5: Post Proposed Transaction Shareholder interests under different note conversion assumptions (source: RSMBCC)

4.11 The table above indicates that Non-Associated Shareholders could hold as little as 4.1% in CMR and as much as 8.2% (if only YA converts its convertible notes) if the Proposed Transaction is approved.

5. Scope of the Report

Corporations Act – Proposed Transaction

5.1 Section 606 of the Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company increasing from a starting point that is below 20% to an interest that is above 20% or results in that person's voting interest changing from an interest that is above 20% and below 90%. Completion of the Proposed Transaction will result in Cove House potentially taking an interest in CMR of up to 72.0% and YA's interest in CMR reducing from 78.4% to 42.0% or increasing to 84.0% (assuming Cove House does not convert its convertible notes).

5.2 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the Non-Associated Shareholders of the company.

5.3 Accordingly, the Company is seeking approval from the Non-Associated Shareholders for conversion of the convertible notes issued to Cove House and YA.

5.4 Section 611 of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC RG 111 advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

Listing Rules – the YA Security

5.5 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to a substantial shareholder, a related party or any of its associates without the approval of holders of the entity's ordinary securities.

5.6 YA and CMR have common directors, making them related parties. Also, a transaction requires shareholder approval where a substantial holder has held a relevant interest in at least 10% of the votes attaching to voting securities any time in the six months before the transaction. We note that YA currently holds 78.4% of the issued capital of CMR.

5.7 An asset is considered substantial "if its value; or the value of the consideration for it is, or in the ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX".

5.8 The equity balance of CMR as at 31 December 2014 was negative $51.3 million, and the YA Security will be issued against the assets of CMR, therefore the Proposed Transaction is considered to be a disposal of a substantial asset of the Company because it represents more than 5% of the equity interests of the entity.

5.9 ASX Listing Rule 10.10 states that the notice for the shareholders' meeting required under ASX Listing Rule 10.1 must include a report on the transaction from an independent expert. The report must state, whether, in the expert's opinion, the transaction is fair and reasonable to the Non-Associated Shareholders.

5.10 Accordingly, CMR is seeking approval for the issue of the YA Security and the Company has engaged RSMBCC, to prepare a report which sets out our opinion as to whether the issue of security is fair and reasonable to Non-Associated Shareholders.

Regulatory guidance

Convertible Notes

5.11 In determining whether the Proposed Transaction is "fair and reasonable" we have given regard to the views expressed by ASIC in RG 111.

5.12 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

5.13 RG 111 states that the expert report should focus on:
- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

5.14 Where an issue of shares by a company otherwise prohibited under section 606 is approved under Item 7 of Section 611 and the effect on the company shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.

5.15 RG 111 applies the "fair and reasonable" test as two distinct criteria in the circumstance of a takeover offer, stating:
- A takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
- A takeover offer is considered "reasonable" if it is fair or, where the offer is "not fair", it may still be "reasonable" if the expert believes that there are sufficient reasons for security holders to accept the offer.

5.16 Consistent with the guidelines in RG 111, in determining whether the Proposed Transaction is "fair and reasonable" to the Non-Associated Shareholders, the analysis undertaken is as follows:
- A comparison of the Fair Value of an ordinary share in CMR prior to (on a control basis) and immediately following (on a non-control basis) the Proposed Transaction, being the 'consideration' for the Non-Associated Shareholders – fairness; and
- A review of other significant factors which the Non-Associated Shareholders might consider prior to approving the Proposed Transaction – reasonableness.

5.17 The other significant factors to be considered include:
- The future prospects of the Company if the Proposed Transaction does not proceed; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

5.18 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

The YA Security

5.19 In determining whether the issue of the YA Security is "fair and reasonable" we have also given regard to the views expressed by the ASIC in RG 111.

5.20 In addition to providing guidance on the expert's report focussing on the issues facing the security holders for whom the report is being prepared and the substance of the transaction rather than the legal mechanism used to achieve it, RG 111 states that in relation to related party transactions the expert's assessment of fair and reasonable should not be applied on a composite test – that is, there should be a separate assessment of whether the transaction is "fair and reasonable" as in a control transaction.

5.21 Distinct from the requirements for the analysis of the Proposed Transaction, for the purposes of the YA Security we do not need to consider a premium for control. Therefore, in assessing whether the issue of the YA Security is fair and reasonable to Non-Associated Shareholders, the analysis undertaken is as follows:
- Whether the value of the assets secured is greater than the value of the debt held by YA - fairness; RG 111 states that, when considering fairness, an expert should consider all material terms of the transaction; and
- A review of other significant factors which Non-Associated Shareholders might consider prior to approving the YA Security - reasonableness.

5.22 The other significant factors to be considered include:
- The future prospects of the Company if the YA Security is not provided; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of issuing the YA Security.

5.23 Our assessment of the YA Security is based on economic, market and other conditions prevailing at the date of this Report.

6. Profile of CMR

6.1 CMR is a public company previously listed on the ASX. The Company has been in suspension since January 2009 after voluntary administrators were appointed. Receivers and managers were appointed in February 2009. Following Completion of a Deed of Company Arrangement in November 2011, the Company was released from administration and receivership. Since the cessation of administration, the Directors have been working to meet all necessary requirements to recommence trading on the ASX.

6.2 The Company has $1.3 million in cash ($1.2 million of which is restricted) and $80.5 million in debt.

6.3 We set out a brief summary of CMR's projects below (a more detailed analysis can be found in the Independent Specialists report attached as Appendix 4).

Browns Project – Multi commodity – 50% joint venture interest

6.4 The Browns Project comprises three joint ventures. The joint ventures cover separate aspects of the Browns Project, namely an oxide development, a sulphides development and regional exploration. HNC (Australia) Exploration and Mining Pty Ltd is currently the operator of each joint venture and the shares in this entity will be transferred to CMR on closing of the Proposed Transaction.

6.5 Included in the Browns Project is a large amount of plant and equipment. The oxide joint venture terms are such that CMR has earned a 61% interest in the plant and equipment, even though it only holds a 50% interest in the joint venture.

6.6 Currently, the joint ventures are structured so that each joint venture party holds a 50% interest and each party is liable for their 50% share of costs. Under the terms of the Proposed Transaction, HAR's interest will effectively be acquired by Cove House (as a result of Cove House acquiring HAR) and the joint ventures will be combined into one overriding joint venture. This single joint venture will result in an equity split of 50/50 for each party but Cove House will be free carried for any capital expenditure. This means that, although each joint venture party will be entitled to 50% of earnings, CMR will be responsible for 100% of the development costs.

6.7 Production was initially based on the oxide ore at the Browns Project but extraction of the complex combination of metals proved difficult and led to the administration of the Company. The Company has undertaken studies to assess the possibility of mining the sulphide ore and considers the sulphide ore to be prospective for development. Any future development will require additional expenditure on plant and equipment.

Uranium – 100% interest

6.8 Compass holds a number of tenements that are prospective for uranium. These tenements are under explored and any development will likely involve introducing a partner to the tenements.

Directors and management

6.9 The directors and key management of CMR are summarised in the table below.

Name	Title	Experience
Mark Angelo	Non-Executive Chairman	President and Managing Member of YA since co-founding the firm in February 2001. Previously co-head of the Corporate Finance Division of the May Davis Group, a boutique investment bank focused on emerging growth companies. Before joining the May Davis Group, Mr Angelo was a securities trader with The Boston Group L.P., a broker dealer located in New York City. He currently serves on the board of Yorkville Bhn, a company listed on the Italian Stock Exchange.
John Allen	Deputy Chairman and Company Secretary	Mr Allen is experienced in providing strategic advice on joint ventures and strategic alliances, mergers and acquisitions, equity, hybrid and debt raising and complex commercial transactions in Australia and Asia. Mr Allen was a partner in Allen, Allen & Hemsley Lawyers for 16 years and has been a director and chairman of a number of private companies. He was Chairman of the China Research Centre at the University of Technology, Sydney.
James Carr	Non-Executive Director	Mr Carr was at Yorkville Advisors from 2005 until February 2013 and continues to provide consultancy services to the firm. He previously worked in various levels of responsibility, including as an engineer for 20 years for companies in data security and telecommunications. He also worked for a year at a venture capital firm helping to fund enterprise software companies.
Gerald Eicke	Non-Executive Director	Managing Member at Yorkville Advisors since 2002, Mr Eicke oversees the asset sales process and manages the firm's team of corporate finance and investment professionals. He is also one of the four members of the firm's Risk and Valuation Committee, and serves on the board of Yorkville Bhn, a company listed on the Italian Stock Exchange.
David Gonzalez	Non-Executive Director	General Counsel and Managing Member at Yorkville Advisors since 2001, Mr Gonzalez specialises in corporate securities law, hedge fund compliance and regulation as well as Investment Advisor regulation. He is an active member of the Managed Funds Association, ABA Corporate Finance Committee, the ABA Subcommittee on FINRA Rules, the Hispanic Bar Association, and serves on the board of Yorkville Bhn, a listed company on the Italian Stock Exchange.
Timothy Morrison	Non-Executive Director	Mr Morrison is a Venture Partner at Empire Equity Ltd, a boutique corporate advisory group. He has extensive experience in structuring equity and debt financing for mid-tier ASX listed companies, including several mining companies, where he has also held both executive and non-executive board positions.

Table 6: CMR Directors *(Source: Annual Report and Company announcements)*

Financial Information

6.10 The financial information set out below is based on the audited financial statements for the years ended 31 December 2013 and 31 December 2014. The audit report for the years ended 31 December 2013 and 31 December 2014 were qualified as to the carrying value of property, plant and equipment and contained an emphasis of matter relating to going concern.

Financial Performance

6.11 The following table sets out a summary of the financial performance of CMR for the years ended 31 December 2013 ("FY13") and 31 December 2014 ("FY14").

$'000	Ref:	FY14 Audited	FY13 Audited
Revenue		-	50
Employee benefits expense		(284)	(363)
Legal and professional expense		(266)	(696)
Loss on tenement disposal		-	(1,684)
JV operating expenditure		(988)	(755)
Impairment	6.13	(44,744)	-
Finance costs	6.14	(9,457)	(7,281)
Inventory impairment		(124)	-
Corporate and administration costs		(346)	(228)
Loss before income tax expense		**(56,209)**	**(10,957)**
Income tax benefit/(expense)		293	-
Net loss for the year		**(55,916)**	**(10,957)**
Other comprehensive income		-	-
Total comprehensive loss		**(55,916)**	**(10,957)**

Table 7: Financial Performance *(Source: CMR Financial Statements)*

6.12 Since ceasing operations, CMR does not generate any income.

6.13 Property plant and equipment has been impaired by $44.7 million. This impairment relates to CMR's share in the Browns Project joint ventures.

6.14 Finance costs relate to interest payable on loans to CT, YA and HNC.

Financial Position

6.15 The table below sets out a summary of the financial position of CMR as at 31 December 2013 and 31 December 2014.

$'000	Ref:	31-Dec-14 Audited	31-Dec-13 Audited
Current Assets			
Cash and cash equivalents		113	281
Other assets		118	150
Total Current Assets		**231**	**431**
Non-Current Assets			
Cash and cash equivalents		1,196	1,196
Non-current receivables		5	14
Property, plant and equipment	6.17	2	44,873
Deferred exploration expenditure	6.18	33,886	33,175
Total Non-Current Assets		**35,089**	**79,258**
Total Assets		**35,320**	**79,689**
Liabilities			
Current Liabilities			
Trade and other payables		509	530
Loans and borrowings	6.19	80,536	68,968
Deferred revenue		4,248	4,248
Total Current Liabilities		**85,293**	**73,746**
Non-Current Liabilities			
Restoration provision		1,364	1,364
Total Non-Current Liabilities		**1,364**	**1,364**
Total Liabilities		**86,657**	**75,110**
Net Assets		**-51,337**	**4,579**
Equity			
Issued capital		202,425	202,425
Reserves		-	15,354
Accumulated losses		-253,762	-213,200
Total Equity		**-51,337**	**4,579**

Table 8: Financial Position *(Source: CMR Financial Statements)*

6.16 As at 31 December 2014, CMR had net liabilities of $51.3 million.

6.17 Property, plant and equipment related to the Browns Project was impaired during FY14.

6.18 Deferred exploration expenditure comprises capitalised costs and acquisition costs associated with CMR's exploration assets.

6.19 Loans and borrowings are made up of the following amounts:

$'000	Current debt position
HNC	33,017
YA	45,246
Creditors trust	2,273
Total Debt	**80,536**

Table 9: Debt position at 31 December 2014 *(Source: CMR Financial Statements)*

6.20 Since 31 December 2014, debt has increased by $2.7 million, to total approximately $83.2 million.

Capital Structure

6.21 CMR has 1,401,007,911 ordinary shares on issue. The top five shareholders of CMR as at 25 June 2015 are set out below.

	Shareholder	Number of Shares	% of Total Shares
1	YA	1,098,312,242	78.4%
2	Coffee House Group Ltd	174,937,511	12.5%
3	Hunan Nonferrous Metals	6,000,000	0.4%
4	Wythenshawe Pty Ltd	5,437,419	0.4%
5	Citicorp Nominees Pty Limited	3,894,920	0.3%
	Top 5	**1,288,582,092**	**92.0%**
	Balance of shareholders	112,425,819	8.0%
	Total CMR Shareholders	**1,401,007,911**	**100.00**

Table 10: CMR Top 5 shareholders *(Source: CMR)*

6.22 The table above shows that the top two shareholders hold 90.9% of CMR issued capital.

7. Profile of HNC (Australia) Exploration and Mining Pty Ltd

7.1 HNC (Australia) Exploration Pty Ltd ("HNC Aust") is the operator of the Browns Project joint ventures. The company does not have any other operations.

Financial Position

7.2 The table below sets out a summary of the financial position of HNC Aust as at 31 December 2014 based on the unaudited financial information prepared to that date.

$	Ref:	31-Dec-14 Unaudited
Current Assets		
Cash and cash equivalents		224,750
Trade and other receivables		11,608
Prepayments		188,807
Inventory		4,131,428
Total Current Assets		**4,556,593**
Non-Current Assets		
Deferred exploration expenditure		37,855,485
Environmental bond		2,391,019
Property, plant and equipment		1,254,305
Total Non-Current Assets		**41,500,808**
Total Assets		**46,057,401**
Liabilities		
Current Liabilities		
Trade and other payables		189,555
Other liabilities		203,081
Total Current Liabilities		**392,636**
Non-Current Liabilities		
Cash calls	7.4	45,664,765
Total Non-Current Liabilities		**45,664,765**
Total Liabilities		**46,057,401**
Net Assets		-

Table 11: Financial Position *(Source: HNC Aust management accounts)*

7.3 As HNC Aust is the operating entity for the Browns Project joint ventures, its costs and liabilities are covered by the joint venture owners.

7.4 The cash calls recorded as a liability in the balance sheet are the cash payments made by the joint venture participants. In practical terms, HNC Aust does not have any material net assets or liabilities that will be acquired by CMR.

8. Profile of Cove House

Background

8.1 Cove House Illiquid Investments Limited is a Cayman domiciled investment vehicle, independently managed and controlled by Cove House Investments Ltd. The principals of Cove House Investment Ltd are Mike Luther and Paddy Shanahan. Cove House Illiquid Investments SPC is funded by Deutsche Alternative Asset Management (UK) Limited.

8.2 Paddy Shanahan is a partner of Pensato Capital LLP and was previously a director of Deutsche Bank AG. Mr Shanahan's experience encompasses identifying and acquiring investment opportunities.

9. Valuation Approach

Valuation methodologies

9.1 In assessing the Fair Value of an ordinary CMR share prior to and immediately following the Proposed Transaction, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

9.2 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

9.3 Market based methods estimate the Fair Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;

- The quoted price for listed securities; and
- Industry specific methods.

9.4 The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.

9.5 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based

9.6 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:
- Capitalisation of maintainable earnings; and
- Discounted cash flow methods.

9.7 The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

9.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

Asset based methods

9.9 Asset based methodologies estimate the Fair Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis.

9.10 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

9.11 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.

9.12 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs.

9.13 Asset based valuation methods are appropriate when companies are not profitable or do not have sufficient profits to exceed the value of their net assets, or for asset holding companies.

Selection of Valuation Methodologies

Valuation of a CMR share pre the Proposed Transaction (control basis)

9.14 In assessing the value of a CMR share prior to the Proposed Transaction we have utilised a sum of parts valuation which combines the following methodologies:
- for all exploration assets – methodologies as selected by an independent specialist (detailed in paragraph 0 below);
- for plant and equipment – methodologies as selected by an independent specialist (detailed in paragraph 0 below); and
- for all other assets and liabilities – net assets on a going concern.

9.15 We have instructed Corvidae Pty Ltd atf Ravensgate Unit Trust t/a Ravensgate ("Ravensgate") to act as an independent specialist to value the exploration assets held by CMR. Ravensgate has used the comparable transaction methodology to value the exploration assets held by CMR.

9.16 In our opinion the methodology adopted by Ravensgate is appropriate for the current status of CMR's exploration assets. Further information on Ravensgate's adopted valuation methodology and valuation can be found in Ravensgate's report included as Appendix 4.

9.17 We have instructed Aon Global Risk Consulting ("Aon") to act as an independent specialist to value the plant and equipment included in the Browns Project. Aon has prepared its valuation on a market value ex situ assuming decommissioning of the plant and equipment.

9.18 In our opinion the methodology adopted by Aon is appropriate for the current status of the plant and equipment because the plant did not operate profitably in the past, requires significant additional capital to recommence operations and is not currently supported by a reserve that would justify value in use. Further information on Aon's adopted valuation methodology and valuation can be found in Aon's report included as Appendix 5.

9.19 We did not consider any other valuation methodologies because:

- CMR does not have a market for its shares.;
- In our opinion, the DCF methodology cannot be used as CMR does not have reserves support a reasonable estimate of future cash flows and it also has a history of negative cash flows; and
- An FME methodology is not appropriate as CMR does not have a history of profits.

Valuation of a CMR share post the Proposed Transaction (non control basis)

9.20 In accordance with the requirements of RG 111, we have assessed the value of an ordinary CMR share immediately post the Proposed Transaction on a non-control basis, through the application of an appropriate portfolio discount to the assessed value of a CMR share on a control basis, after the impact of the Proposed Transaction.

9.21 The value of CMR and a CMR share on a non-controlling basis immediately post the Proposed Transaction, using the sum of parts methodology, has been assessed by taking the value of CMR pre the Proposed Transaction and reflecting the impact of the Proposed Transaction in two separate scenarios:

- Scenario 1 – Adding cash raised and adjusting this cash for any payments required in the Proposed Transaction, adjusting for the payment of any debts, deducting a minority discount and assuming the conversion of the convertible notes; and
- Scenario 2 – Adding the cash raised and adjusting this cash for any payments required in the Proposed Transaction, adjusting for the payment of any debts, reflecting the impact of the debt, interest and embedded derivative arising from the convertible notes, deducting a minority discount and assessing the value of a CMR share immediately prior to conversion of the convertible notes.

10. Valuation of CMR Prior to the Proposed Transaction

10.1 As stated at paragraph 9.14 we have assessed the value of a CMR share prior to the Proposed Transaction on a sum of parts basis. We have included a premium for control in our valuation.

Sum of parts valuation

10.2 We have assessed the value of a CMR share on a control basis to be between $(0.055) and $(0.049) per share. A share cannot be worth less than nil, as such, we consider the value of a CMR share to be nil, prior to the Proposed Transaction, based on the sum of parts valuation methodology, as summarised in the table below.

	Ref.	31-Dec-14 $'000	Low $'000	Preferred $'000	High $'000
Deferred exploration expenditure (exploration assets)	10.7 to 10.12	33,886	9,577	13,491	17,404
Property, plant and equipment	0	2	1,635	1,635	1,635
Debt	0	(80,536)	(83,230)	(83,230)	(83,230)
Other assets and liabilities	6.15	(4,689)	(4,689)	(4,689)	(4,689)
Net assets (sum of parts)		**(51,337)**	**(76,707)**	**(72,793)**	**(68,880)**
Actual number of shares on issue	6.21		1,401,008	1,401,008	1,401,008
Value per share (undiluted)			**$(0.055)**	**$(0.052)**	**$(0.049)**
Value to shareholders			**Nil**	**Nil**	**Nil**

Table 12: Assessed Fair Value of a CMR Share – sum of parts basis *(Source: RSMBCC Analysis)*

10.3 Our assessment has been based on the audited net assets of CMR as at 31 December 2014.

10.4 We have been advised that, except for adjustments noted below, there has been no significant change in the net assets of CMR since 31 December 2014.

10.5 In order to calculate a current market value of CMR's shares, we have made a number of adjustments to the carrying values of net assets included in the Statement of Financial Position. These adjustments are set out below.

Debt

10.6 We have increased the debt position of CMR by $2.7 million due to the following movements since 31 December 2014:

	Movement in debt $'000
Total debt as at 31 December 2014	80,536
Plus increase in debt from YA	3,767
Less agreed reduction in debt to CT	(1,073)
Total present debt	**83,230**

Table 13: Present debt position of CMR *(Source: RSMBCC Analysis)*

Deferred exploration

10.7 We have replaced the carrying value of exploration expenditure included in the Statement of Financial Position with the values calculated by Ravensgate and included in its Independent Valuation report attached at Appendix 4.

10.8 Ravensgate has utilised the comparable transaction methodology for valuing the exploration assets held by CMR. The comparable transaction method involves reviewing transactions with similar characteristics to the exploration assets held by CMR, calculating a metric that can be applied to CMR's assets and applying that metric to CMR's assets.

10.9 Ravensgate has summarised CMR's assets based on the main commodity being targeted for exploration and development and then further separated the tenements based on whether a tenement includes a JORC resource. Where a tenement includes a JORC resource, Ravensgate considered a value per resource for the tenement. If a JORC resource has not been defined for a tenement, then Ravensgate considered a value per square kilometre for the tenement.

10.10 We note that Ravensgate has identified a number of resource measurements that do not meet the requirement of JORC and that these resource measurements have not been included in the valuation as specific measures. However, Ravensgate has considered any non-JORC resource when assessing the range of values it has applied to the tenements of CMR.

10.11 A summary of the values calculated by Ravensgate are set out in the table below:

Value of exploration assets	Low	Preferred	High
	$'000	$'000	$'000
Mt Fitch	1,988	2,485	2,982
Rum Jungle surrounding tenure (Browns Project)	7,031	10,055	13,078
Southern Tenure	556	948	1,340
Total value of exploration assets	**9,577**	**13,491**	**17,404**

Table 14: Market value of exploration assets *(Source: Ravensgate report – Appendix 4)*

10.12 More details of the valuation methods used by Ravensgate are included in the report attached at Appendix 4.

Property, plant and equipment

10.13 The only value included in the financial statements of CMR for property, plant and equipment is property owned in the Northern Territory. CMR owns 61% of the processing plant and equipment that was commissioned in 2008 to process the oxide ore at the Browns Project. This plant was placed on care and maintenance in 2009 following the financial collapse of the Company. The Company experienced financial difficulties when the oxide plant could not produce concentrate at expected levels amid declining commodity prices.

10.14 In order to estimate a value of the interest in plant and equipment held by CMR, we have engaged Aon to prepare a valuation. Aon prepared the valuation on the basis that the plant and equipment would be sold ex-situ. In our opinion, this is reasonable for the following reasons:

- The plant and equipment has been on care and maintenance since 2009 and will require significant improvements to recommence operations;
- The plant and equipment was not able to operate at nameplate capacity when commissioned and would require additional capital to process oxide ore; and
- The resources located at the Browns Project are complex and are not defined to reserve level. As such, there is not a reasonable basis to assume that the plant and equipment could be used to process the Browns Project ore.

10.15 Aon has estimated the value of the plant and equipment at $2.7 million. Aon has also stated that the plant and equipment would have a greater value if it could be used in-situ. This would assume a commercial, operating mine which the current resource does not support. However, we note that Aon attributed a value of between $15 million and $30 million for the plant and equipment in-situ. We have attached Aon's report as Appendix 5.

10.16 CMR holds a 61% interest in the plant and equipment. The value attributable to CMR is set out in the table below:

Value of plant and equipment	Low $'000	High $'000
Ex-situ	2,677	2,677
In-situ	15,000	30,000
RSM Preferred	**2,677**	**2,677**
CMR's interest in plant and equipment	61%	61%
CMR's interest in value of plant and equipment	**1,632**	**1,632**
Other plant and equipment	2	2
Total value of property, plant and equipment	**1,634**	**1,634**

Table 15: Market value of plant and equipment *(Source: Aon report – Appendix 5)*

11. Valuation of CMR following the Proposed Transaction

11.1 In determining the value of CMR and a CMR share on a non-controlling basis immediately post the Proposed Transaction, using the sum of parts methodology, we have taken the value of CMR pre the Proposed Transaction and reflected the impact of the Proposed Transaction in two separate scenarios:

- Scenario 1 – convertible notes are converted – Adding cash raised and adjusting this cash for any payments required in the Proposed Transaction, adjusting for the payment of any debts, deducting a minority discount and assuming the conversion of the convertible notes; and
- Scenario 2 –convertible notes are not converted – Adding the cash raised and adjusting this cash for any payments required in the Proposed Transaction, adjusting for the payment of any debts, reflecting the impact of the debt, interest and embedded derivative arising from the convertible notes, deducting a minority discount and assessing the value of a CMR share immediately prior to conversion of the Notes.

11.2 Based on our analysis, we have calculated a range of values for a CMR share post the Proposed Transaction of between $(0.050) and $(0.002). As noted previously, a share cannot be worth less than nil. As such, we consider the value of a CMR share following the Proposed Transaction to be nil.

Valuation of a CMR share post the Proposed Transaction	Ref:	Low	Preferred	High
		$	$	$
Scenario 1 Conversion of convertible notes - Value	0	(0.003)	(0.002)	(0.002)
Scenario 2 Non-conversion of convertible notes - Value	11.11	(0.050)	(0.049)	(0.047)
Preferred Range		**(0.050)**	**(0.049)**	**(0.002)**

Table 16: Assessed Fair Value of a CMR share post Proposed Transaction *(Source: RSMBCC analysis)*

11.3 We have selected a preferred value in the table above based on the assumption that the convertible notes are not converted. In a scenario where a share does not have any value, we consider it most likely that a secured lender will exercise its right to security rather than convert its debt to equity.

Scenario 1 valuation - conversion of convertible notes

11.4 Our assessed value of CMR following the Proposed Transaction under Scenario 1 is set out in the table below.

Valuation of CMR and a CMR share post the Proposed Transaction	Ref:	Low	Preferred	High
		$'000	$'000	$'000
Fair Value of a CMR share pre the Proposed Transaction	0	(76,707)	(72,793)	(68,880)
Cash position of CMR following the Proposed Transaction	11.6	6,191	6,191	6,191
Elimination of debt on conversion of notes	11.7	83,230	83,230	83,230
Post Proposed Transaction non-convertible debt	11.7	(36,160)	(36,160)	(36,160)
		(23,446)	**(19,532)**	**(15,619)**
Minority discount		*23%*	*20%*	*17%*
Fair Value of CMR post the Proposed Transaction on a minority basis		**(18,054)**	**(15,626)**	**(12,964)**
Number of CMR shares on issue pre the Proposed Transaction	4.8	1,401,008	1,401,008	1,401,008
Shares issued to YA	4.8	2,193,885	2,193,885	2,193,885
Shares issued to Cove House	4.8	3,594,893	3,594,893	3,594,893
Total shares on issue post Proposed Transaction		**7,189,787**	**7,189,787**	**7,189,787**
Fair Value of a CMR share on a control basis, post the Proposed Transaction		**$(0.003)**	**$(0.002)**	**$(0.002)**
Value to shareholders		**Nil**	**Nil**	**Nil**

Table 17: Assessed Fair Value of a CMR share post Proposed Transaction – Scenario 1 *(Source: RSMBCC analysis)*

11.5 If the Proposed Transaction is approved, CMR will initially receive $5 million in cash from the issue of 5 million convertible notes to Cove House. However, as Non-Associated Shareholders are being asked to approve the future conversion of all of the convertible notes that will be issued to Cove House, we have assumed that CMR receives $11 million in exchange for the issue of 11 million convertible notes as permitted under the terms of the Proposed Transaction.

11.6 We have adjusted the cash balance to reflect the position of CMR following the Proposed Transaction, as set out in the table below:

Movement in cash	Low $'000	Preferred $'000	High $'000
Cash from convertible notes issued to Cove House	**11,000**	**11,000**	**11,000**
Payments			
to YA	(2,219)	(2,219)	(2,219)
to CT	(1,200)	(1,200)	(1,200)
transaction costs	(1,390)	(1,390)	(1,390)
Movement in cash post Proposed Transaction	**6,191**	**6,191**	**6,191**

Table 18: Cash position post Proposed Transaction *(Source: RSMBCC analysis)*

11.7 We have added back $83.2 million of debt included in the balance sheet and then deducted the debt that will not be convertible following the Proposed Transaction, as set out below:

	Non-convertible debt $'000
Debt owed to HNC	1,160
Debt owed to Cove House	35,000
Total debt	**36,160**

Table 19: Balance of non-convertible debt post Proposed Transaction *(Source: RSMBCC analysis)*

Minority discount

11.8 RG 111.11 states that when considering the value of a company's shares in a control transaction, the expert should consider a minority discount to the Proposed Transaction value. We consider the Proposed Transaction to be a control transaction, therefore, our assessment of the value of a CMR share post the Proposed Transaction must include a minority discount.

11.9 In selecting a minority discount, we have given consideration to the RSM Bird Cameron 2013 Control Premium Study. The study performed an analysis of control premiums paid over a 7-year period to 31 December 2012 in 345 successful takeovers and schemes of arrangements of companies listed on the ASX. Our study concluded that, on average, control premiums in takeovers and schemes of arrangements involving Australian companies was in the range of 20% to 35%. In our opinion, a range of 20% to 30% is appropriate when considering a control premium. In valuing an ordinary CMR share post the Proposed Transaction, we have relied on the inverse of the control premium to estimate the applicable minority discount.

11.10 We consider an appropriate minority discount to be between 17% and 23%.

Scenario 2 valuation – non conversion of the convertible notes

11.11 Our assessed value of CMR following the Proposed Transaction but prior to conversion of the convertible notes is set out in the table below.

Valuation of CMR and a CMR share post the Proposed Transaction	Ref:	Low	Preferred	High
		$'000	$'000	$'000
Fair Value of a CMR share pre the Proposed Transaction	0	(76,707)	(72,793)	(68,880)
Adjustment to cash position of CMR following the Proposed Transaction	11.6	6,191	6,191	6,191
Elimination of debt replaced with convertible notes	11.7	83,230	83,230	83,230
Post Proposed Transaction non-convertible debt	11.7	(36,160)	(36,160)	(36,160)
Debt component arising from convertible notes	11.15	(24,986)	(24,986)	(24,986)
Total post Proposed Transaction value		**(48,432)**	**(44,518)**	**(40,605)**
Minority discount	*0*	*23%*	*20%*	*17%*
Fair Value of CMR before option value on a minority basis		**(37,293)**	**(35,615)**	**(33,702)**
Adjustment for embedded call option on YA convertible notes	11.15	(32,808)	(32,808)	(32,808)
Fair Value of CMR post the Proposed Transaction on a minority basis		**(70,101)**	**(68,422)**	**(66,510)**
Number of CMR shares on issue pre the convertible notes being converted	4.8	1,401,008	1,401,008	1,401,008
Fair Value of a CMR share on a control basis, post the Proposed Transaction		**$(0.050)**	**$(0.049)**	**$(0.047)**
Value to shareholders		**Nil**	**Nil**	**Nil**

Table 27: Assessed Fair Value of a CMR share post Proposed Transaction – Scenario 2 *(Source: RSMBCC analysis)*

Convertible notes

11.12 As the convertible notes to be issued to Cove House and YA have the same terms, we have considered the impact of issuing the convertible notes as one. The total face value of the convertible notes on issue is set out below:

	Face value of convertible notes $'000
Convertible notes	
Issue of $11m in convertible notes to Cove House for fund raising	11,000
Conversion of YA debt to convertible notes	46,794
Total convertible notes	**57,794**

Table 27: Face value of convertible notes is Proposed Transaction approved *(Source: RSMBCC analysis)*

11.13 In order to assess the impact of the convertible notes on the value of a CMR share assuming the convertible notes are not converted, we have considered the accounting impact of the convertible notes on the Statement of Financial Position. Accounting standards require that, when convertible notes convert to a fixed number of shares, that the value of the debt portion of the convertible notes is valued and the difference between the face value of the convertible notes and the debt portion of the convertible notes is considered the value of the embedded option in the convertible notes.

11.14 In order to estimate the value of the debt portion of the convertible notes, we must determine an appropriate interest rate to apply to the debt portion of the convertible notes. This interest rate is different to the coupon rate of the convertible notes because it is assumed that the debt portion does not have a conversion factor. Where a conversion factor does not exist, it is common to assume an interest rate higher than the coupon rate of the same convertible note. We note that the convertible notes do not have a coupon rate but that the default rate is 15%. We also note that the debt that is being replaced by the convertible notes carried an interest rate of 10%. In our opinion, an interest rate of 15% appears reasonable given the risks of CMR not establishing a commercial operation and its poor financial history.

11.15 We have assessed the value of the debt portion of the convertible notes and the option value of the convertible notes below:

Value of debt portion of convertible notes	Total value
Convertible notes ('000)	57,794
Face value ($)	1
Total face value (principal) ($'000) (a)	**57,794**
Coupon interest (%)	-
Annual coupon payment ($'000)	-
Effective interest (%) (b)	**15%**
Term (years) (c)	**6**
Present value of debt portion ($'000) (d = a/(1+b)^c)	**24,986**
Present value of option ($'000) (= a-d)	**32,808**

Table 27: Apportionment of debt and equity portion of notes *(Source: RSMBCC analysis)*

12. Is the Proposed Transaction Fair to CMR Shareholders

12.1 Our assessed values of a CMR share prior to and immediately after the Proposed Transaction, are summarised in the table and figure below.

Assessment of fairness	Ref:	Value per Share		
		Low	Preferred	High
Fair value of a CMR share pre the Proposed Transaction - Control basis	10	Nil	Nil	Nil
Fair value of a CMR share post the Proposed Transaction - Non control basis	11	Nil	Nil	Nil

Table 20: Assessed values of a CMR share pre and post the Proposed Transaction *(Source: RSMBCC analysis)*

12.2 The table above indicates that regardless of the Proposed Transaction, the value of CMR to shareholders is nil. Although a share cannot be worth less than nil, we have assessed the value of a CMR share assuming that its value could be less than nil so that we can observe the impact on the Proposed Transaction on the value of a CMR share.

Assessment of fairness	Ref:	Value per Share		
		Low	Preferred	High
Fair value of a CMR share pre the Proposed Transaction - Control basis	10	$(0.055)	$(0.052)	$(0.049)
Fair value of a CMR share post the Proposed Transaction - Non control basis	11	$(0.050)	$(0.049)	$(0.002)

Table 21: Assessed values of a CMR share pre and post the Proposed Transaction *(Source: RSMBCC analysis)*

12.3 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of Section 611, Item 7 of the Corporations Act 2001, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders of CMR, as the value of a CMR share post the Proposed Transaction is greater than the value of a CMR share pre the Proposed Transaction.

12.4 Although we have noted that the value of a share cannot be less than nil, the table above indicates that it would take less of a change in underlying value post the Proposed Transaction for a CMR share to have a positive value.

Issue of YA Security

12.5 On the basis that there is no change in value of CMR as a result of the issue of the YA Security as part of the Proposed Transaction and that the value of the YA Security is limited to the value of the YA debt, we consider that the issue of the YA Security is fair to the Non-Associated Shareholders of CMR.

12.6 We note that the value of CMR's assets has been determined at between $18.8 million and $26.7 million, as set out below:

Value of secured assets	Low $'000	Preferred $'000	High $'000
Cash from the issue of convertible notes (after initial Proposed Transaction movements)	6,191	6,191	6,191
Property, plant and equipment	1,635	1,635	1,635
Exploration assets	9,577	13,491	17,404
Other assets at 31 December 2014	1,432	1,432	1,432
Total value of secured assets	**18,835**	**22,749**	**26,662**

Table 22: Value of secured assets *(Source: RSMBCC analysis)*

12.7 The value of the secured assets compares to the value of the total debt owed to YA as follows (excluding any interest charges or additional costs to be paid on behalf of YA):

Assessment of fairness	Ref:	Low ($'000)	Preferred ($'000)	High ($'000)
Fair value of Secured assets	12.5	18,835	22,749	26,662
Fair value of debt to YA	11.12	45,246	45,246	45,246

Table 23: Assessed values of the Security and debt owed to Cove House *(Source: RSMBCC analysis)*

12.8 The table above indicates that the value of the total debt owed to YA is more than the value of the secured assets.

13. Is the Proposed Transaction Reasonable

13.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of CMR if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Stated Intentions of Cove House and YA in relation to the Proposed Transaction

13.2 Cove House intends to work with the Company to enable it to develop a viable business plan which, when implemented, will create value for the shareholders of CMR. It is expected that such a plan will initially focus on the oxide resource primarily and in time develop the sulphide resource.

13.3 YA intends to take a passive investor role following closing.

Future Prospects of CMR if the Proposed Transaction Does Not Proceed

13.4 If the Proposed Transaction does not proceed then the Company will remain suspended from trading and could be forced into administration and then liquidation if it cannot source adequate funds to meet its current debt obligations.

Advantages and disadvantages

13.5 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

Advantage 1 – The Proposed Transaction is fair

13.6 RG111 states that a transaction is reasonable if it is fair.

Advantage 2 – The convertible notes have no coupon

13.7 The convertible notes being issued to YA and Cove House do not carry any coupon charges. As such, there are no ongoing interest charges to be incurred by CMR which would reduce future cash positions.

Advantage 3 – The Company can recapitalise

13.8 The issue of the convertible notes will allow the Company to recapitalise. This means that the Company can assess the commercial viability of developing the Browns Project. This may provide an opportunity for Non-Associated Shareholders to realise some value for their shares at a point in the future.

Advantage 4 – The Company will take on operatorship of the Browns Project

13.9 The Company will become the operator of the Browns Project following completion of the Proposed Transaction. This means that, to the extent possible, it will have control over the decision making and strategy of the Browns Project.

Disadvantages of approving the Proposed Transaction

Disadvantage 1 – Dilution of shareholders' interests in CMR

13.10 The Proposed Transaction will result in diluting the current Non-Associated Shareholders interest in CMR from 21.2% to as little as 4.1%. Consequently, YA (42% interest) or Cove House (50% interest) are highly likely to be able to pass general resolutions and special resolutions (assuming they act in concert).

Disadvantage 2 – YA and Cove House have the potential to control CMR

13.11 Each of YA and Cove House will have representatives on the Board of CMR. Cove House will have two representatives which would represent 33.3% of a six member Board. YA will have one representative which would represent 16.7% of a six member Board.

13.12 YA's and Cove House's Board influence and interest in the issued capital of CMR will give each of them some control over the decision making of CMR. We note that YA already has control of CMR.

Disadvantage 3 – Cove House and/or YA will have capacity to call the assets of CMR

13.13 The Security will allow each of Cove House and YA to call the assets of CMR if their respective lending facilities are in default. This will result in CMR holding no assets and most likely being placed into administration and being wound up.

Disadvantage 4 – The restructure of the joint venture agreements means CMR will fund all costs

13.14 Following the restructure of the joint venture agreements, CMR will be responsible for all costs associated with developing the Browns Project. This means that it will be required to fund 100% of the costs of development but will only have an interest in 50% of any returns from the Browns Project.

Alternative Proposal

13.15 We are not aware of any alternative proposal at the current time which might offer the Non-Associated Shareholders of CMR a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

13.16 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is reasonable for the Non-Associated Shareholders of CMR.

13.17 As the YA Security is a requirement for the Proposed Transaction, in our opinion, the issue of the YA Security is **reasonable** to Non-Associated Shareholders of CMR, as discussed in Section 14.

13.18 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

14. Is the issue of the YA Security Reasonable

14.1 In assessing the reasonableness of the issue of the YA Security, we have considered the following factors in our assessment:

- The future prospects of the Company if the YA Security is issued; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of issuing the YA Security.

14.2 The issue of the YA Security is a condition of the Proposed Transaction. If the Proposed Transaction does not proceed then it is likely that the Company will require additional financing in order to repay its debts and may be forced into administration and liquidation. In such a scenario, Non-Associated Shareholders would be unlikely to receive any value for their shares.

14.3 We consider the key advantages of issuing the YA Security to be as follows:

- The issue of the YA Security is fair;
- The issue of the YA Security allows the Proposed Transaction to take place which will allow CMR to recapitalise the Company and commence activities to assess the commercial viability of the Browns Project; and

- The issue of the YA Security is effectively a part transfer of existing security already in place with HNC.

14.4 The key disadvantage of issuing the YA Security is:
- If YA exercises its right to call its security, then all the assets associated with the Browns Project and all exploration tenements will be sold or transferred YA and shareholders of CMR will not have any interest in this project.

14.5 In our opinion, the position of the Non-Associated Shareholders of CMR if the YA Security is issued is more advantageous than if the YA Security is not issued. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the issue of the YA Security is reasonable for the Non-Associated Shareholders of CMR.

14.6 Having regard for the relative advantages and disadvantages of the YA Security, an individual Non-Associated Shareholder's decision in relation to the YA Security may be influenced by his or her individual circumstances. If in doubt, Non-Associated Shareholders should consult an independent advisor. In particular, when considering the relative merits of the issue of the YA Security, Non-Associated Shareholders should have particular regard to the potential advantages and disadvantages set out above in the context of their own risk profile and investment strategy.

Yours faithfully

RSM BIRD CAMERON CORPORATE PTY LTD

A GILMOUR

Director

G YATES

Director

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

APPENDIX 1

Declarations and Disclosures

RSM Bird Cameron Corporate Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron (RSMBC) a large national firm of chartered accountants and business advisors.

Mr. Andrew Gilmour and Mr Glyn Yates are directors of RSM Bird Cameron Corporate Pty Ltd. Both Mr Gilmour and Mr Yates are Chartered Accountants and Business Valuation Specialists with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting CMR Shareholders in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Compass Resources Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Bird Cameron Corporate Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Bird Cameron Corporate Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Bird Cameron Corporate Pty Ltd, RSMBC, Andrew Gilmour, Glyn Yates, nor any other member, director, partner or employee of RSM Bird Cameron Corporate Pty Ltd and RSMBC has any interest in the outcome of the Proposed Transaction, except that RSM Bird Cameron Corporate Pty Ltd are expected to receive a fee of $25,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Compass Resources Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Bird Cameron Corporate Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Bird Cameron Corporate Pty Ltd or RSM Bird Cameron Partners or has been involved in the preparation of the Notice of General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

APPENDIX 2

Sources of Information

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Audited financial statements for CMR for the year ended 31 December 2013;
- Unaudited financial statements for CMR for the year ended 31 December 2014;
- Management accounts for HNC Aust the year ended 31 December 2014;
- ASX announcements of CMR;
- Agreements between CMR, HNC, Cove House and YA;
- Heads of Agreement;
- S&P Capital IQ database;
- Connect4 database; and
- Discussions with Directors, Management and staff of CMR.

APPENDIX 3

Glossary of Terms and Abbreviations

Term or Abbreviation	Definition
$	Australian Dollar
Act	Corporations Act 2001 (Cth)
Aon	Aon Global Risk Consulting
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
CAP	China Automobile Parts Holdings Limited
CMR	Compass Resources Limited
Connect 4	An entity of Thompson Reuters which is an aggregator of ASX listed company announcements and disclosures
Company	CMR
Control basis	As assessment of the fair value on an equity interest, which assumes the holder or holders have control of entity in which the equity is held
Cove House	Cove House Illiquid Investments Ltd
Cove House Security	Security over the assets of CMR in favour of Cove House
CT	Compass Resources Creditor's Trust
DCF	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate
Directors	Directors of CMR
EBIT	Earnings, Before, Interest and Tax
EBITDA	Earnings, Before, Interest, Tax, Depreciation and Amortisation
Equity	The owner's interest in property after deduction of all liabilities
EV	Enterprise Value, meaning, the total value of the equity in a business plus the value of its debt or debt-related liabilities, minus any cash or cash equivalents available to meet those liabilities
Fair Value	the amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY##	Financial year ended 31 December
HAR	HNC (Australia) Resources Pty Ltd
HNC	HNC (Australia) Resources Holding Pty Ltd and HNC Nonferrous Metals Corporation Limited
HNC Aust	HNC (Australia) Exploration Pty Ltd
IBIS	IBIS World, producer of industry reports
IER	This Independent Expert Report
MEE	Multiple of exploration expenditure
Non control basis	As assessment of the fair value on an equity interest, which assumes the holder or holders do not have control of entity in which the equity is held
Notice	The notice of meeting to vote on the Proposed Transaction
NPBT	Net Profit Before Tax
NPAT	Net Profit After Tax
Proposed Transaction	The proposed transaction to change the terms of existing debt to convertible notes issued to YA and Cove House, among other transactions
Ravensgate	Ravensgate
Regulations	Corporations Act Regulations 2001 (Cth)
Report	This Independent Experts Report prepared by RSMBCC dated 16 July 2015
RG 111	ASIC Regulatory Guide 111 Contents of Expert's Reports
RSMBCC	RSM Bird Cameron Corporate Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Security	The Cove House Security and the YA Security
VWAP	Volume weighted average share price
YA	YA Global Master SPV Ltd
YA Security	Security over the assets of CMR in favour of YA

APPENDIX 4
Independent Specialist Report prepared by Ravensgate

Ravensgate
Mining Industry Consultants

Technical Project Review
and
Independent Valuation Report
Mineral Exploration Assets of Compass Resources Limited
for
RSM Bird Cameron Corporate Pty Ltd

RESOURCEFUL TECHNICAL PARTNERS

ravensgate.com.au

Technical Project Review and Independent Valuation

Prepared by RAVENSGATE on behalf of:

RSM Bird Cameron Corporate Pty Ltd

Author(s):	Sam Ulrich	Principal Consultant	BSc (Hons) Geology, MAusIMM, MAIG, GDipAppFin, FFin
	Neal Leggo	Principal Consultant	BSc (Hons) Geology, MAIG, MSEG
Reviewer:	Alan Hawkins	Principal Consultant	BSc (Hons) Geology, MSc Ore Deposit Geology, MAIG RPGeo, FSEG

Date: 25 June 2015

Copies: Compass Resources Limited (2)
Ravensgate (1)

Project No: COM002
File Name: COM002_VAL_03_JUL_2015_DRAFT_CLIENT_EDITS_NL.DOCX

Sam Ulrich
For and on behalf of:
RAVENSGATE

Neal Leggo
For and on behalf of:
RAVENSGATE

This report has been commissioned from and prepared by Ravensgate for the exclusive use of RSM Bird Cameron Corporate Pty Ltd. Each statement or opinion in this report is provided in response to a specific request from RSM Bird Cameron Corporate Pty Ltd to provide that statement or opinion. Each such statement or opinion is made by Ravensgate in good faith and in the belief that it is not false or misleading. Each statement or opinion contained within this report is based on information and data supplied by Compass Resources Limited to Ravensgate, or otherwise obtained from public searches conducted by Ravensgate for the purposes of this report.

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PART 1

1. EXECUTIVE SUMMARY

1.1 Background

Corvidae Pty Ltd as Trustee for Ravensgate Unit Trust trading as Ravensgate (Ravensgate) was commissioned by RSM Bird Cameron Corporate Pty Ltd (RSM) and Compass Resources Limited (Compass) to provide a Technical Project Review on the mineral exploration assets of Compass in Australia and an Independent Technical Valuation over these assets. This Technical Project Review and Independent Valuation Report were prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by RSM. The effective date of this Technical Project Review and Independent Valuation Report prepared by Ravensgate is the 25 June 2015.

The companies and their projects included in this report and its ownership are listed below.

Compass Mineral Assets	Compass Ownership %
Rum Jungle Project Tenements	50% all commodities except uranium 100%
Southern Project Tenements	100%

1.2 Compass Project Review

1.2.1 Rum Jungle Project

The Mineral Assets of Compass are located around the town of Batchelor in the Northern Territory of Australia, approximately 70km south of Darwin. These tenements cover the majority of the Rum Jungle Mineral Field with a total area of approximately 30km^2. This area has a long history of exploration and mining having been explored since 1869 and hosted Australia's first uranium mining operation in the 1950s, as well as a number of base metal mines.

Compass initially acquired the key tenements of the Rum Jungle Project in the early 1990s. The project now consists of 52 mineral tenements. Compass controls 100% of the mineral rights of 14 tenements, with the remaining tenements held in joint venture with HNC (Australia) Resources Pty Limited (HNC), involving a raft of agreements. The uranium assets are held entirely by Compass, while all other metals are vested in the joint ventures.

The project has been intensively explored by a number of companies for uranium, lead, zinc, copper, and cobalt primarily, with some exploration for gold, silver, platinum, palladium, iron ore, magnesite and phosphate. Compass has undertaken extensive exploration and development studies from the early 1990s through to the present day. Drilling programs were able to define a number of base metal deposits and in 2005 Compass entered into the joint venture with HNC with the objective of developing and mining these deposits. The joint venturers completed a feasibility study on the Browns oxide project and commenced mining and processing in 2008. Technical problems however saw the operation close within several months in 2009 and resulted in Compass going into administration. Limited exploration has occurred since then, but the joint venturers have completed a scoping study on developing an underground base metal mine at the Browns deposit and a copper sulphate production project based on the Browns oxide deposit.

The Rum Jungle project contains one historical uranium Mineral Resource estimated in accordance with the JORC Code (2004 Edition), which has been publicly reported and remains current. This is the Mt Fitch uranium Mineral Resource of 5.03Mt @ 0.80 lbs/t U_3O_8.

Historic mineral resources estimates are available for four other deposits (Browns base metal sulphide, Browns oxide, Browns East oxide and Area 55) which had been publicly released many years ago, however these estimates are no longer valid having been superseded by newly acquired drill data and subsequent resource modelling. Prior to Compass going into administration, significant additional resource work had been undertaken and all the oxide Mineral Resources (Browns oxide, Browns East oxide and Area 55) were in the process of being re-estimated. Compass developed new internal mineral resource estimates, however none of these were completed, they are presently not compliant with the JORC Code (2012 Edition) and hence have not met the requirements for public reporting. The most current resource estimate

for the Browns base metal sulphide resource was undertaken by an independent consultant in accordance with the JORC Code (2004 Edition) (Tear, 2013). This estimate was never publicly released, and with the new JORC Code (2012 Edition) now in force, Ravensgate is not permitted to formally release it in this public document.

Ravensgate has sighted the historic and unreported estimates in their present form and is of the opinion that to value Compass based on the last publically reported historical Mineral Resources would be misleading. Therefore, the reader is advised that the base metal Mineral Resources described in Sections 3.8.2 to 3.8.6 of Ravensgate's independent technical report on the Mineral Assets, are not compliant with the JORC Code (2012 Edition) and hence have not met the requirements for public reporting. Ravensgate has decided to revert back to valuing the tenements containing these historical resources on an area basis using the new unfinished resource estimation work as a guide to determine value.

1.3 Technical Valuation

The valuation presented in this report was completed on behalf of RSM. The valuation has been completed with information provided by and with the full support of Compass. The applicable valuation date is 25 June 2015 and is derived from using the Comparable Transactions valuation method. As the technical valuations of Compass are based on comparable market transactions it can be considered to also be the market value. The definition of market value that Ravensgate adopts is that used in the VALMIN code, which is the market value definition as defined by the International Valuation Standards Committee (IVSC).

1.3.1 Compass Valuation

Compass' projects can be classified as Predevelopment Projects, Advanced Exploration Area and Exploration Area mineral assets. Mineral Resources as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – 2012 Edition (JORC Code 2012 Edition) have been reported within the Rum Jungle project tenements (Section 3.8).

To derive appropriate values for the various projects Ravensgate reviewed the mineral resources, exploration data and prospectivity for the projects. The preferred value thus determined for each project was based upon a review of the Mineral Resources and prospectivity of each project and the number and quality of exploration targets on each project as described in Section 3.7. To derive the valuations for the Mineral Resources, Ravensgate reviewed the resources and the values assigned reflect the confidence and grade of the Mineral Resources.

Ravensgate has concluded that Compass' projects are of merit (although at varying stages of exploration and subsequent mineral asset classification) and worthy of further exploration or development. A summary of Compass' project valuation in respective ownership terms is provided in Table 1. The value of Compass' projects is considered to lie in a range from $9.577M to $17.404M; within this range Ravensgate has selected a preferred value of $13.491M. The valuation of Compass' projects are outlined in detail in Section 4.

Table 1 Compass Technical Valuation in Ownership Equity Percentage Terms

Project	Mineral Asset	Equity %	Area km^2	Valuation		
				Low $M	Preferred $M	High $M
Mt Fitch Resource	Advanced Exploration	100[1]	0.2	1.988	2.485	2.982
Rum Jungle Surrounding Tenure	Exploration Area & Predevelopment Project	50/100[1]	105.16	7.031	10.055	13.078
Southern Tenure	Exploration Area	100	132.84	0.556	0.948	1.340
Total	**Various**	**Various**	**238.20**	**9.577**	**13.491**	**17.404**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

1 Equity breakdown 50% all commodities except uranium where Compass has 100% of the rights.

2. INTRODUCTION

RSM Bird Cameron Corporate Pty Ltd (RSM) has been engaged by the Directors of Compass Resources Limited (Compass or the Company) to prepare an Independent Expert's Report (IER) in relation to a proposed transaction to reorganise debt and raise capital.

Corvidae Pty Ltd as Trustee for Ravensgate Unit Trust trading as Ravensgate (Ravensgate) was commissioned by RSM and Compass to provide a Technical Project Review on the mineral exploration assets of Compass and an Independent Technical Valuation over these assets. This Technical Project Review and Independent Valuation Report were prepared by Ravensgate for inclusion in the IER prepared by RSM. The effective date of this Technical Project Review and Independent Valuation Report prepared by Ravensgate is the 25 June 2015.

The objective of this report is to firstly provide a Technical Project Review of the mineral exploration assets of Compass (Part 2). The second objective of this report is to provide a market valuation and technical assessment of these assets prepared in accordance with the guidelines of the VALMIN Code (Part 3).

This report does not provide a valuation of Compass as a whole, but only of their Australian mineral assets. This report does not make any comment on the fairness and reasonableness of any transaction between any two companies. The conclusions expressed in this Independent Technical Project Review and Independent Technical Valuation are valid as at the valuation date (25 June 2015). The review and valuation is therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

2.1 Terms of Reference

Ravensgate has been commissioned by RSM and Compass to provide an Independent Technical Project Review and Independent Technical Valuation on the mineral assets of Compass.

This report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The VALMIN Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in April 2005. The report has also been prepared in accordance with ASIC Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). The Technical Project Review and Independent Technical Valuation report has been compiled based on information available up to and including the valuation date of this report.

This report has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - 2012 Edition (JORC Code 2012 Edition).

2.2 Tenement Status Verification

Ravensgate has not independently verified the status of all the tenements that are referred to in this report as set out in Section 3.3 of this report. This is a matter for independent legal or tenement experts.

Compass commissioned an independent review of their tenement status. Tenement specialist Australian Mining and Exploration Title Services (AMETS) completed the review of the Northern Territory tenure and did not identify any material issues that would impact on Ravensgate's valuation (AMETS 2015a, AMETS 2015b). Ravensgate is satisfied, based on AMETS's review, that the tenements are in good standing and the values assigned to the tenements correctly reflect Compass' ownership.

2.3 Site Investigation

Ravensgate did not carry out a site visit as part of this report as one of the principal authors, Neal Leggo, has previously carried out exploration work in the Batchelor area and he is familiar with the geology of the project areas. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Ravensgate is of the opinion that no significant additional benefit would have been gained through a site visit to the project areas.

2.4 Qualifications, Experience and Independence

Ravensgate is an internationally recognised and respected minerals industry consultancy that has been serving the industry with excellence since 1997. Ravensgate provides world class technical expertise to the mining and resource sector globally. The company has worked for major clients globally, such as Freeport at the Grasberg Mine, Ok Tedi Copper-Gold Mine in Papua New Guinea, Goldfields and Newmont in Ghana and many junior resource companies which are ASX (Australian Stock Exchange), TSX (Toronto Stock Exchange) or AIM (London Stock Exchange) listed. Ravensgate has focused upon providing resource estimations, valuations, independent technical documentation and has been involved in the preparation of Independent Reports for Canadian, Australian and United Kingdom companies.

Author: Sam Ulrich, Principal Consultant, BSc (Hons) Geology, GDipAppFin, MAusIMM, MAIG, FFin.

Sam Ulrich is a geologist with over 20 years' experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia, Indonesia, Laos and China primarily in gold, base metals and uranium. Prior to joining Ravensgate Sam worked for Manhattan Corporation Ltd a uranium exploration and resource development company in a senior management position. Mr Ulrich holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the JORC Code. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

Co-Author: Neal Leggo, Principal Consultant, BSc (Hons) Geology, MAIG, MSEG

Neal Leggo has over 30 years' experience in minerals geology including senior management, consulting, exploration, development, underground mining and open pit mining. He has extensive experience with a wide variety of commodities including gold, copper, iron ore, silver, lead and zinc, uranium and manganese across numerous geological terrains within the Asia-Pacific region.

Prior to joining Ravensgate, Neal worked for FMG leading a large field team undertaking fast-track exploration, delineation and feasibility study of a major new iron ore discovery in the Pilbara of WA. Previous to this Neal was Exploration Manager at Crescent Gold were he led a successful exploration team and also managed feasibility study and development work on seven gold deposits in preparation for mining. At Hatch he undertook numerous geological consulting assignments included scoping, prefeasibility and review studies, geological audit and due diligence. At BHP he modelled mineral resources including the Cannington, Mt Whaleback and Yandi world-class deposits. Previous to this Neal worked 8 years in Mt Isa for MIM where roles included chief geologist for the Hilton underground lead zinc mine and exploration manager for Isa District. During the 1980s he worked as a field geologist across northern Australia on a wide variety of exploration projects and mines.

Neal offers extensive knowledge of available geological, geophysical, geochemical and exploration techniques and methodologies, combined with strong experience in feasibility study, development and mining of mineral deposits. Neal completed an Honours degree in Geology at the University of Queensland in 1980 and holds the relevant qualifications, experience and professional associations required by the ASX, JORC and VALMIN Codes in Australia. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

Peer Review: Alan Hawkins, Principal Consultant, BSc (Hons) Geology, MSc Ore Deposit Geology, MAIG RPGeo, FSEG.

Alan Hawkins is a geologist with over 19 years' experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia and Indonesia, primarily in gold and copper. Prior to joining Ravensgate, Alan worked for Newmont Mining Corporation as a Principal

Geologist in their exploration, corporate and business development divisions, providing technical support, due diligence and rapid first-filter geological and economic analysis to M&A teams in the Asia Pacific region as well as US and African EBD teams. This role also included project and non-core asset divestments including commercial negotiations with junior exploration companies, stakeholders and land & legal teams.

Previous to this, Alan held various principal and senior regional exploration management roles in WA and NT. In the 1990's Alan worked as a near mine exploration geologist for Eagle Mining Corporation NL, Great Central Mines Ltd and Normandy Mining Ltd at the Jundee-Nimary Gold Mine and was part of the team that discovered the +2Moz Au Westside deposit, where he also worked as a resource modelling geologist before joining Newmont's regional exploration team. Alan holds the relevant qualifications and professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the JORC Code. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101 and is a Registered Professional Geoscientist in the field of Mineral Exploration with the Australian Institute of Geoscientists.

2.5 Disclaimer

The authors of this report, and Ravensgate, have had no prior association with Compass in regard to the mineral assets and have no interest in the outcome of this technical assessment.

Ravensgate is independent of Compass, its directors, senior management and advisors and has no economic or beneficial interest (present or contingent) in any of the mineral assets being reported on. Ravensgate is remunerated for this report by way of a professional fee determined in accordance with a standard schedule of commercial rates, which is calculated based on time charges for review work carried out, and is not contingent on the outcome of this report. Fees arising from the preparation of this report are in the order of $33,000 to $36,000.

The relationship with Compass is solely one of professional association between client and independent consultant. None of the individuals employed or contracted by Ravensgate are officers, employees or proposed officers of Compass or any group, holding or associated companies of Compass.

The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate's independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests which would affect the expert's ability to present an unbiased opinion within this report.

This report has been compiled based on information available up to and including the valuation date. The statements and opinions are based on the reference date of 25 June 2015 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

2.6 Consent

Ravensgate consents to this report being distributed, in full, in the form and context in which the technical assessment in provided, for the purpose for which this report was commissioned. Ravensgate provides its consent on the understanding that the assessment expressed in the individual sections of this report will be considered with, and not independently of, the information set out in full in this report.

2.7 Principal Sources of Information

The principal sources of information used to compile this report comprise technical reports and data variously compiled by Compass and their partners or consultants, publically available information such as ASX releases, government reports and discussions with Compass' technical and corporate management personnel. With the consent of Compass, the report sections describing the geology, historical exploration and current exploration have been reproduced from their reports. A listing of the principal sources of information is included in the references attached to this report.

Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Compass prior to finalisation by Ravensgate, requesting that Compass identify any material errors or omissions prior to its final submission. Ravensgate does not accept responsibility for any errors or omissions in the data and information upon which the opinions and conclusions in this report are based, and does not accept any consequential liability arising from commercial decisions or actions resulting from errors or omissions in that data or information.

2.8 Competent Persons Statement

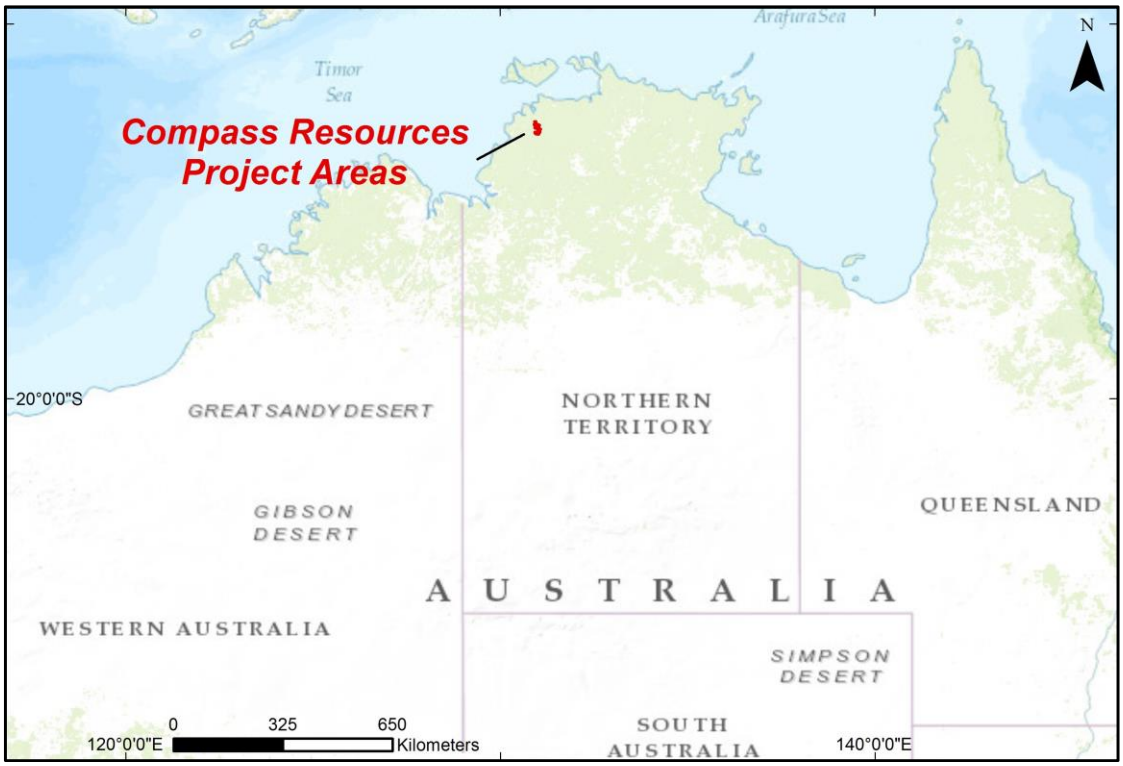
The information in this report to which this statement is attached relates to Exploration Results (Sections 3.6) is based on information compiled by David Rosewall, who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM) and who has more than five years' experience in the field of activity being reported on and is the Exploration Manager of Compass. Mr Rosewall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code 2012 Edition). Mr Rosewall consents to the inclusion in the report of the matters based on his information and in the form and context in which it appears.

The information in this report, to which this statement is attached, which relates to Mineral Resources for Mt Fitch uranium (Section 3.8) is based on information compiled by Mr Arnold van Der Heyden in 2008. Mr van Der Heyden is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM) and who has more than five years' experience in the field of activity being reported on and was an employee of Hellman and Schofield Pty Ltd. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

2.9 Background Information

The key projects discussed in this report are located in Australia within the Northern Territory. A locality map of the projects is presented in Figure 1. A summary of Compass' project tenement details are listed in Section 3.3. Report file references and a glossary of abbreviations and terms are also included at the end of this report. Ravensgate understands that the tenements held by Compass are held in good standing. A brief overview of Compass' projects are outlined in Section 3. The Independent Valuation of Compass' projects are outlined in Section 4.

Figure 1 Compass Project Locations



PART 2: COMPASS TECHNICAL PROJECT REVIEW

3. COMPASS PROJECTS

3.1 Introduction

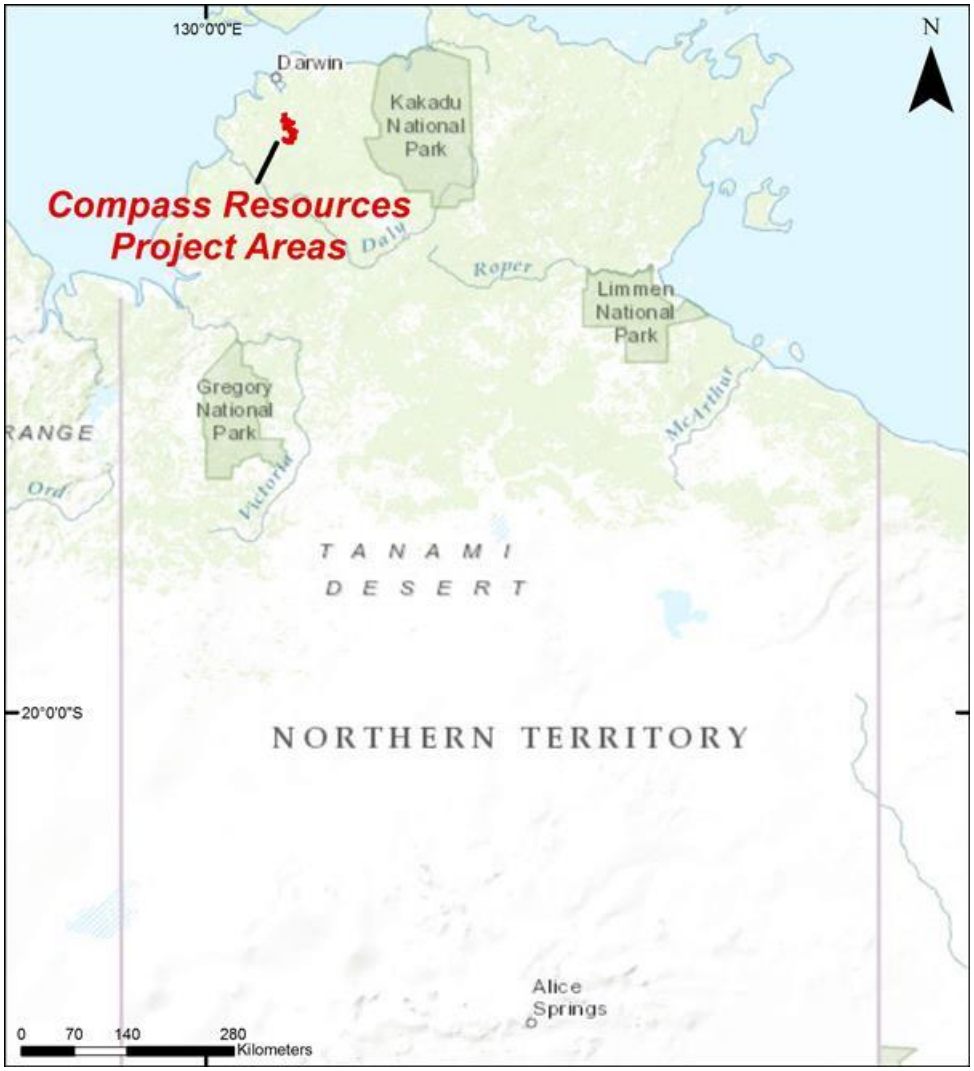
The Mineral Assets of Compass are located around the town of Batchelor in the Northern Territory of Australia, approximately 70km south of Darwin. These tenements cover the majority of the Rum Jungle Mineral Field with a total area of approximately 30km^2. This area has a long history of exploration and mining having been explored for base metals since 1869 and hosted Australia's first uranium mining operation in the 1950s, as well as a number of base metal mines.

Compass acquired the Rum Jungle Project in the early 1990s which now consists of 52 mineral tenements. Compass controls 100% of the mineral rights of 14 tenements, with the remaining tenements held is in joint venture with HNC (Australia) Resources Pty Limited (HNC), involving a raft of agreements. The Joint Venture tenements are in the northern area covering the Rum Jungle Mineral Field. The uranium assets are held entirely by Compass, while all other metals are vested in the Joint Ventures.

3.1.1 Project Location

The projects of Compass are located in the Northern Territory of Australia approximately 70km south of Darwin. The town of Batchelor is located immediately east of the project area.

Figure 2 Project Location



The Batchelor area experiences a tropical savannah climate with distinct wet and dry seasons. The annual rainfall is 1,545mm with the heaviest falls occurring during the wet season months of November to April. High humidity and overnight temperatures as well as large thunderstorms characterise this season. Streams and rivers in the area are prone to seasonal flooding and road closures are common during the wet season. During the dry months (May – October), the overnight temperatures are cooler and the days typically warm with little rainfall or cloud cover.

Access into the project area is from Darwin via a sealed highway to Batchelor. From here, tenements are accessed via the sealed Litchfield Park Road or the Miles Road. Access within the project area is via poorly-defined dirt tracks. Dirt tracks cannot be accessed during the wet season.

Land use within the project area comprises rural residential, smallholding farming, agriculture and grazing. The main industries in the township of Batchelor are education and tourism.

Infrastructure available at Batchelor includes the main road route to Darwin via the Stuart Highway and Batchelor Road. Until its closure in 1976, Batchelor was served by a station on the North Australia Railway. This now disused railway line runs through the tenement areas from north to south. The new Adelaide-Darwin Railway alignment passes several kilometres to the east of the town but no station facilities are provided. Batchelor also has an airfield with a sealed runway suitable for light aircraft. Darwin International Airport is approximately one hour's drive from Batchelor.

Electricity in the area is sourced via a large electricity substation at Batchelor owned by the Power and Water Corporation with the power supply being sourced from the high voltage transmission lines between Darwin and Katherine. The Batchelor area currently sources its water from two dams and ground water aquifers, which are currently utilised for drinking and irrigation purposes.

3.2 Geopolitical Environment

Australia is a politically stable, liberal democracy. According to Control Risks Group Limited on the SNL Metals and Mining website, Political risk, Security risk and Terrorism risk ratings are all categorised as low risk, with Operational risk rating categorised as insignificant.

The Northern Territory (NT) is a federal Australian territory with a Legislative Assembly headed by a Chief Minister. The Administrator of the NT is an official, acting as the Queen's indirect representative in the Territory. Mining is one of the main industries of the NT with an effective exploration and mining regulation system in place.

3.3 Ownership and Tenure

Compass has interests in 52 exploration and mining tenements within the NT of Australia. Forty-seven granted tenements cover an area of 32.82km^2, through a variety of tenement types including mineral leases, mineral claims, mineral authorities, retention licences and exploration licences. This mixture of tenement type reflects the extended mining history and complex land tenure of the area. Compass holds a further 6.78km^2 under five tenement applications, for a total project area of 30.60km^2. Tenement details are given in Table 2 below and shown spatially in Figure ***3***.

For the purposes of this report, Ravensgate have grouped Compass' tenements into the Southern Tenements (14), which comprise exploration licences held 100% by Compass to the south and west of Batchelor, and the Rum Jungle Tenements (38), which cover the Rum Jungle Mineral Field and are held 50% by Compass in Joint Venture with HNC (Australia) Resources Pty Limited (HNC). The uranium assets are held entirely by Compass, while all other metals are vested in the Joint Ventures. Terms of the Joint Ventures are briefly summarised in Section 3.3.2.

Table 2 Tenement Details (Source: Australian Mining and Exploration Title Services)

Tenement	Tenement Type	Registered Holder	Registered Ownership	Status	Grant Date	Expiry Date	Area in Hectares	Annual Rent	Minimum Expenditure**	% CMR Ownership	JV Party	Project Area
ELR 125	Retention Licence	Compass	100%	Granted	23-Aug-1993	22-Aug-2018	1,428	$27,354	$50,000	50%	HNC Aust	Rum Jungle
ELR 146	Retention Licence	Compass	100%	Granted	19-Sep-2001	18-Sep-2016	1,008	$19,374	$50,000	50%	HNC Aust	Rum Jungle
ELR 148	Retention Licence	Compass	100%	Granted	26-Nov-2001	25-Nov-2016	356	$6,604	$27,000	50%	HNC Aust	Rum Jungle
MLN1157	Mineral Lease	Compass & Guardian	90%/10%	Granted	9-Oct-2006	8-Oct-2031	68	$1,514	N/A	50%	HNC Aust	Rum Jungle
MLN1158	Mineral Lease	Compass & Guardian	90%/10%	Granted	9-Oct-2006	8-Oct-2031	114	$2,333	N/A	50%	HNC Aust	Rum Jungle
MLN1159	Mineral Lease	Compass & Guardian	90%/10%	Granted	21-Dec-2006	20-Dec-2031	157	$3,205	N/A	50%	HNC Aust	Rum Jungle
MLN1161	Mineral Lease	Compass & Guardian	90%/10%	Granted	14-Nov-2006	13-Nov-2031	132	$2,730	N/A	50%	HNC Aust	Rum Jungle
MLN1163	Mineral Lease	Compass & Guardian	90%/10%	Granted	24-Mar-2005	23-Mar-2030	127	$2,680	N/A	50%	HNC Aust	Rum Jungle
MLN139	Mineral Lease	Compass & Guardian	75%/25%	Granted	10-Jul-1956	31-Dec-2022	17	$545	N/A	50%	HNC Aust	Rum Jungle
MLN140	Mineral Lease	Compass & Guardian	75%/25%	Granted	10-Jul-1956	31-Dec-2022	17	$545	N/A	50%	HNC Aust	Rum Jungle
MLN141	Mineral Lease	Compass & Guardian	75%/25%	Granted	10-Jul-1956	31-Dec-2022	17	$545	N/A	50%	HNC Aust	Rum Jungle
MLN142	Mineral Lease	Compass & Guardian	75%/25%	Granted	10-Jul-1956	31-Dec-2022	17	$545	N/A	50%	HNC Aust	Rum Jungle
MLN143	Mineral Lease	Compass & Guardian	75%/25%	Granted	10-Jul-1956	31-Dec-2022	17	$545	N/A	50%	HNC Aust	Rum Jungle
MLN144	Mineral Lease	Compass & Guardian	75%/25%	Granted	10-Jul-1956	31-Dec-2022	17	$545	N/A	50%	HNC Aust	Rum Jungle

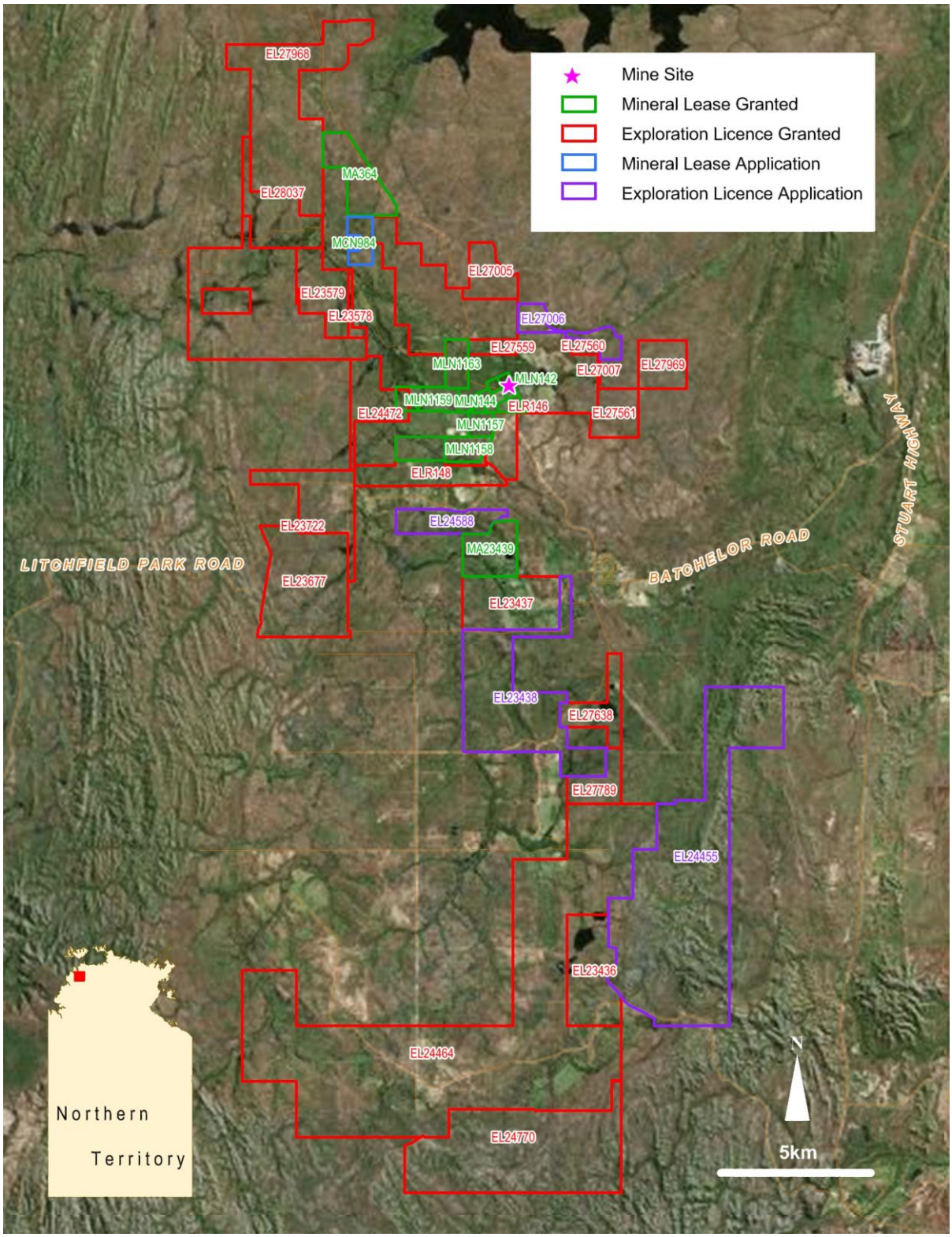
Tenement	Tenement Type	Registered Holder	Registered Ownership	Status	Grant Date	Expiry Date	Area in Hectares	Annual Rent	Minimum Expenditure**	% CMR Ownership	JV Party	Project Area
MLN145	Mineral Lease	Compass & Guardian	75%/25%	Granted	10-Jul-1956	31-Dec-2022	16	$526	N/A	50%	HNC Aust	Rum Jungle
MLN146	Mineral Lease	Compass & Guardian	75%/25%	Granted	10-Jul-1956	31-Dec-2022	16	$545	N/A	50%	HNC Aust	Rum Jungle
MLN147	Mineral Lease	Compass & Guardian	75%/25%	Granted	10-Jul-1956	31-Dec-2022	10	$412	N/A	50%	HNC Aust	Rum Jungle
MLN150	Mineral Lease	Compass & Guardian	75%/25%	Granted	2-Sep-1957	31-Dec-2022	17	$545	N/A	50%	HNC Aust	Rum Jungle
MLN151	Mineral Lease	Compass & Guardian	75%/25%	Granted	2-Sep-1957	31-Dec-2022	15	$507	N/A	50%	HNC Aust	Rum Jungle
MLN152	Mineral Lease	Compass & Guardian	75%/25%	Granted	2-Sep-1957	31-Dec-2022	7	$355	N/A	50%	HNC Aust	Rum Jungle
MCN984	Mineral Claim	Compass & Guardian	90%/10%	Granted	18-Nov-1985	17-Nov-2015	20	$200	N/A	50%	HNC Aust	Rum Jungle
MA364	Mineral Authority	Compass	100%	Granted	2-Jul-1993	1-Jul-2016	350	$1,015	$12,000	50%	HNC Aust	Rum Jungle
EL 23578	Exploration Licence	Compass & Guardian	90%/10%	Granted	30-Dec-2003	29-Dec-2015	47	$1,053	$21,000	50%	HNC Aust	Rum Jungle
EL 23579	Exploration Licence	Compass & Guardian	90%/10%	Granted	30-Dec-2003	29-Dec-2015	368	$665	$15,000	50%	HNC Aust	Rum Jungle
EL 24472	Exploration Licence	Compass & Guardian	90%/10%	Granted	10-Nov-2005	9-Nov-2015	332	$1,247	$21,000	50%	HNC Aust	Rum Jungle
EL 27005	Exploration Licence	Compass	100%	Granted	7-Sep-2009	6-Sep-2015	2,408	$691	$13,500	50%	HNC Aust	Rum Jungle
EL 27007	Exploration Licence	Compass	100%	Granted	18-Jun-2009	17-Jun-2014	7	$665	$11,000	50%	HNC Aust	Rum Jungle
EL 27559	Exploration Licence	Compass	100%	Granted	3-Mar-2010	2-Mar-2015	15	$665	$11,500	50%	HNC Aust	Rum Jungle
EL 27560	Exploration Licence	Compass	100%	Granted	3-Mar-2010	2-Mar-2015	47	$665	$11,500	50%	HNC Aust	Rum Jungle
EL 27561	Exploration Licence	Compass	100%	Granted	25-May-2010	24-May-2016	239	$640	$14,000	50%	HNC Aust	Rum Jungle

Tenement	Tenement Type	Registered Holder	Registered Ownership	Status	Grant Date	Expiry Date	Area in Hectares	Annual Rent	Minimum Expenditure**	% CMR Ownership	JV Party	Project Area
EL 27562	Exploration Licence	Compass	100%	Granted	3-Mar-2010	2-Mar-2015	47	$665	$11,500	50%	HNC Aust	Rum Jungle
EL 27968	Exploration Licence	Compass	100%	Granted	17-Aug-2010	16-Aug-2016	1,387	$1,157	$19,000	50%	HNC Aust	Rum Jungle
EL 27969	Exploration Licence	Compass	100%	Granted	17-Aug-2010	16-Aug-2016	259	$597	$13,000	50%	HNC Aust	Rum Jungle
EL 28037	Exploration Licence	Compass	100%	Granted	5-Nov-2010	4-Nov-2016	464	$597	$14,000	50%	HNC Aust	Rum Jungle
EL 28703	Exploration Licence	Compass	100%	Granted	6-Oct-2011	5-Oct-2017	973	$677	$19,000	50%	HNC Aust	Rum Jungle
MA23439	Mineral Authority	Compass & Guardian	90%/10%	Granted	15-Nov-2005	14-Nov-2015	294	$1,053	$18,000	100%		Southern
EL 23436	Exploration Licence	Compass & Guardian	90%/10%	Granted	30-Dec-2003	29-Dec-2015	582	$665	$15,000	100%		Southern
EL 23437	Exploration Licence	Compass & Guardian	90%/10%	Granted	30-Dec-2003	29-Dec-2015	575	$1,053	$15,000	100%		Southern
EL 23677	Exploration Licence	Earthrowl & Others	Various	Granted	31-Jul-2003	30-Jul-2015	992	$1,053	$19,000	100%		Southern
EL 23722	Exploration Licence	Earthrowl & Others	Various	Granted	18-Sep-2003	17-Sep-2015	505	$1,247	$12,000	100%		Southern
EL 24464	Exploration Licence	Compass & Guardian	90%/10%	Granted	11-Apr-2006	10-Apr-2016	6,019	$4,356	$23,000	100%		Southern
EL 24770	Exploration Licence	Compass & Guardian	90%/10%	Granted	4-Apr-2006	3-Apr-2016	1,883	$1,829	$23,000	100%		Southern
EL 25561	Exploration Licence	Compass	100%	Granted	15-Oct-2007	14-Oct-2015	1,484	$1,635	$20,500	100%		Southern
EL 27638	Exploration Licence	Compass	100%	Granted	28-May-2010	27-May-2016	276	$666	$13,000	100%		Southern
EL 27788	Exploration Licence	Compass	100%	Granted	11-May-2010	10-May-2016	462	$666	$13,000	100%		Southern
EL 27789	Exploration Licence	Compass	100%	Granted	20-Oct-2010	19-Oct-2016	212	$415	$12,000	100%		Southern

Tenement	Tenement Type	Registered Holder	Registered Ownership	Status	Grant Date	Expiry Date	Area in Hectares	Annual Rent	Minimum Expenditure**	% CMR Ownership	JV Party	Project Area
ML25075	Mineral Lease	Compass & Guardian	90%/10%	Application	29-Nov-2005		115		N/A	50%	HNC Aust	Rum Jungle
ELA 27006	Exploration Licence	Compass	100%	Application	3-Oct-2008		1,954		$6,000	50%	HNC Aust	Rum Jungle
ELA 24588	Exploration Licence	Compass & Guardian	90%/10%	Application	18-Feb-2005	N/A	268	n/a	$5,500	100%		Southern
ELA 24455	Exploration Licence	Compass & Guardian	90%/10%	Application	12-Nov-2004	N/A	3,176	n/a	$22,000	100%		Southern
ELA 23438	Exploration Licence	Compass & Guardian	90%/10%	Application	12-Nov-2001	N/A	1,274	n/a	$8,800	100%		Southern

Abbreviations:
ELA = Exploration Licence Application
EL = Exploration Licence
ELR = Exploration Licence in Retention
MA = Mineral Authority
MLN = Mineral Lease Northern
ML = Mineral Lease MCN = Mineral Claim Northern
Compass = Compass Resources Limited
Guardian = Guardian Resources Proprietary Limited - a wholly-owned subsidiary of Compass
HNC Aust = HNC Australia (Resources) Pty Limited
Notes:
** For granted titles, the rent amounts shown are those that apply and have been paid for the current Year. For applications, the rent amounts shown are those that will apply in the first year if the EL is granted. Rents are due and payable by the Anniversary Date for each title.*
*** Expenditure commitments shown are those proposed by the Company for the current Year. Insofar as past years commitments are concerned, if these have not been met then application for a variation of the expenditure covenant is lodged. The Department of Mines and Energy issues an Annual Review Letter for each licence and approves the variation of the expenditure covenant. If the variation of covenant is not approved then the licence becomes subject to a notice of cancellation. There have been no such notices issued in respect of any of the licences set out in the above schedule and, to date, all variations of expenditure sought by the Company have been approved.*

Figure 3 *Tenement Location Map*



Note:

3.3.1 Project Ownership and Relevant Interests

The majority of the project tenements are 100% owned by Compass. Guardian Resources Pty Ltd (Guardian) was the original holder of many of the licences, and in the early years Compass was

in JV with Guardian, eventually becoming the 100% owner of Guardian. The registered titles for many of the tenements list the registered holder to be both Compass and Guardian as holding either 90%/10% or 75%/25% registered ownership (Table 2). The exceptions are EL23677 and EL23722 which are held by Earthrowl and party, with Compass in JV and earning 100%.

Compass controls those tenements south at Batchelor in its own right. The current expenditure commitment on these tenements is approximately $230,000 per annum.

3.3.2 Agreements

There is a Joint Venture Agreement (JVA) with Territory Iron Ltd over an area surrounding MLN1163 that is restricted to the exploration and mining of iron ore.

HNC is the JV partner for the majority of tenements north of Batchelor. There are three separate JV's with HNC (Oxide, Sulphide and Exploration) and the details are complex. Basically, they cover base and specialty metals exploration and mining for all tenements north of Batchelor. Uranium was specifically excluded from the JV's and remains 100% with Compass for all tenements.

Compass provided Ravensgate with the following brief description of transaction documents associated with the extensive and complex JV arrangements between Compass and HNC (Compass 2007).

3.3.2.1 Oxide Transaction Documents

1. **Facility Letter**

   In this letter, HNC Australia (Resources) Pty Limited (HNC Participant) agrees to make available up to $72 million to Compass Resources NL (Compass) to fund development costs of the Oxide Project prior to the commencement of the Oxide JVA.

2. **Pre JV Licence Deed**

   The plant and equipment acquired by Compass with funds made available to it by HNC Participant under the Facility Letter is acquired by Compass as agent for HNC Participant. In the Pre JV Licence Deed, HNC Participant licences that plant and equipment to Compass for use in the Oxide Project.

3. **Pre JV Mortgage (Compass as mortgagor)**

   This deed secures Compass' obligations under the Facility Letter.

4. **Pre JV Mortgage (HNC Participant as mortgagor)**

   This deed secures HNC Participant's obligations under the Facility Letter and the Pre JV Licence Deed.

5. **Oxide JVA**

   This agreement establishes a joint venture between Compass and HNC Participant for the purpose of carrying out the Oxide Project.

6. **Oxide Management Agreement**

   In this agreement, Compass and HNC Participant appoint Compass Mining Pty Limited (Compass Mining) as the operator of the Oxide JVA. Compass Mining is a wholly owned subsidiary of Compass.

7. **Existing Oxide Facilities Sale and Purchase Agreement**

   On the commencement date of the Oxide JVA, HNC Participant is required to purchase all the Oxide Facilities owned by Compass as at that date pursuant to this agreement.

8. **Compass Oxide Licence Deed**

   In this deed, Compass licences the Compass Property (which includes the Tenements) to the Oxide Joint Venturers and the Oxide Operator for use in the Oxide Project.

9. **HNC Oxide Licence Deed**

   In this deed, HNC Participant licences the HNC Property (which includes the Oxide Facilities acquired by HNC Participant from Compass on the commencement date of the

Oxide JVA) to the Oxide Joint Venturers and the Oxide Operator for use in the Oxide Project.

10. Oxide Compass Cross Charge

This deed secures Compass' obligations under the Oxide Transaction Documents. The property charged includes Compass' share of minerals produced by the Oxide Project and Compass' share of proceeds under contracts for the sale of these minerals. No Compass Property is charged.

11. Oxide HNC Cross Charge

This deed secures HNC Participant's obligations under the Oxide Transaction Documents. The property charged includes HNC Participant's share of minerals produced by the Oxide Project and HNC Participant's share of proceeds under contracts for the sale of these minerals. No HNC Property is charged.

12. Oxide Compass Tenement Charge

This deed secures the obligations of Compass and Guardian Resources Pty Ltd (Guardian) under the Compass Oxide Licence Deed. Guardian is a wholly owned subsidiary of Compass. Guardian is the registered holder of 10% interest in the Tenements and is a party to the Compass Oxide Licence Deed for the purpose of licensing that 10% interest to the Oxide Joint Venturers and the Oxide Operator. The property charged under this deed is the rights of Compass and Guardian in any Tenements comprising the Oxide Mining Area from time to time.

13. Oxide HNC Tenement Charge

This deed secures the obligations of HNC Participant under the HNC Oxide Licence Deed. The property charged under this deed is the rights of HNC Participant in any Tenements comprising the Oxide Mining Area from time to time. HNC Participants does not have an interest in any current Tenements but may acquire an interest in future Tenements.

14. Oxide Licensed Property Charge (Compass Property)

This deed secures the obligations of Compass and Guardian under the Compass Oxide Licence Deed. The property charged under this deed is the Compass Property, other than any rights in any Tenements.

15. Oxide Licensed Property Charge (HNC Property)

This deed secures the obligations of HNC Participant under the HNC Oxide Licence Deed. The property charged under this deed is the HNC Property, other than any rights in any Tenements.

3.3.2.2 Sulphide Transaction Documents

16. Sulphide JVA

This agreement establishes a JV between Compass and HNC Participant for the purpose of carrying out the Sulphide Project.

17. Sulphide Management Agreement

In this agreement, Compass and HNC Participant appoint Compass Mining as the operator of the Sulphide JVA.

18. Compass Sulphide Licence Deed

In this deed, Compass licences the Compass Property (which includes the Tenements) to the Sulphide Joint Venturers and the Sulphide Operator for use in the Sulphide Project.

19. HNC Sulphide Licence Deed

In this deed, HNC Participant licences the HNC Property to the Sulphide Joint Venturers and the Sulphide Operator for use in the Sulphide Project.

20. Sulphide Compass Cross Charge

This deed secures Compass' obligations under the Sulphide Transaction Documents. The property charged includes Compass' share of minerals produced by the Sulphide Project

and Compass' share of proceeds under contracts for the sale of these minerals. No Compass Property is charged.

21. Sulphide HNC Cross Charge

This deed secures HNC Participant's obligations under the Sulphide Transaction Documents. The property charged includes HNC Participant's share of minerals produced by the Sulphide Project and HNC Participant's share of proceeds under contracts for the sale of these minerals. No HNC Property is charged.

22. Sulphide Compass Tenement Charge

This deed secures the obligations of Compass and Guardian under the Compass Sulphide Licence Deed. The property charged under this deed is the rights of Compass and Guardian in any Tenements comprising the Sulphide Mining Area from time to time.

23. Sulphide HNC Tenement Charge

This deed secures the obligations of HNC Participant under the HNC Sulphide Licence Deed. The property charged under this deed is the rights of HNC Participant in any Tenements comprising the Sulphide Mining Area from time to time.

24. Sulphide Licensed Property Charge (Compass Property)

This deed secures the obligations of Compass and Guardian under the Compass Sulphide Licence Deed. The property charged under this deed is the Compass Property, other than any rights in any Tenements.

25. Sulphide Licensed Property Charge (HNC Property)

This deed secures the obligations of HNC Participant under the HNC Sulphide Licence Deed. The property charged under this deed is the HNC Property, other than any rights in any Tenements.

3.3.2.3 Regional Exploration Transaction Documents

26. Regional Exploration JVA

This agreement establishes a JV between Compass and HNC Participant for the purpose of exploring for Minerals within the Tenements.

27. Regional Exploration Management Agreement

In this agreement, Compass and HNC Participant appoint Compass as the operator of the Regional Exploration JVA.

28. Compass Regional Exploration Licence Deed

In this deed, Compass licences the Compass Property (which includes the Tenements) to the Regional Exploration Joint Venturers and the Regional Exploration Operator for use in the Regional Exploration Operations.

29. HNC Regional Exploration Licence Deed

In this deed, HNC Participant licences the HNC Property to the Regional Exploration Joint Venturers and the Regional Exploration Operator for use in the Regional Exploration Operations.

3.3.2.4 Other Transaction Documents

30. Rum Jungle JVA Termination Deed

In this deed, Compass and Guardian agree to terminate the Rum Jungle JVA on commencement of the Oxide JVA.

31. Rum Jungle Regional Exploration JVA Termination Deed

In this deed, Compass and Guardian agree to terminate the Rum Jungle Regional Exploration JVA on commencement of the Regional Exploration JVA.

32. Compass Featherweight Floating Charge

This deed secures Compass' obligations under the Oxide Transaction Documents, Sulphide Transaction Documents and Regional Exploration Transaction Documents. The property

charged is all of Compass' present and future assets, undertakings and rights. The maximum amount recoverable under the charge is $10,000.

33. Compass Mining Featherweight Floating Charge

This deed secures Compass Mining's obligations under the Oxide Transaction Documents, Sulphide Transaction Documents and Regional Exploration Transaction Documents. The property charged is all of Compass Mining's present and future assets, undertakings and rights. The maximum amount recoverable under the charge is $10,000.

34. Guardian Featherweight Floating Charge

This deed secures Guardian's obligations under the Oxide Transaction Documents, Sulphide Transaction Documents and Regional Exploration Transaction Documents. The property charged is all of Guardian's present and future assets, undertakings and rights. The maximum amount recoverable under the charge is $10,000.

35. HNC Featherweight Floating Charge

This deed secures HNC Participant's obligations under the Oxide Transaction Documents, Sulphide Transaction Documents and Regional Exploration Transaction Documents. The property charged is all of HNC Participant's present and future assets, undertakings and rights. The maximum amount recoverable under the charge is $10,000.

3.4 History

The Rum Jungle Mineral Field has a long history of exploration and mining. Base metal mineralisation was first identified in the Rum Jungle Mineral Field by Goyder's survey party in 1869. These outcrops were worked on a small scale for copper prior to the turn of the 19th Century as described in a 1907 report of the area. Apart from a brief investigation in 1913 (two drill holes) no notable exploration occurred in the area until the early 1940s.

Government initiatives in the 1940s aimed at stimulating uranium exploration led to the discovery of uranium at Rum Jungle by White in 1949. A decade of intense activity followed during which the uranium, copper and lead deposits were identified. The uranium-gold deposits of the South Alligator Valley were also delineated and exploited during this period.

The first systematic geological survey was conducted by the Bureau of Mineral Resources during the 1940s to 50s and several tin, lead, phosphate and iron prospects were located. Following recognition of a similar stratigraphic and structural setting to Rum Jungle further east in the Alligator Rivers district, a series of major uranium deposits were located including Jabiluka, Ranger, Koongarra and Nabarlek. This established the Pine Creek Orogen as one of the world's largest and richest uranium provinces (Needham and Ross, 1990).

From 1950 through to the early 1980s extensive exploration, primarily for uranium and base metals, was undertaken throughout the district. This identified all of the known major mineral occurrences and in the period 1957 through to 1965 open pit mining was undertaken at Dysons, Whites, Intermediate and Rum Jungle Creek South for uranium and/or copper.

Compass steadily acquired the tenements in the district during the early 1990s and has undertaken extensive exploration programs for both oxide and sulphide base metal deposits along with limited uranium exploration. Extensive drilling programs were able to define a number of base metal deposits and in 2005 Compass entered into a JV with HNC with the objective of developing and mining these deposits, which are described in more detail in Section 3.3.2. The joint venturers completed a feasibility study on the Browns oxide project and commenced mining and processing in 2008. Technical problems however saw the operation close within several months in 2009. Limited exploration has occurred since then, but the joint venturers have completed scoping studies on developing a large underground base metal mine at the Browns deposit and a copper sulphate production project based on the Browns oxide deposit.

The exploration history of the Rum Jungle area tenements are summarised in Table 3 and the exploration history of the southern area tenements are summarised in Table 4.

Table 3 Exploration History - Rum Jungle Area Tenements

Date	*Company*	*Findings*
1950-mid1970s	Territory Enterprises Pty Ltd (JV CRA & Federal Government)	Territory Enterprises Pty Ltd undertook the mining and exploration of the Rum Jungle Field. Exploration of the Browns deposit included costeaning, RAB drilling, churn (mud puncher) drilling and diamond drilling. This phase of exploration culminated in sinking a shaft (130m) with two major levels (consisting of 100m long drives along strike, both east and west of the shaft) at Browns in 1967-68. Twenty underground diamond drill holes were completed before the shaft flooded in May 1969 due to water pump failure. Minor deeper drilling was undertaken during the 1970s. No underground production has been reported (Tear, 2013). Metallurgical studies and testing were undertaken on the sulphide ores, the aim of which was to produce copper and lead concentrates by flotation. The results indicated that it was not possible to produce saleable copper and/or lead float concentrates due to the fine grained nature of the sulphide minerals, resulting in *dirty* concentrates (Rosewall, 2015).
1950-1978	BMR and Territory Enterprises Ltd (JV Rio Tinto & the Commonwealth Government)	The primary focus was on uranium exploration though extensive work was also undertaken for base metals. Exploration drilling during this period (excluding RAB drilling) totalled 1,550 holes for 128,000m. Extensive costeaning, geophysical, geological mapping and soil sampling programs were completed and all of the major prospects identified and tested to some degree (Johansen, 2013a). The prospects and mine areas are indicated on Figure 4.
1978-1989	Uranerz, Marathon, Pancontinental & CEGB	The focus of exploration was uranium which included extensive airborne geophysical and RAB programs. A total of 170 drill holes for 27,000m were completed. No significant new uranium mineralisation was located (Johansen, 2013a).
1990	Troy Resources Ltd (1990)	Troy had an option on the tenements (the current MLNs 139-147 and 150-152). They undertook metallurgical studies on drill core after drilling five diamond drill holes. This test work also failed to find a route to separate the copper and lead concentrates however they did establish that oil agglomeration may be a potential flotation method to produce a bulk sulphide concentrate (Rosewall, 2015).
1994-2009	Compass Resources	The aim was to delineate and exploit the base metal potential of the Rum Jungle Mineral Field. Since 1990 Compass (and various JV partners) had completed 1,680 drill holes for 131,400m (excluding grade control drilling at the Browns Oxide Project). The vast majority of exploration was focused on fully defining oxide base metal resources at Browns, Area 55, Mt Fitch and Browns East, sulphide base metal resources at Browns and Browns East and a uranium resource at Mt Fitch. New resource estimates were completed for all of these projects and exploitation of the Browns Oxide resource commenced in 2008 but ceased in early 2009 (Johansen, 2013a). In 2008, geological mapping on the tenements at Rum Jungle that included the Browns mining leases was undertaken. This improved the understanding of the surface geology in the area and contributed to the ongoing review of the geology and controls on mineralisation (Rosewall, 2015).
1991	Normandy Mining Ltd (Operator of the Woodcutters Mine)	Flew a series of small detailed (50m, 100m and 200m spaced flight lines) aeromagnetic and radiometric surveys in the southern part of the sheet covering some of the current Compass tenements (Johansen, 2013a).
1999	NT Geological Survey	Rum Jungle 1:100,000 Sheet area was flown with detailed aeromagnetics and radiometrics as an aid to the re-mapping of the

Date	*Company*	*Findings*
		sheet. Coverage was at 200m spaced east-west flight lines (Johansen, 2013a).
2009	BMR	In 2009 the BMR flew a large area, including coverage of the Rum Jungle Mineral Field, with broad scale EM (1,600m and some 400m line spacing).
2009	Compass Resources & JV partners	Compilation of historical data, created a GIS with a view to determining future drilling programs.
2010-2012	Compass Resources & JV partners	Helicopter borne EM and magnetics surveys were completed over all Company tenements and some surrounding areas within the Rum Jungle district. A variety of EM conductors were identified for further review and testing. In late 2012 all tenements were flown with a FALCON gravity survey (200m spaced N-S flight lines), magnetics and Lidar data was collected at the same time (Johansen, 2013a).

Table 4 Exploration History - Southern Tenements

Date	Company	Findings
1950-1992	BMR (1951-1970), Territory Exploration Pty Ltd (1954-1965), Pancontinental (1975-79), Uranerz (1979 to 1984) Marathon (1980), Mobil Energy (1982)	BMR commenced exploration in 1951 with a high level airborne survey and continued exploration in the area of MA 23439 up to about 1970. Territory Exploration Pty Ltd concentrated on uranium exploration and mining, which included the drilling of 125 diamond drill holes within the boundaries of MA23439, mostly in the vicinity of the Rum Jungle Creek South Prospect. A number of regional surveys were undertaken by BMR and Marathon with a total of 7 vertical percussion drill holes being drilled on EL 67238 targeting uranium mineralisation. EL 27789 hosts part of the Waterhouse No. 4 uranium anomaly. One percussion hole was drilled within the tenement by Pancontinental in the 1970s and one hole was drilled by Mobil Energy in 1982. No sources for the uranium anomaly was identified by the exploration in EL 27789 (Johansen, 2014b). Uranerz undertook detailed uranium exploration in the general area in the period 1979 to 1984, drilling a large number of RAB and aircore holes around MA 23439 and in adjoining tenements (Johansen, 2014c).
1992-1998	Aztec Mining	Work included stream sediment sampling, soil and rock chip sampling on EL 67238, EL 27788 and EL 27789 as well as a large detailed aeromagnetic and radiometric survey of the general region. One diamond drill hole (91WHD01) was drilled on EL 27788 to 802m with the aim of testing the faulted boundary between the Lower and Mid-Proterozoic. The hole intersected several major fault zones and two large sills of Zamu Dolerite (Johansen, 2014a).
2006-2007	Compass Resources	In 2006, 5 RC holes for a total of 891m were drilled on MA 23439 to the north of the existing Rum Jungle Creek South mine. In 2007 a further 6 RC holes for a total of 770m were also drilled to the north of the mine.
2011	Compass Resources	Compilation of historical data, created a GIS with a view to determining future drilling programs.
2010-2012	Compass Resources	Helicopter borne EM and magnetics surveys were completed over all Company tenements (and some surrounding areas) within the Rum Jungle district. A variety of EM conductors were identified for further review and testing. In late 2012 all tenements were flown with a FALCON gravity survey (200m spaced N-S flight lines), magnetics and Lidar data was collected at the same time (Johansen, 2013a).

Since acquiring the Browns base metal deposit in 1994, Compass and its JV partners have completed 622 drill holes (484 RC and 138 diamond core) into the Browns oxide and sulphide mineralisation (excluding grade control drilling in the Browns Oxide pit). Table 5 provides a breakdown of the drilling at Browns by year. The majority of this exploration was aimed at defining the oxide and sulphide resources suited to open cut extraction (Tong, 2013a).

Table 5 Drilling Undertaken at the Browns Site Since 1990

Year	Drilling	Metres
1990	5 diamond drill holes	369
1991	2 diamond drill holes	636
1994	8 RC drill holes	567
1995	9 diamond drill holes	738
1996	30 RC drill holes	1,855
1997	20 diamond drill holes	2,777
1998	38 RC drill holes	3,350
2000	7 diamond drill holes	935
2001	2 diamond drill holes	891
2002	7 diamond and 1 RC drill hole	1,607
2005	19 RC drill holes	989
2006	10 diamond and 25 RC drill holes	5,190
2007	16 diamond and 67 RC drill holes	15,077
2008	18 diamond and 4 RC drill holes	4,498
2011	9 diamond drill holes	1,327
2012	13 diamond drill holes	1,856

3.4.1 Previous Production

Recorded historic metal production from the Rum Jungle district was recorded at: 1.05 tonnes gold, 1.8 tonnes silver, 28,468 tonnes copper 4,100 tonnes lead and 4,228 tonnes U_3O_8 up to 1989 (Needham and Ross 1990).

Uranium mining by Territory Enterprises, a wholly owned subsidiary of the Consolidated Zinc Group, under contract to the Commonwealth, commenced in 1953 and ceased in 1963. Processing operations continued until 1971 using stockpiled and purchased uranium ore. A total of 863,000 tonnes of uranium ore was processed to produce 3,520 tonnes of U_3O_8 from four Rum Jungle deposits: White's, Dysons, Rum Jungle Creek South (Southern Projects) and Mount Burton. Overburden was removed from a fifth deposit, Mount Fitch, but this resource was never mined (Chilton, 2014).

In the 1950s and 1960s, Territory Enterprises exploited a small part of the Brown's resource for copper and uranium. During this time 720,000t @ 2.2% Cu were produced from the Intermediate Pit and 396,000t of ore at 2.75% Cu and 6.05lb/t U was mined from Whites. A small amount of lead-rich ore was also extracted from Whites (85,000t @ 5.1% Pb, 0.8% Cu and 0.3% Co) though it is not known if this was processed (Tong, 2013).

3.5 Geological Setting

3.5.1 Regional Geology and Mineralisation

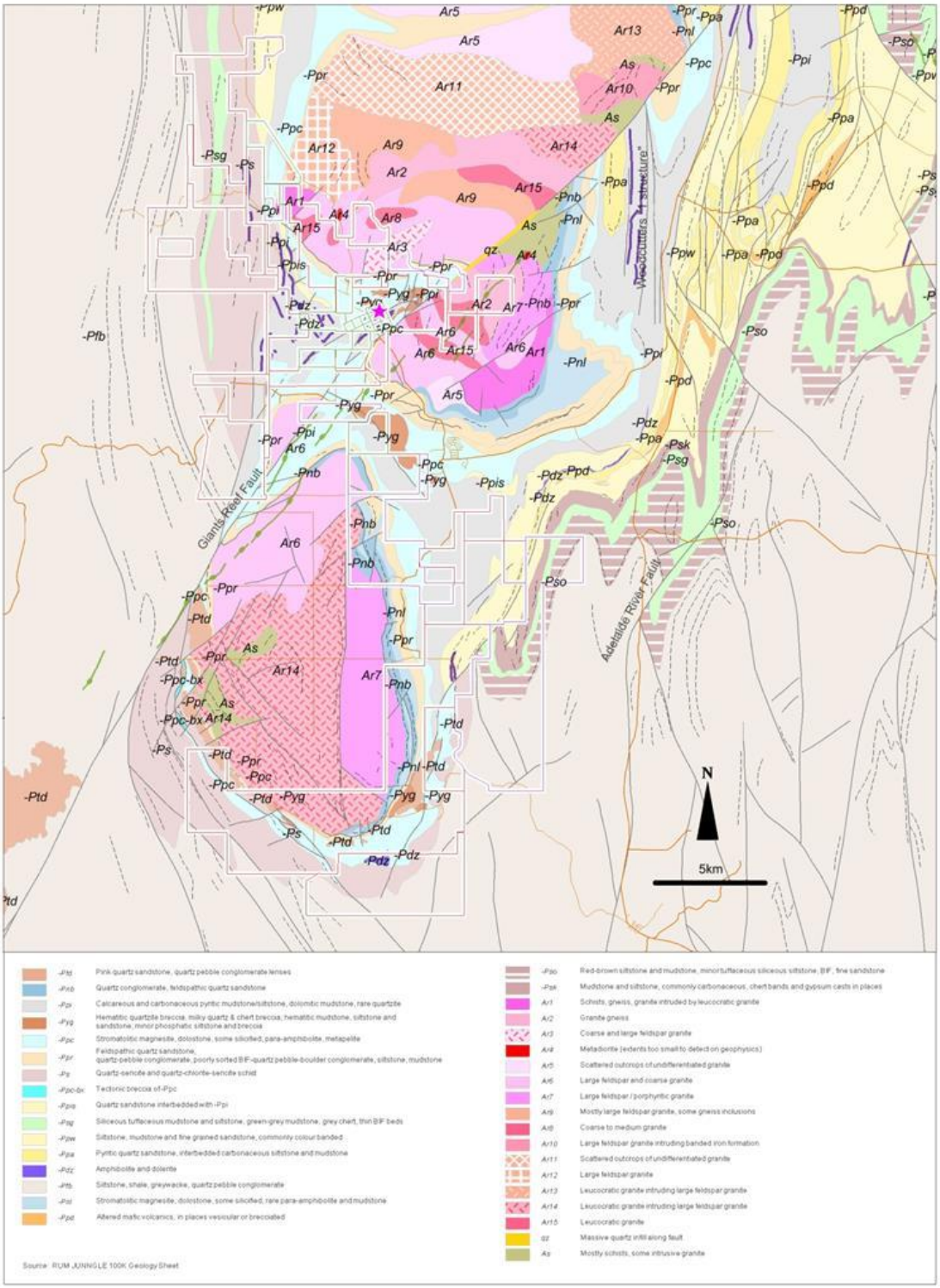
The Project area is situated in the Archaean Rum Jungle Complex which is a techno stratigraphic unit of the Pine Creek Orogen, the northernmost domain of the North Australian Craton. The Rum Jungle Complex comprises schist, orthogneiss, banded iron formation (BIF) and granite

which are exposed in two domal inliers (Figure 4). The Rum Jungle Complex is unconformably overlain by a Palaeoproterozoic sedimentary succession comprising the Manton, Mount Partridge, South Alligator and Finniss River Groups. Dolerite and gabbro sills and plugs of the Zamu Dolerite intrude these sedimentary units. A series of north-northwest trending syn- and anticlinal fold structures, reverse faults and northeast striking cross structures control the distribution of Palaeoproterozoic rock sequences, which include (from oldest to youngest) the Crater Formation, Coomalie Dolostone, Whites Formation, Wildman Siltstone, Koolpin Formation, Gerowie Tuff, Mount Bonnie Formation and Burrell Creek Formation. Multiple folding and faulting events ranging in age from 1,880 to 1,760 Ma have affected the region. Thrusts have been overprinted by tight to isoclinal north-trending folds and upper greenschist facies metamorphism. Open folding and kinking, as the distal expression of granite emplacement, was followed by retrograde lower greenschist facies metamorphism and regional-scale, northwest-trending strike-slip faulting. Uranium and polymetallic base metal mineralisation is known to occur within the Mount Partridge Group sedimentary units, around the margins of the Archaean domes and is also associated with regional scale faults. Uranium mineralisation in the regional area occurs at, or proximal to these unconformities. Uranium and polymetallic base metal mineralisation is known to occur in the Mount Partridge Group sedimentary units around the margins of the Archaean domes and is also associated with regional scale faults (Parker *et al.*, 2011).

In the Southern portion of the project area the core of the Archaean Waterhouse Dome comprises mixed schist, gneiss, and granitic units and metasedimentary units and BIF assigned to the Stanley Metamorphics, upon which early Proterozoic sedimentation took place. The Proterozoic sedimentary sequences consist of repeated cycles which commence with the deposition of high energy conglomerate and sandstone, which fine upwards to shallow-water limestone. Exposures of the Early Proterozoic sedimentary units include the Manton Group, Mount Partridge Group, South Alligator and Tolmer Group sedimentary units, which are folded around the margins of the granitic dome. This southern area is prospective for unconformity-type and vein-hosted uranium mineralisation along the western and south-western margins of the Waterhouse Dome, where a number of previously identified uranium-base metal prospects are situated. In addition, base metals, phosphate, iron and magnesium prospects are also evident along the northern margin of the dome (Royal Resources Limited, 2015).

The Giants Reef Fault is a major regional northeast-trending dextral strike-slip fault, of 200km extent, with 5-8km of lateral offset. It passes between the Rum Jungle Dome and the Waterhouse Dome.

Figure 4 Geology and Licence Locations of the Batchelor Area Project



3.5.1.1 Regional Base Metal Mineralisation

Base metal deposits of the Rum Jungle Complex are classified as polymetallic stratabound deposits (in places stratified) with both lead-zinc-silver and uranium plus or minus copper, plus or minus cobalt. Sulphide base metal mineralisation within the Rum Jungle Mineral Field occurs as two distinct styles: Stratabound sulphide mineralisation and Woodcutters Style

mineralisation. Oxide base metal mineralisation occurs in association with underlying sulphide mineralisation.

The Browns, Area 55 and Mt Fitch mineralisation are examples of the stratabound sulphide style of mineralisation. Polymetallic (copper, lead, zinc, cobalt, nickel, silver) deposits occur at or close to the boundary between the Coomalie Dolomite and the Whites Formation as conformable lenses in sheared carbonaceous metapelites. The Browns deposit appears to represent a zonation through zinc, lead and copper, which passes along strike to copper plus cobalt in the Intermediate, Whites and Dyson's deposits of the embayment area. It has been speculated that varying Eh-pH conditions during syn-sedimentary metal concentration are important to ore genesis (Needham and Ross, 1990).

The Woodcutters Mine, located 12km ENE of Batchelor, produced 4.6Mt @ 12.28%Zn, 5.65%Pb and 87g/t Ag from a predominantly underground operation between 1985 and 1999. Here, transgressive dolomite-silica lodes cutting dolomite and dolomitic shale hosted the silver lead zinc ore. At the Woodcutters deposit the mineralisation is structurally controlled and probably related to a major Mid-Proterozoic structural event. Mineralogy is complex with sphalerite, galena, arsenopyrite, lead sulfosalts (bournonite, boulangerite, geocronite, meneghinite and jamesonite), tetrahedrite and rare chalcopyrite, stannite and pyrrhotite. Gangue minerals are dolomite, quartz, tourmaline, calcite and apatite.

Oxide base metal resources typically contain recoverable quantities of copper, cobalt and nickel and occur either as a gossan after oxidised stratiform base metal sulphide mineralisation at the base of the Whites Formation or as a chemical precipitate in adjacent ferruginous weathered dolomite (Johansen, 2013a).

3.5.1.2 Regional Uranium Mineralisation

Uranium deposits of the Pine Creek Orogen are mainly stratabound in partly carbonaceous metasedimentary units ranging from low to medium metamorphic grade and are disseminated to stratified uraninite deposits. The Whites Formation is the host to most uranium mineralisation in the Rum Jungle Field. Each of these hosts lies at a different stratigraphic position but are low in the sedimentary sequence close to the granitic basement and are locally the lowest carbonaceous unit. Carbonate rocks of the Coomalie Dolomite are invariably adjacent to the Rum Jungle uranium deposits. Many of the Rum Jungle uranium deposits are associated with base metals. Although stratabound, structural controls on mineralisation are strong and in all cases are brecciated related to faulting or folding hosting high grades. Models of breccia genesis involving near surface carbonate solution have been advanced by some workers. Intense chlorite alteration is present in most deposits and this chlorite alteration has been dated at 1,610 Ma. Other alteration minerals include sericite and hematite. Ore genesis models typically involve low-temperature hydrothermal fluids derived from the Archaean basement complex which carry uranium and other metals up into the overlying sedimentary units channelled by breccia zones, with carbonaceous matter and clays considered to be the precipitants for uranium concentration.

3.5.2 Rum Jungle Project Geology

The Rum Jungle Mineral Field is located within the Pine Creek Orogen, the northernmost domain of the North Australian Craton. The basement geology is dominated by the Neo-Archaean Rum Jungle Complex comprising two inliers (the Rum Jungle and Waterhouse domes) of 2.5Ga S- and I-type granitoids with minor gneiss, schist and banded ironstone (Figure 4). The basement units have been subjected to broad folding events with regional metamorphism reaching lower greenschist grade.

A prolonged unconformity separates the Neo-Archaean from overlying Palaeoproterozoic sedimentary strata forming the base of the Pine Creek Orogen. The Palaeoproterozoic sedimentary strata are all part of the Mount Partridge Group comprising the Crater Formation, Coomalie Dolomite, Whites Formation and Wildman Siltstone. Outcrop of the Crater Formation extends around the margins of both basement domes and rests unconformably on the granitoids and metamorphics of the domes (Johansen, 2013a).

The Browns stratabound base metal deposit is hosted by the Proterozoic Mount Partridge Group. The mineralisation is situated near the base of the Whites Formation close to the contact with the Coomalie Dolomite.

The Coomalie Dolomite is composed of stromatolitic dolomite, magnesite and dolostone, with minor interbeds of calcareous metapelite. Extensive areas of quartz-haematite breccias, quartz-chlorite-pyrite breccias and magnesite represent hydrothermal Fe-Mg alteration systems associated with regional scale Mid-Proterozoic thrust faulting. The dolomite is white to grey with stylolites in places.

The Whites Formation conformably overlies and interfingers with the Coomalie Dolomite. It consists of fine-grained, commonly pyritic, calcareous and/or carbonaceous argillite, black slate and mudstone with minor quartzite, dolomudstone, mica schist and cordierite schist. It is black to dark grey, laminated to semi-massive, fine grained with pyrite occurring as discrete bands parallel to bedding in many places. All of the known stratabound base metal sulphide mineralisation in the district, including the Browns deposit, occurs within the basal 70m of the Whites Formation.

The Zamu Dolerite intruded into the Mt Partridge Group ca. 1870Ma. A large body of the Zamu Dolerite intrudes the Whites Formation just into the hanging wall of the mineralisation whereas smaller dykes penetrate the resource and footwall dolomite. The dolerite is multi-phased and variable ranging from dark green to grey with a massive or foliated appearance. It is vesicular in places. The intrusion of the Zamu Dolerite was associated with a regional deformation event which generated bedding parallel thrust surfaces characterised by extensive zones of brecciation and intense hydrothermal alteration in places. Uranium mineralisation (and a variety of other metals) was introduced as part of the same hydrothermal event.

The Giants Reef Fault is a major regional northeast-trending dextral strike-slip fault, with 5-8km of lateral offset, which passes within 1km of the Browns deposit. Sub-parallel faults with kilometres of movement occur in close proximity to the Browns deposit and may terminate the eastern end of the mineralisation.

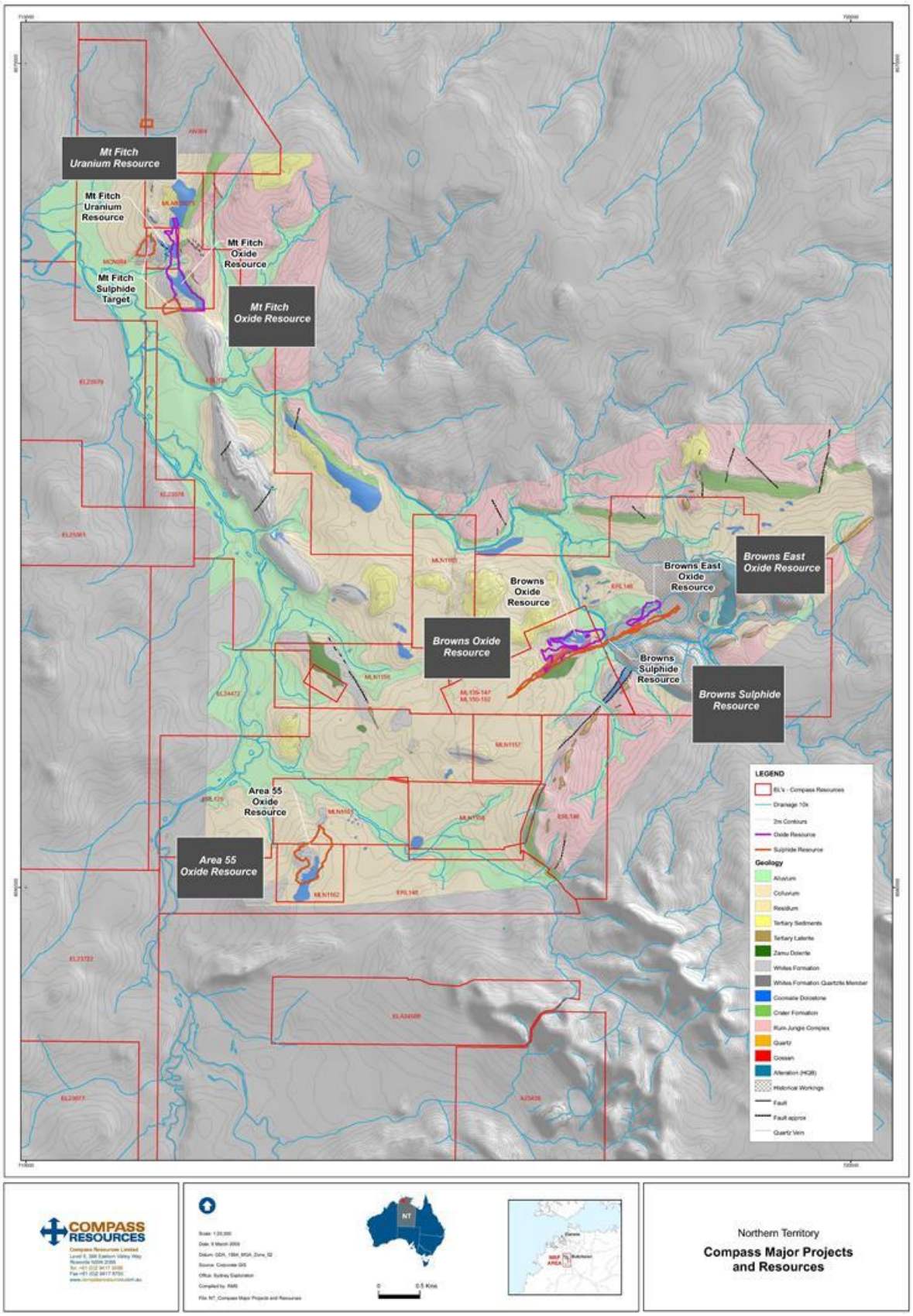
Much of the local area is covered by un-named Tertiary or Mesozoic fluviatile sedimentary units occurring as valley fill. These sedimentary units consist of poorly sorted quartz-rich sandy clays, pebble conglomerates and poorly consolidated sands and silts. Exploration drilling indicates thicknesses approaching 100m on a very dissected pre-Tertiary surface. Recent, transported pisolitic soils (probably derived from erosion of these sedimentary units) and alluvium, also obscure much of the remaining basement geology (Tong, 2013a).

The Browns area comprises a number of oxide and sulphide polymetallic deposits including Browns and Browns East, Mt Fitch Copper and Area 55. The Browns and Browns East sulphide mineralisation covers a strike length of 2.5km with a steep to sub-vertical dip to the south. The division between Browns and Browns East is an arbitrary point generally where there is least drilling between the two areas.

The sulphide deposits at Browns are stratabound, hosted within the Proterozoic graphitic shale of the Whites Formation. Primary mineralisation consists of fine grained disseminated pyrite, galena, chalcopyrite and seigenite. The deposits have a distinct metal zonation, both along strike and stratigraphically. There is a complex structural overprint (Tear, 2013).

The uranium mineralisation at the Mt Fitch and Whites uranium deposits is interpreted to be related to a late-stage deformational event and postdates the stratabound base metal mineralisation which generally has only background uranium values (Tong, 2013a). The juxtaposition of the uranium and base metal mineralisation together, even though they were formed at very different times geologically, can be attributed to coincidence.

Figure 5 Project Showing Interpreted Basement Geology



Note: boundaries of tenements shown in this figure are out of date.

3.5.3 Southern Area Geology

The Archaean Waterhouse Dome comprises mixed schist, gneiss, granitic units, metasedimentary units and BIF assigned to the Stanley Metamorphics, upon which early Proterozoic sedimentation took place. The dominant surface rock types belong to the Mount Partridge Group of the Lower Proterozoic. The oldest of these sedimentary units are of the Crater Formation, consisting primarily of arkosic arenites and conglomerates. This unit is overlain by black shales and marls of the Whites Formation. The Whites Formation is in turn overlain by the major carbonate sequence of the Coomalie Dolomite. It is within the lower parts of the Whites Formation and in the transition zone between the Whites and Coomalie Dolomite that the stratabound base metal sulphides occur. The extensive areas of quartz-haematite breccias represent structurally disturbed and altered equivalents to the Coomalie Dolomite that are associated with a major regional Mid-Proterozoic structural event. Uranium mineralisation around the Waterhouse Dome and elsewhere in the Pine Creek Orogen is associated with this structural event. Minor Mid-Proterozoic dolerites intrude the stratigraphy. The boundary between the Lower and Mid-Proterozoic units is a series of bedding parallel thrusts that are intruded in many places by Zamu Dolerite. Extensive sills and non-concordant bodies of Zamu dolerite intrude along the thrust sheets and these are also variably altered and provide some age constraints on the structural and mineralising events (Johansen, 2014a and 2014c).

3.5.4 Controls on Mineralisation

The Browns, Area 55 and Mt Fitch mineralisation are examples of Lower Proterozoic stratabound sulphide mineralisation. This polymetallic style of mineralisation occurs at, or close to, the boundary between the Coomalie Dolomite and the Whites Formation.

The vast majority of oxide base metal mineralisation is derived from weathering of the primary stratiform base metal mineralisation though some may be sourced from structurally controlled copper (chalcopyrite) mineralisation within the dolomite and schist.

Oxide mineralisation occurs in two main settings:

- Within the tremolite schist where it primarily occurs as a base metal bearing gossan reflecting the original sulphide distribution. The gossan is characterised by high copper, cobalt, nickel and lead values with relatively little lateral remobilisation of the metals.
- Within intensely weathered dolomite where the metals have undergone oxidation, dissolution, transport and re-deposition. There is a strong correlation of the base metals with zones of elevated iron and manganese in the weathered dolomite. Cobalt appears to have travelled further than nickel or copper.

These form distinct mineralised zones that can be domained using the dolomite – schist boundary. There are only minor amounts of oxide mineralisation hosted by the chert or shale units as both have low iron contents.

Tertiary fill is an extremely poor host (it may even be post oxide mineralisation) with high porosity and low iron content in the sandy areas providing no precipitation mechanism while the clay-dominated areas are characterised by very low porosity and moderate iron content and may have acted as a barrier to the transport of metal.

A combination of these factors generates a predictable pattern to the distribution of mineralisation within the Area 55 Oxide deposit (Johansen, 2013a).

The uranium mineralisation mined from the Whites pit is also related to a late-stage structurally-controlled event and is not related to the stratabound base metal mineralisation which generally has only background uranium values (Tong, 2013a).

The controls of uranium mineralisation at Rum Jungle are considered to be associated with a major, Mid-Proterozoic structural event with extensive brecciation and thrust faulting. The structural zones provided pathways for the large volumes of hydrothermal fluid that were generated. Uranium deposits, plus occurrences of gold, platinum, base metals and phosphate are associated with the alteration systems. The structural model appears to be identical to the Ranger model (Chilton, 2014).

3.6 Recent Exploration Results

3.6.1 Rum Jungle Tenements

Data compilation of all historical and recent exploration drilling within the entire Rum Jungle 1:100,000 sheet (Special) has been completed by the JV with the drilling database for the Rum Jungle Mineral Field currently holding 5,761 drill holes for a total of 360,453m of drilling and 1,531,954 individual assays. This data is held in a Datashed database. This compilation will significantly assist future geological review of the remaining exploration potential within the Rum Jungle Mineral Field.

In mid-2013, the Access database containing an additional 2,050 drill holes for a total of 285,074m of drilling from the closed Woodcutters Mine (former operators Nicron Resources and Normandy) was sourced from the NT Mines Department. The Woodcutters Mine was located only 12km east-northeast of Batchelor and exploration data from this mine may assist with the interpretation of the geology of the Rum Jungle Mineral Field (Chilton, 2014).

A Scoping Study primarily of the lead resource at Browns was undertaken in 2012-2013 to assess the potential of an underground sulphide mining operation. The study consisted of resource modelling, stope design and underground engineering, flotation studies and existing plant redesign.

During the period 2013-2014 geophysical survey data has been added to all relevant historical digital geophysical data over the Rum Jungle district which was acquired from the Mines Department and reprocessed with a view to modelling the data to identify potential drilling targets. This proposed modelling will incorporate all of the previous electromagnetic, induced polarisation, aeromagnetic and gravity data into one complete package.

3.6.2 Southern Tenements

The southern tenements are primarily prospective for uranium however, Compass has noted that there is also potential for gold, platinoids, phosphate and magnesite.

No fieldwork has been undertaken on the Southern Projects between 2009 and 2015, although remote sensing exploration surveys were flown in December 2012, including a Falcon gravity survey with associated aeromagnetics, radiometrics and a topographic LIDAR survey. This data was reported in annual reports to the Northern Territory Geological Survey but no in depth analysis was undertaken by Compass (Johansen, 2014).

3.7 Exploration Potential

3.7.1 Base metal Exploration Potential

The Browns, Area 55, Mt Fitch and Browns East areas are where the majority of drilling and data generation has been carried out and are currently viewed by Compass as the most important exploration projects. The remaining tenements have undergone limited modern exploration. Drill targets can be defined from the geophysical modelling which the company has proposed that they will be undertaking in order to test the geophysical anomalies and mineralisation model. There is an extensive dataset in place to facilitate this process.

The result of the review of historical exploration data undertaken by Compass in 2009-2011 is a better understanding of both the regional geology as well as the detailed geology of individual prospects as well as a complete re-interpretation of the timing and controls to mineralisation (Johansen, 2014c).

3.7.2 Uranium Exploration Potential

The Rum Jungle Creek South Prospect area is where the majority of drilling and data generation has been carried out and is currently viewed by Compass as the most important. The remaining project area tenements have undergone limited modern exploration for uranium. Drill targets can be defined from the geophysical modelling which the company has proposed that they will be undertaking in order to test the geophysical anomalies and mineralisation model. There is an extensive dataset in place to facilitate this process.

There had never been a comprehensive review of the overall uranium potential of the Rum Jungle Mineral Field outside the previously mined areas. The result of the review of historical exploration data undertaken by Compass in 2009-2011 is a better understanding of both the regional geology as well as the detailed geology of individual prospects as well as a complete re-interpretation of the timing and controls to mineralisation. Johansen (2014c) reported that uranium mineralisation is associated with a major, Mid-Proterozoic structural event characterised by extensive brecciation and thrust faulting sub parallel to regional bedding. Intrusion of the multiphase Zamu Dolerite occurred around this time and exploited many of these structural weaknesses. Large volumes of hydrothermal fluid were generated and exploited the structural zones as fluid pathways. Alteration assemblages introduced, include silica, hematite (hematite quartz breccia), specular hematite, apatite, chlorite, magnesite and minor pyrite. Uranium deposits and occurrences of uranium, gold, platinum, base-metals and phosphate are associated with the alteration systems. In summary, the Rum Jungle uranium mineralisation appears to be a structurally controlled, Mid-Proterozoic, iron oxide uranium +/- copper, gold, platinum system. Given the extensive areas of shallow cover (approximately 80%) and limited testing of the structural model, the Rum Jungle Mineral Field remains one of the premier uranium exploration opportunities in Australia (Johansen, 2014c).

3.7.3 Iron Ore Exploration Potential

The Yarraman Iron Prospect (1km northwest of the Browns Project) was identified in 1954 with Thiess Bros P/L undertaking extensive exploration from 1967-70. Territory Iron P/L entered into a JV with Compass over the prospect in 2004 and undertook a drilling program in 2005. This outlined hematite – goethite mineralisation estimated to total 730,000t @ 56.9% Fe (non JORC Compliant). The JV is still current though little additional exploration has been undertaken. The iron ore appears to be structurally controlled and hosted by Mesozoic sedimentary units. It is assumed the structural zones have been invaded by iron-rich solutions derived from weathering of the underlying Proterozoic dolomites. Very similar iron-rich outcrops were mapped northeast of Mt Fitch where some of the regional exploration drilling had broad +50% Fe intersection. Several other iron ore prospects are recorded in the district and are structurally controlled, replacement deposits. In summary, all of the known iron ore deposits in the district appear to be structurally controlled with limited tonnage potential (Johansen, 2014c).

3.7.4 Exploration Potential for Other Minerals

There has been sporadic historical exploration for magnesite throughout the Rum Jungle Mineral Field. Geopeko, BHP, Normandy Mining and Mt Grace Resources all undertook drilling programs. Mt Grace identified a resource of 17Mt @ 41.5% MgO at the Winchester prospect to the east of Batchelor. Several intersections of magnesite were recorded at the Blueys Magnesite prospect within ELR 125. The magnesite is an alteration product of the Coomalie and Celia Dolomites and is related to the large hydrothermal alteration systems associated with the major Mid-Proterozoic structural event. Given the size of these alteration systems there is significant exploration potential for large magnesite deposits throughout the Rum Jungle Mineral Field, including the Compass tenements.

The Rum Jungle Mineral Field is not well known for gold and there is only limited historical production. The largest producer was the Sundance mine located 2km east of Batchelor which produced 37,000t @ 7.57g/t Au between 1986 and 1994. Gold mineralisation in the district occurs as two main types: auriferous quartz-pyrite veins and gold-platinum-palladium mineralisation. The Sundance, Toms Gully and Virginia mines are examples of the quartz-pyrite type. Mineralisation is likely associated with the Mid-Proterozoic structural event and prospects located in reactive host rocks (dolomite, dolerite) are more prospective than veining in siltstone.

Gold-platinum-palladium mineralisation has been intersected in drilling at the Sargents, Sargents North, Hardtop and Kylie prospects south of Batchelor. Each of these prospects (radiometric anomalies) occurs within zones of extensive brecciation associated with the Mid-Proterozoic structural event on the margins of the Archaean Waterhouse Dome. The mineralisation is associated with chlorite +/- tremolite alteration and minor sulphides; and may be similar in style to the Coronation Hill deposit. The recognition of extensive zones of

brecciation and hydrothermal alteration throughout the Rum Jungle Mineral Field has enhanced the gold potential of the district.

Extensive exploration for phosphate was undertaken by the BMR and Rio Tinto in the 1960s and 1970s. There are 16 phosphate occurrences in the district and the majority fall within the Compass tenements. Testing for rare earth elements showed lower levels than is typical for the major shallow marine phosphate deposits in other provinces, eliminating this model. The prospects reflect apatite alteration within the breccias associated with the Mid-Proterozoic structural event. As a consequence, tonnage potential is restricted and there is little chance of developing economically significant deposits (Johansen, 2014c).

3.7.5 Constraints to Further Exploration Success

Ravensgate can currently see no constraints other than adequate funding of further exploration activities.

3.8 Mineral Resources

The Rum Jungle project contains one historical uranium Mineral Resource estimated in accordance with the JORC Code (2004 Edition), which has been publicly reported and remains current. This is the Mt Fitch uranium Mineral Resource of 5.03Mt @ 0.80 lbs/t U_3O_8.

Historic mineral resource estimates are available for four other deposits (Browns base metal sulphide, Browns oxide, Browns East oxide and Area 55) which had been publicly released many years ago, however these estimates are no longer valid having been superseded by newly acquired drill data and subsequent resource modelling.

Prior to Compass going into administration, significant additional resource development works had been undertaken, including mining, and all the oxide Mineral Resources (Browns oxide, Browns East oxide and Area 55) were in the process of being re-estimated. Compass developed new internal mineral resource estimates, however none of these were completed, they are presently not compliant with the JORC Code (2012 Edition) and hence have not met the requirements for public reporting.

The most current resource estimate for the Browns base metal sulphide resource was undertaken by an independent consultant in accordance with the JORC Code (2004 Edition) (Tear, 2013). This estimate was never publicly released, and with the new JORC Code (2012 Edition) now in force, Ravensgate is not permitted to formally release it in this public document.

Ravensgate has sighted the historic and unreported estimates in their present form and is of the opinion that to value Compass based on the last publically reported historical Mineral Resources would be misleading. Therefore, the reader is advised that the base metal Mineral Resources described in Sections 3.8.2 to 3.8.6 of Ravensgate's independent technical report on the Mineral Assets, are not compliant with the JORC Code (2012 Edition) and hence have not met the requirements for public reporting.

3.8.1 Mt Fitch Uranium Mineral Resource (JORC 2004)

The Mount Fitch project is located on the western edge of the Rum Jungle Dome, 7.5km northwest of Browns. This resource is partially hosted in shale and partially in altered dolomite (Figure 4).

The Mt Fitch Uranium prospect was originally identified in 1966 and subject to extensive drilling by Territory Enterprises Ltd (TEP). By 1969 TEP had estimated a resource of 3.5 Mt @ 0.96lbs/t U_3O_8 and a trial pit developed to collect a bulk sample. Limited further drilling was completed by Uranerz and CEGB in the 1980s. In 2005, Compass completed 22 RC drill holes for 1,654m at the prospect and in May 2006 Knox Partners completed a new resource estimate of 18.3 Mt @ 0.79 lbs/t U_3O_8. This estimate was based primarily on historical drilling results and crucially areas of historical drilling that were not physically assayed, were assigned a null value (rather than a background value). This allowed the grade intervals to be smeared over a large area as the model was essentially unconstrained. Compass followed with further RC drilling programs in 2006/07 totalling 78 holes for 8,971m. Combined with the historical drilling this closed much of the resource down to a nominal 15m x 15m drill pattern (Johansson, 2013).

In January 2008 independent consultants Hellman and Schofield estimated a new resource using a cut-off grade of 0.5 lbs/t U_3O_8 for the Mt Fitch Uranium deposit.

Table 6 Mt Fitch Uranium Mineral Resource Estimate (JORC 2004)

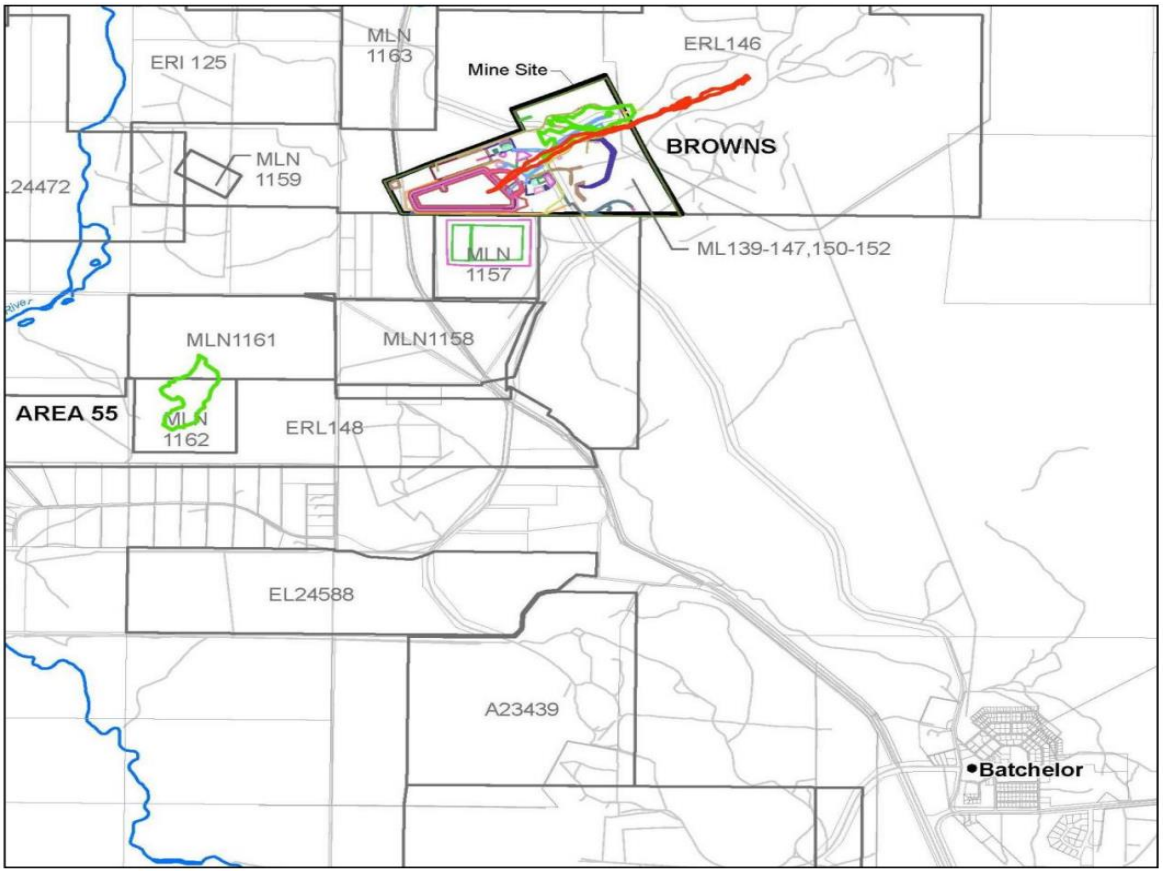
Category (JORC 2004)	Tonnes (Mt)	U_3O_8 (lbs/t)
Measured	1.84	0.92
Indicated	2.71	0.74
Inferred	0.48	0.70
Total	5.03	0.80

The resource report pertaining to this estimate was not able to be provided to Ravensgate by Compass for this assignment, therefore Ravensgate is unable to comment about the quality of this estimate. The public announcement provided only a paragraph of commentary about the resource estimate. Johansson (2013) briefly described the results of the work of Hellman and Schofield, and commented that the resource was generated using all available data and applying a background value to zones of historical holes not assayed (as they had been tested by scintillometer and only potentially economic zones assayed).

3.8.2 Browns Base Metal Deposit

The Browns deposit is located approximately 7km north of Batchelor as illustrated in Figure 6. It is a stratabound base metal deposit which extends for 2.5km along strike (east-northeast).

Figure 6 Location Map of the Browns Deposit



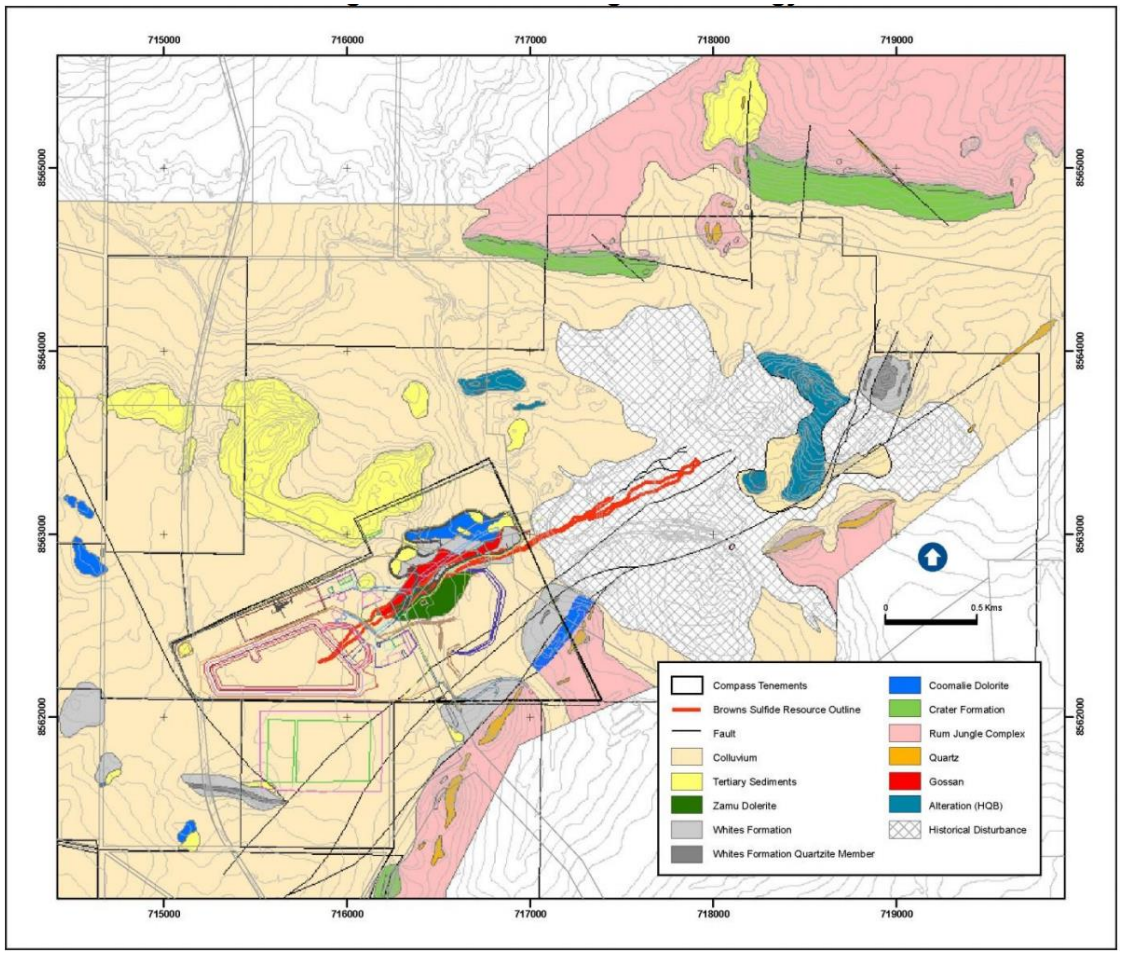
The Browns deposit consists of two main lenses of sulphide mineralisation and both lenses display distinct metal zoning with copper to the east through the lead-rich portions and finally into mostly zinc mineralisation to the west. Cobalt and nickel mineralisation is associated with the copper and lead zones. The lenses are sub-vertical and vary in width from 5m to 60m. The mineralisation extends to surface over its entire strike length and the base of weathering is shallow at 10 to 15m. Despite the presence of large faults nearby there is little evidence of local displacement, however in the eastern half of the Browns Deposit the host sedimentary units show evidence of high strain and local structural deformation related to the nearby faulting. This may impact on future mining options for this area (Johansen, 2013).

The area has had a substantial amount of exploration, including drilling, completed over a period of 50 years. Historical mining of copper mineralisation has left two small open pits in Browns East pit (base metals), the Intermediate pit (base metals) and Whites Pit (uranium), in conjunction with some small scale underground workings at Browns and Browns East (base metals).

The sulphide mineralisation is extremely fine grained and difficult to identify visually. Even at relatively high grade, visible economic minerals may be restricted to smearing on joint surfaces or fine laminations on bedding partings. Local structural deformation may produce coarsening of the sulphides as localised breccia matrix fill and irregular veinlets. The primary sulphides present are pyrite, galena, chalcopyrite, sphalerite and siegenite (a cobalt-nickel sulphide). Bornite is present in zones of high grade copper mineralisation and likely reflects late stage structurally controlled mineralisation overprinting the stratabound mineralisation. The pyrite associated with the deposit and throughout the surrounding host sedimentary units is fine grained and unstable, oxidising relatively quickly when exposed to air resulting in a strong potential for acid mine drainage issues. The fine grained nature of the sulphides has historically caused metallurgical issues in the production of separate clean concentrates from the mineralisation.

The Browns stratabound base metal deposit is hosted by the Proterozoic Mount Partridge Group. The mineralisation is situated near the base of the Whites Formation close to the contact with the Coomalie Dolomite. The Coomalie Dolomite is composed of stromatolitic dolomite, magnesite and dolostone, with minor interbeds of calcareous metapelite. Extensive areas of quartz-haematite breccias, quartz-chlorite-pyrite breccias and magnesite represent hydrothermal Fe-Mg alteration systems associated with regional scale Mid-Proterozoic thrust faulting. The dolomite is easily recognisable in core as a white to grey dolomitic rock with rare styolites. The Whites Formation conformably overlies and interfingers with the Coomalie Dolomite. It consists of fine-grained, commonly pyritic, calcareous and/or carbonaceous argillite, black slate and mudstone with minor quartzite, dolomudstone, mica schist and cordierite schist. In core it is recognised by a black to dark grey colour, a laminated to semi-massive, fine grained appearance with pyrite often occurring as discrete bands parallel to bedding. All of the known stratabound base metal sulphide mineralisation in the district, including the Browns deposit, occurs within the basal 70m of the Whites Formation. The Zamu Dolerite was intruded into the Mt Partridge Group at about 1,870Ma. A large body of the Zamu Dolerite intrudes the Whites Formation just into the hangingwall of the mineralisation while smaller dykes penetrate the resource and footwall dolomite. In core the dolerite is multi-phased and variable ranging from dark green to grey in colour with a massive or foliated appearance and is occasionally vesicular. Intrusion of the Zamu Dolerite was associated with a regional deformation event which generated bedding parallel thrust surfaces characterised by extensive zones of brecciation and variable but often intense hydrothermal alteration. The uranium mineralisation mined from the Whites pit is also related to a late stage structurally controlled event and is not related to the stratabound base metal mineralisation which generally has only background uranium values (Johansen, 2013).

Figure 7 Geological Map of the Browns Deposit and Surrounding Tenements

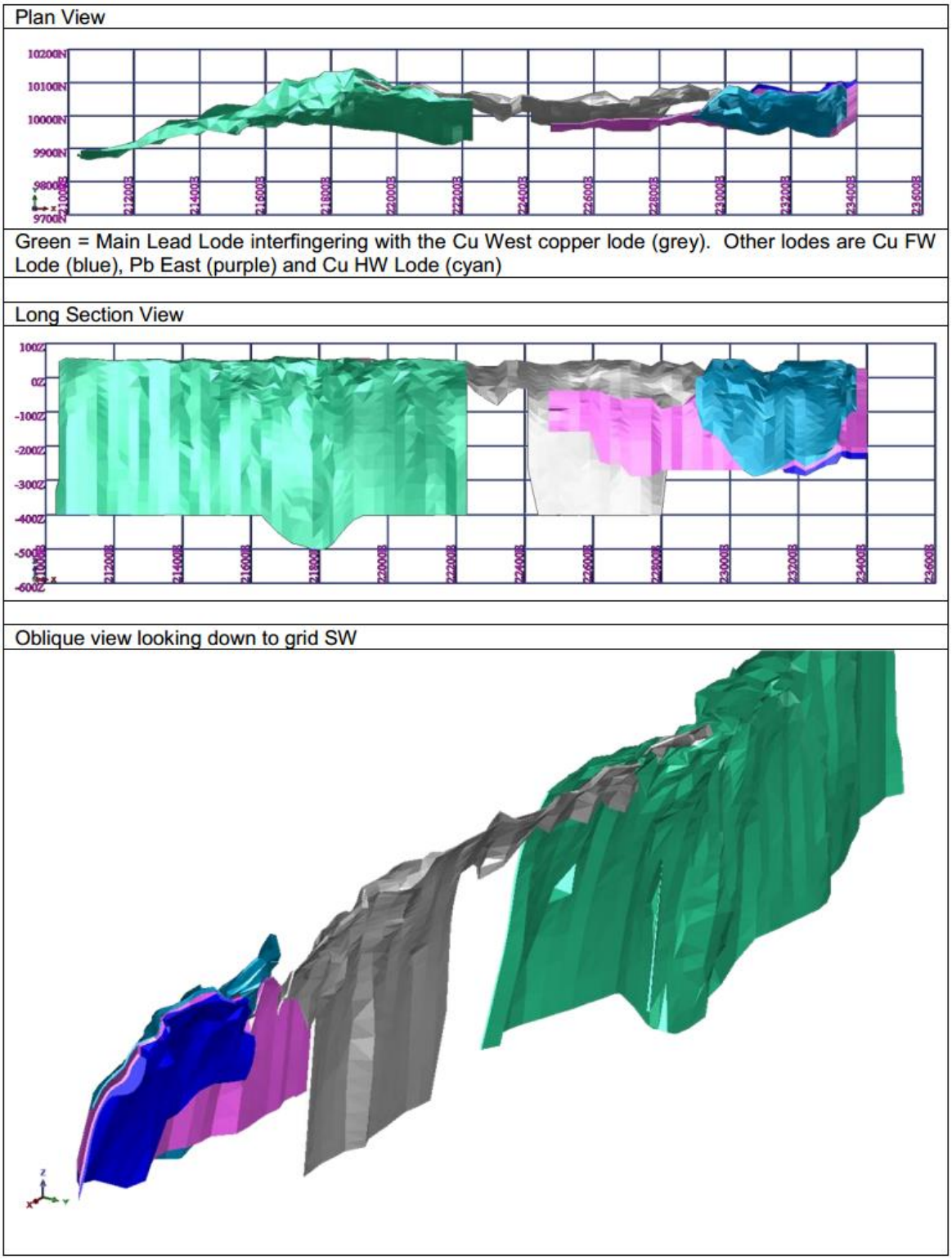


3.8.2.1 Browns Sulphide Deposit Resource Estimates

There are no current publicly reported Mineral Resource estimates available for the Browns sulphide deposit.

There is a long history of partial and global resource estimates for the Browns Deposit (1970, 1998, 1999, 2001, 2005, 2008, 2009, 2012 and 2013). Some of these estimates have been publicly reported but are no longer current. An unreported global estimate was undertaken by Compass geologists in 2009 (non-JORC). This was generated using a 0.5% Cu equivalent envelope for the mineralisation to a depth of 500m below surface (Johansen, 2013). The most current resource estimate was undertaken by independent consulting geologists H&S Consulting (H&SC) who compiled a comprehensive mineral resource report in accordance with the JORC Code 2004 (Tear, 2013). This estimate was never publicly released, and with the new JORC Code (2012 Edition) now in force, Ravensgate is unable to present the estimate it in this public document.

Figure 8 3D Views of the Metallurgical Lode Wireframes of the Browns Sulphide Deposit



The 2013 resource estimation developed new interpretations which assumed mining of the sulphide zone only in an underground scenario and considering metallurgical characteristics and requirements. This resulted in lower tonnages at higher grades. At HNC's request Hellman and Schofield designed a series of metallurgical lodes, namely the Main Lead Lode and the Copper West Lode for Browns and the Lead East Lode, the Copper HW Lode and the Copper FW Lode for

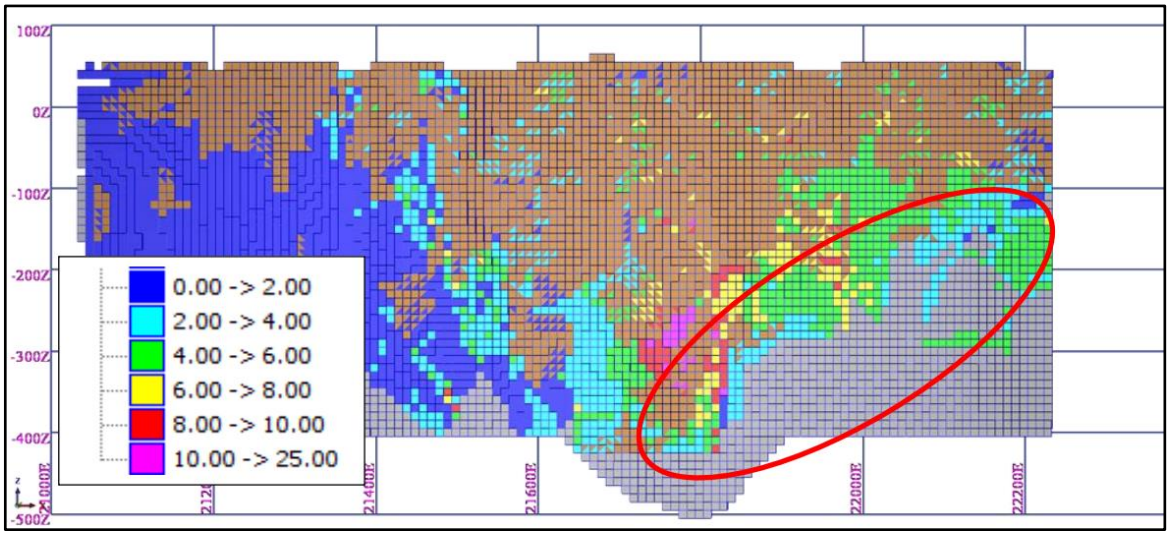
Browns East. These lodes were to reflect the metallurgical character of the mineralisation in particular lead-dominant zones and copper dominant zones with low grade lead (Tear, 2013).

The drill hole spacing for Browns and Browns East is nominally 30 x 30m over much of the upper part of the resource to around -100mRL (~170m below surface). There is some closer spaced drilling on 15m sections, but generally this is targeting the oxide resource. Drilling is much sparser below the -100mRL, along strike to the southwest and between Browns and Browns East (Tear, 2013).

A total of 14,138 composites (1m) were generated from the drillhole database using the mineral lode wireframes. Composites were extracted for the copper sulphide equivalent field and individual elements copper, lead, zinc, silver, cobalt, nickel, iron and sulphur. There are different total numbers of composites for the different elements. The 1m composite interval was used as this was the dominant sampling interval. It also allows for suitable selectively in an underground narrow lode setting. Conditional Expectation was used to generate estimated assays for silver and nickel. Top cutting was limited to silver in the FW Copper Lode. Variography for the different elements was weak to moderate depending on the element. Resource estimation used the GS3M Ordinary Kriging software with the modelled data loaded into a Surpac block model. Density for the block model used an equation supplied by HNC. The ordinary kriging modelling used a block size of 10m by 2m by 10m. Search parameters were initially 30m by 3m by 30m increasing to 60m by 6m by 60m oriented to the localised dip and strike of the mineral lodes. The minimum number of data points was initially 12 decreasing to 6 with the minimum of octants decreasing from 4 to 2. Model validation consisted of comparing block grades with composite grades. This was done on a visual basis and statistically. A comparison was made with the previous H&SC 2008 resource estimation (Tear 2013).

H&SC reviewed the near deposit exploration potential of Browns concluding that potential mainly consists of peripheral down dip extensions to the current resource estimates. More in depth definition of exploration potential was completed for the Main Lead Lode and the copper mineralisation resulting in exploration targets being defined for the Main Lead Lode (Figure 9) and for copper mineralisation with low lead grades (Tear, 2013).

Figure 9 Long Section of the Main Lead Lode Highlighting Exploration Potential



Colours = Pb%; long section view; grey blocks = areas with no modelled grade; red oval highlights the area considered to have the best exploration potential by H&SC. (after Tear, 2013).

3.8.3 Browns Oxide Deposit

The Browns Oxide deposit is the upper portion of the Browns Base metal deposit above the base of weathering. Oxide base metal mineralisation is formed from the weathering of former sulphide mineralisation plus the formation of supergene mineralisation through the remobilisation of copper and other base metals in the weathering environment. The deposit has been partly mined as part of the Browns Oxide Project in 2008.

Most of the limited surface expression of the Browns orebody is that of a green (malachite) stained weathered grey to black graphitic shale, with minor areas of ferruginous silicified dolomite with the depth of weathering varying between 10m and 70m. Within the weathered zone there are two main types of oxide mineralisation at the Browns deposit, oxidised black shale ore which is essentially gossan and supergene ore which occurs as a near horizontal blanket in the weathered zone of the footwall dolomite (Tear, 2013).

The Browns Oxide deposit is underlain by the Coomalie Dolomite and Whites Formation. Both units dip steeply to the southeast and a large body of stratiform base metal mineralisation occurs in the basal shales close to the boundary with the dolomite. At the eastern end of the Browns open pit, the stratiform mineralisation sits immediately on the dolomite contact, yet at the western end of the pit, a facies change means there is almost 70m of pyritic shale separating the stratiform base metal mineralisation from the shale/dolomite contact. The Zamu Dolerite intrudes both the Whites Formation and base metal mineralisation, but the majority of the dolerite is to the south of the deposit. Near the current surface and close to the base of oxidation, the bedding is folded suddenly and becoming almost flat lying. Though some tectonic folding may be involved, mine geologists have interpreted that the majority of this change in bedding dip is in response to preferential weathering and dissolution of dolomite (acid generated from breakdown of sulphides) causing slumping of the shale/dolomite contact and associated base metal gossan. The preferential dissolution of dolomite has also created an uneven topographic surface that has filled with Tertiary clays, sands and gravels. These sedimentary units are part of an extensive area of Tertiary valley fill that forms low ridges immediately to the north of the deposit.

Geological interpretation has been based largely on major element geochemistry which provides a better indication of rock type than geological logic of drill holes, because identification of rock units within the weathered horizon can be problematic. Four rock units have been differentiated in the geological interpretation on a cross sectional basis: Coomalie Dolomite, Whites Formation, Zamu Dolerite and tertiary fill. The vast majority of oxide base metal mineralisation is derived from weathering of the primary stratiform base metal mineralisation, though some is interpreted to source from structurally controlled copper (chalcopyrite) mineralisation within the dolomite. Oxide mineralisation occurs in two main settings: within the original base metal gossan that is shale hosted; and within intensely weathered dolomite. In both cases the key to base metal precipitation and retention is iron content. Weathered material with a high iron content (>15%) is the typical host to mineralisation. The chemical contrast between weathered dolomite and shale is interpreted to act as a favoured precipitation mechanism with mineralisation usually hosted by the iron rich weathered dolomite close to this boundary. Tertiary fill is typically barren, being younger than the primary mineralisation and not a favourable host for secondary re-mobilised copper mineralisation.

3.8.3.1 Browns Oxide Deposit Resource Estimates

There are no current, publicly reported Mineral Resource estimates available for the Browns oxide deposit.

There is a long history of partial and global resource estimates for the Browns Deposit (1970, 1998, 1999, 2001, 2005, 2008, 2009, 2012 and 2013) but most did not specifically focus on the oxide portion of the deposit.

The most recent mineral resource estimate for the Browns oxide deposit available to Ravensgate was developed in September 2008 by the Compass staff and detailed in an internal report (Hutchinson, 2008). This work was not publicly reported and was not developed with the intention of complying with the JORC Code. Ravensgate has reviewed this report and has determined that it does not comply with the JORC Code (2012 Edition) in a number of important areas. Ravensgate has also determined that there is uncertainty about what proportions of the deposit described in this resource report remains in situ, have been mined or have been stockpiled. Ravensgate is therefore unable to present the estimate it in this public document.

Ravensgate has determined that the report of Hutchinson (2008) is material to this valuation and has determined that the resource methodology should be described in this report.

Data used for the resource estimate was reported to be comprised of a wide range of Browns drill holes and some recent grade control RC drilling; and ditchwitch sampling data. The

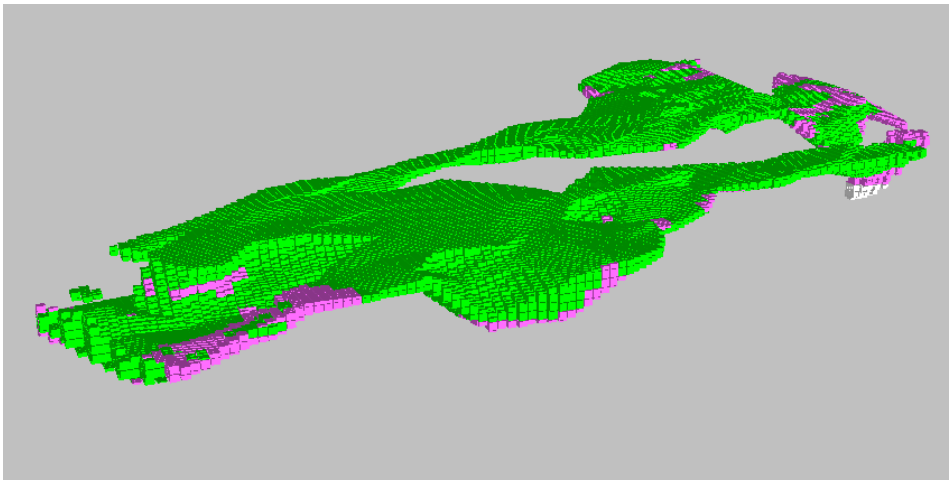
majority of drilling used for the oxide is RC, but some diamond drilling is also present. Holes range in age from 1956 to present. A significant proportion was drilled in the period 1994 to 1998 and a moderate number were drilled in 2005. Sample data used for the model consisted of 37 grade control RC holes, 82 grade control ditchwitch lines and 239 exploration drill holes. Data density for much of the resource is quite high with a large proportion drilled out on better than 30m x 30m. Issues with data quality were reported. Three holes were excluded from the resource dataset due to poor confidence in location or due to issues with assays. An early imperial grid was used until around 2000 and holes have then been transformed at stages from local to AMG, then MGA. Hole location issues are present and a validation exercise was carried out just prior to the resource modelling. This involved checking and re-calculating many of the holes from original local coordinates. The majority of holes appear to have good agreement in geological and grade continuity, but some are lower confidence. Many holes have gaps in assays and/or not all elements assayed. Drilling in the Browns oxide deposit often involves poor recoveries in porous weathered dolomite and missing samples mostly reflect this. Where an economic element assay was missing the value was set to absent allowing the grade interpolation algorithm to ignore that sample during grade estimation calculations. Some older holes were composite sampled over long intervals such as 5m which is sub optimal. No significant assay QA/QC work was carried out for the resource estimation. The author commented that a new database was being assembled using Datashed software which would allow for some QA/QC checks to be carried out on older data. Hutchinson (2008) further reported that new grade control and RC data generally showed good agreement with the location and scale of mineralisation seen in older drill hole data.

The oxidation and geology wireframes were built from sectional interpretations based on the geological controls described above. A copper oxide equivalent (CuOxEq) was determined for all sample intervals based on the copper and nickel grades of the sample using the formula: CuOxEq = Cu + (Co x 3.5) + (Ni x 3). A mineralisation wireframe was then built using a CuOxEq value. The CuOxEq represents a copper equivalent value to constrain the mineralisation envelope. A nominal cut-off of 0.5% was used for the interpretation, in combination with the geological interpretation. Elements were then individually estimated inside this wireframe domain boundary.

Descriptive statistics and geostatistics were undertaken by Arnold van der Heyden an independent geologist with consulting firm Hellman and Schofield. He reported that in general the dataset shows that element populations are not strongly skewed and have relatively low coefficients of variation. A top cut is not thought necessary, thus no top cut was used. Large numbers of absent data were noted as discussed above. A much smaller number of assays were noted as having a zero assay value assigned. For the main elements these represent less than 1% of the data and are probably related to very small initial assay values or missing data. They were replaced as absent data values in the composited drill hole file (Hutchinson, 2008).

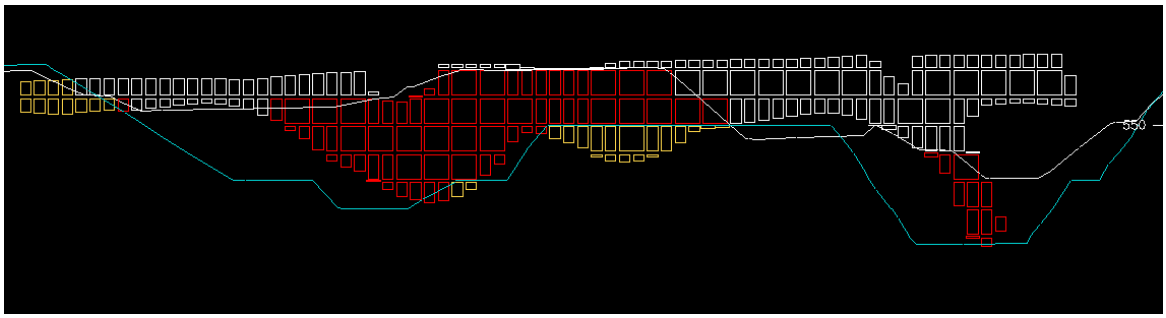
Datamine software was used to generate a block model of the deposit Figure 10.

Figure 10 Schematic Three-Dimensional Representation of the Browns Oxide Deposit



The block model was generated in the actual MGA coordinate system unlike previous models which have been created in truncated and/or rotated grid systems. A + 500m RL convention was used to match current mine practice. The model uses a constrained copper oxide equivalent ore envelope and improved geological and oxidation interpretations. Sub-celling was restricted to one split in X and Y with seam fill in Z, i.e. 5 x 2.5 x variable. Drilling data was composited to 1m composite intervals. Geology, oxidation and depletion/reserve domains were flagged using the wireframe surfaces. A small number of blocks were trimmed from above the topographic surface.

Figure 11 Cross-Section through Browns Oxide Block Model Illustrating Mining Boundaries



Block colour represents: White - previously mined, Red - inside designed pit, Orange - outside designed pit

Oxide density was re-investigated in October 2008 due to a number of conflicting values and methods being used, resulting in the following assignments of bulk density for Browns Oxide: weathered shale ore (2.20), weathered dolomite ore (1.90), dolerite (1.90), shale (1.90) and Tertiary fill (1.90). Average bulk density in the model was 2.05.

Modelling, interpolation and kriging parameters were developed based on the geostatistical study undertaken by Hellman and Schofield. The search ellipse was orientated to reflect the interpreted sub-horizontal dominant direction parallel to overall strike of the primary deposit. A small dip to the south is included to represent the dipping mostly dolomite hosted oxide zone adjacent to the shale contact. The ordinary kriging grade interpolation algorithm was selected and is considered by Ravensgate appropriate for this low variance style of deposit.

3.8.4 Browns East Oxide Deposit

The Browns East deposit is part of the greater Browns deposit. It is located to the east of the Browns base metal oxide deposit (Figure 7). The deposit sits between the Whites and Intermediate pits (Figure 13), is close to surface and extends down to a vertical depth of around 60m. Around 90% is hosted within weathered dolomite.

The geology of the Browns East deposit is identical to that of the Browns deposit as described in Sections 3.8.2 and 3.8.3.

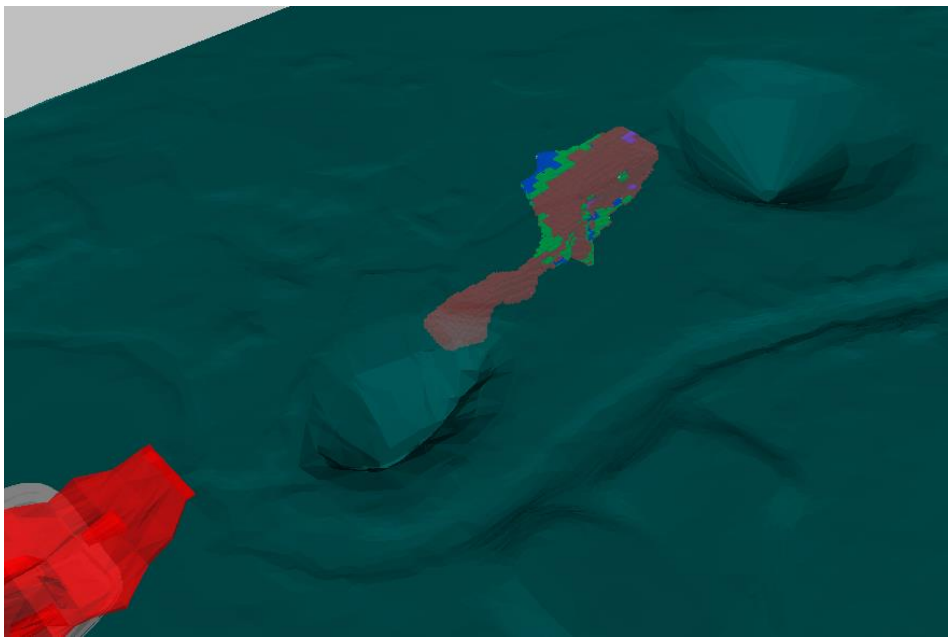
3.8.4.1 Browns East Oxide Deposit Resource Estimates

There are no current, publicly reported Mineral Resource estimates available for the Browns East deposit.

The most recent mineral resource estimate for the Browns East oxide deposit available to Ravensgate was developed in February 2009 by the Compass staff and detailed in an internal report (Hutchinson, 2009). This work was not publicly reported and was not developed with the intention of complying with the JORC Code. Ravensgate has reviewed this report and has determined that it does not comply with the JORC Code (2012 Edition) in a number of important areas. Ravensgate is therefore unable to present the estimate in this public document.

Ravensgate has determined that the report of Hutchinson (2009) is material to this valuation and has determined that the resource methodology should be described in this report.

Figure 12 Schematic Three-Dimensional Representation of the Browns East Oxide Deposit



Oblique view looking northeast with model copper grades shown below the topographic wireframe (after Hutchinson, 2009)

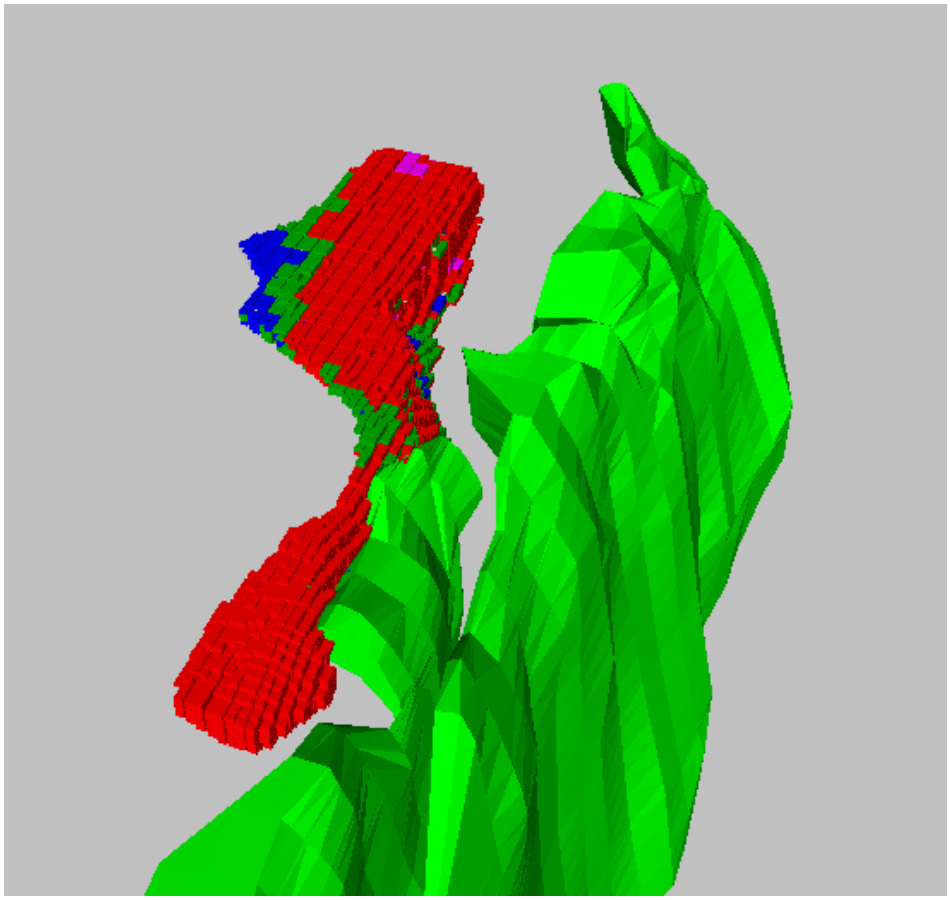
Unlike the main Browns deposit, most of the drilling for Browns East oxide is relatively recent. Forty-seven holes are used within the ore envelope, 19 are 2005 RC holes and 22 are 2008 RC holes. Drilling data was composited to 1m composite intervals using default settings. From 794 samples 804 composites were developed. Given the small size of the dataset no new geostatistical analysis was carried out. Kriging parameters were adopted from the main Browns oxide resource model where analysis (Section 3.8.3.1), except that search distances were slightly increased.

The oxidation and geology wireframes were built from sectional interpretations based on the geological controls described above (Section 3.8.3.1). A mineralisation wireframe was then built using a Copper Oxide Equivalent (CuOxEq) value combined with the geological interpretation. The CuOxEq represents a copper equivalent value based on the formula: CuOxEq = Cu + (Co x 3.5) + (Ni x 3). A nominal cut-off of 0.5% was used for the interpretation. Elements were then individually estimated inside it.

Densities were derived from significant investigation carried out for the Browns Oxide and Browns Sulphide resource models completed in 2008 and early 2009. Drill spacing in the area is generally 30m x 30m. The relatively deep and narrow nature of the deposit means that gaps exist and several thick intersections are driven by a smaller number of holes.

Figure 13 shows a schematic three-dimensional representation of the deposit looking to the north. The oxide mineralisation block model is shown in red, green and blue colours, while the underlying sulphide mineralisation is shown as a green triangulation (Hutchinson, 2009).

Figure 13 Schematic Three-Dimensional Representation of the Browns East Oxide Deposit



Oblique view looking north (after Hutchinson, 2009)

Hutchinson (2009) concluded that, "The resource sits in a relatively deep oxidised channel and mineralisation is largely hosted by dolomite, immediately adjacent to the shale contact. It sits between the Intermediate and Whites pits. It would form quite a compact pit shape, but the pit would be likely to break into the adjacent old pits. Copper and cobalt grade is lower than the main Browns oxide deposit and nickel higher. The deposit requires further drilling and may be extended at the eastern and western ends. Only around 10% of the deposit is hosted by shale".

3.8.5 Area 55 Oxide Deposit

The Area 55 base metal oxide deposit is located around 7.5km northwest of Batchelor. Only the northern part of the deposit is covered by Compass tenements, with the southern portion extending into tenements owned by other parties.

The geology of the Area 55 deposit is similar to that of the Browns deposit as described in Sections 3.8.2 and 3.8.3. The deposit is hosted by the Proterozoic Coomalie Dolomite and Whites Formation. Strike of the overall stratigraphy is to the northeast at around 035°. Both units dip steeply to the northwest and a body of stratiform base metal mineralisation occurs in the basal units of the Whites Formation close to the boundary with the dolomite. Within the prospect area the Whites Formation can be broken into three units; an upper unit of shale, mudstone and mica schist; a middle unit of chert and a basal unit (hosting the stratiform mineralisation) of tremolite-actinolite-biotite schist. The Proterozoic Zamu Dolerite intrudes the Whites Formation, though it does not appear to have a significant impact on metal distribution and is only recognised at the very western margin of the resource area. At Area 55, the Whites Formation can be sub-divided into three units: the upper shale unit, the middle chert unit and the tremolitic schist unit. Primary stratiform base metal mineralisation is hosted by the tremolitic schist unit and weathering produces a mineralised gossan (Hutchinson, 2008a).

A north-northeast trending structural zone passes through the prospect and has caused complex folding and local thickening of the stratigraphy and mineralisation. Weathering penetrates to much greater depth (100m) in this structural zone compared to normal weathering depths of 20 to 30m in the surrounding areas. Possibly in response to the deeper weathering, the northeastern end of the structural zone has been deeply eroded in the Tertiary and filled with up to 60m of poorly consolidated fluviatile sands, clays and gravels.

Oxide mineralisation occurs within the tremolite schist where it primarily occurs as a base metal bearing gossan reflecting the original sulphide distribution. The gossan is characterised by high copper, cobalt, nickel and lead values with relatively little lateral remobilisation of the metals. Oxide mineralisation also occurs within intensely weathered dolomite where the metals have undergone oxidation, dissolution, transport and re-deposition. There is a strong correlation with zones of elevated iron and manganese in the weathered dolomite. Cobalt appears to travel further than nickel or copper. A feature of Area 55 is the presence of relatively high manganese values in oxide and partially oxidised material. High calcium is only present in fresh dolomite, which is generally outside the ore zone (Hutchinson, 2008a).

3.8.5.1 Area 55 Deposit Resource Estimates

There are no current, publicly reported Mineral Resource estimates available for the Area 55 base metal oxide deposit.

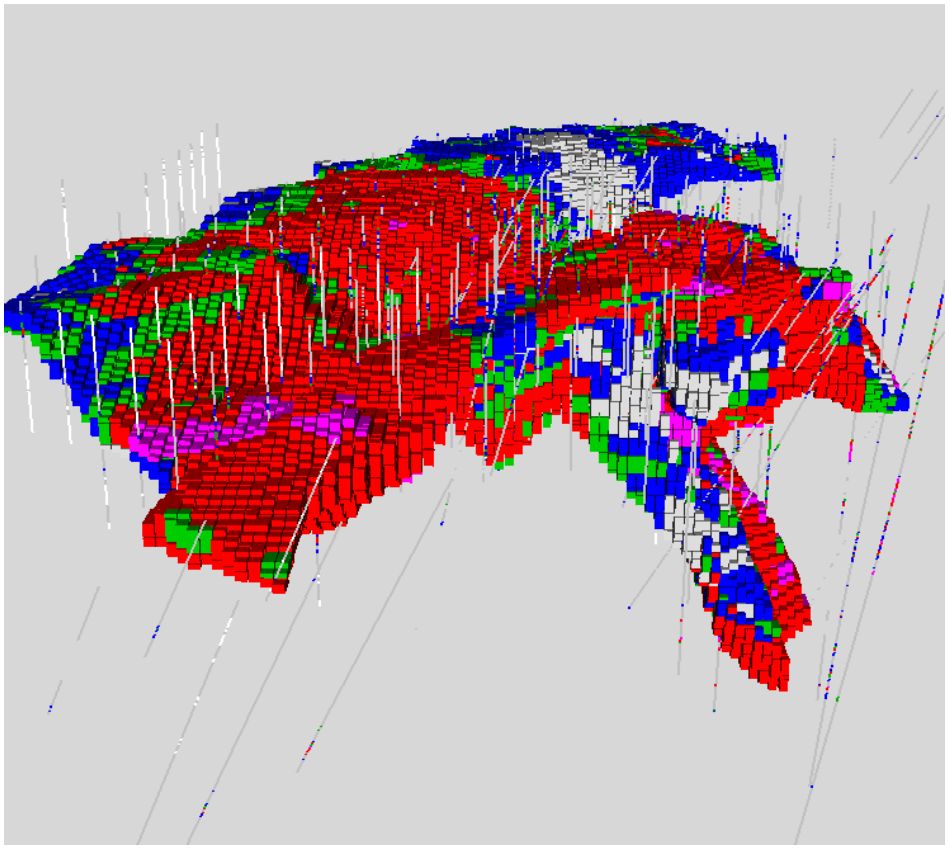
The most recent mineral resource estimate for the Area 55 deposit available to Ravensgate was developed in November 2008 by the Compass staff and detailed in an internal report (Hutchinson, 2008a). At this time, Compass tenure covered the whole deposit area. This work was not publicly reported and was not developed with the intention of complying with the JORC Code. Ravensgate has reviewed this report and has determined that it does not comply with the JORC Code (2012 Edition) in a number of important areas. Ravensgate is therefore unable to present the estimate it in this public document.

Ravensgate has determined that the report of Hutchinson is material to this valuation and has determined that the resource methodology should be described in this report.

Data for the resource estimate was sourced from a range of drill holes from significant drill programs that occurred in 1995 and 2007. The majority of drilling used is RC, but numerous diamond holes are also present.

The oxidation, geology and mineralisation wireframes were built from sectional and plan interpretations. The mineralisation wireframe was then built using a CuOxEq value. Hutchinson (2008a) made the following comments about improved quality of this resource estimate compaired to previous estimates for the Area 55 deposit, “Improved geological and oxidation boundary interpretation by using geochemical data was used to override or improve on the highly variable oxidation and lithology logging. The use of a CuOxEq ore boundary is also an improvement giving greater continuity than the previous unconstrained models, where a block cut-off interrogation methodology was used. Revised bulk density values are more accurate than the previous relatively optimistic estimated values, reducing the global resource density by around 15% to an average ore bulk density of 1.94. Reporting of all blocks within the new model gives a slightly more conservative resource figure which includes a small amount of low grade material that is included in the interpretation for the purpose of mineralisation shape continuity. The effect of the constraining envelope can be seen in the grade-tonnage curve for the new model.”

Figure 14 Schematic Three-Dimensional Representation of the Area 55 Deposit



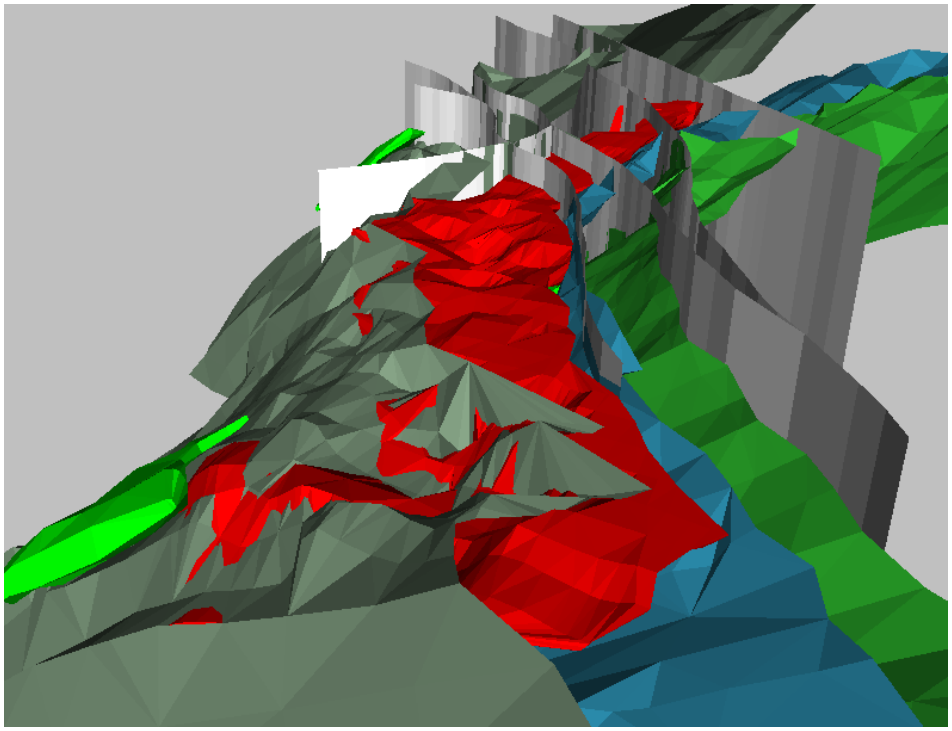
Block cells and drill holes coloured by copper grade with increasing grade from grey, blue, green, red, magenta (after Hutchinson, 2008a)

3.8.6 Mt Fitch Base Metal Oxide Deposit

The Mount Fitch base metal oxide deposit is located on the western edge of the Rum Jungle Dome, 7.5km northwest of Browns. Base metal (copper-cobalt-nickel) mineralisation at the Mt Fitch deposit is of secondary origin and hosted in soft laterite, resulting from weathering and chemical re-deposition of sulphide mineralisation. The deposit is generally flat-lying, with a general northerly strike for over 1km, is 50-250m wide and from extends from surface to 70m depth. Mt Fitch economic mineralisation comprises of copper, cobalt and nickel. In comparison to the Browns and Area 55 deposits, copper grade is relatively low, while cobalt and nickel grades are similar. Iron grades are high reflecting the strongly lateritic nature of the deposit. Within the oxidised laterite mineralisation, lead, zinc and calcium grades are very low and there is no sulphur. Mineralisation is hosted within the Coomalie Dolomite unit. Stratigraphy trends in a northerly orientation in the northern half to north-northwesterly in the southern area and dips at around 20° to the west (Hutchison, 2009a).

Generally, the geology of the Mt Fitch deposit is similar to that of the Browns deposit as described in Sections 3.8.2 and 3.8.3.

Figure 15 Schematic Three-Dimensional Representation of the Mount Fitch Oxide Deposit



Looking oblique to the northwest, with oxide ore shown in red, faults in grey (after Hutchinson, 2009a)

3.8.6.1 Mt Fitch Base Metal Deposit Resource Estimates

There are no current, publicly reported Mineral Resource estimates available for the Mt Fitch base metal (copper-cobalt-nickel) oxide deposit.

The most recent mineral resource estimate for the Mt Fitch deposit available to Ravensgate was developed in April 2009 by the Compass staff and detailed in an internal report (Hutchinson, 2009a). This work was not publicly reported and was not developed with the intention of complying with the JORC Code. Ravensgate has reviewed this report and has determined that it does not comply with the JORC Code (2012 Edition) in a number of important areas. Ravensgate is therefore unable to present the estimate in this public document.

Ravensgate has determined that the report of Hutchinson is material to this valuation and has determined that the resource methodology should be described in this report.

Sixty-six holes were drilled at Mt Fitch during 2008 to infill the resource and improve confidence and definition. This drilling is included in the new interpretation and model. The resource estimate utilised 4,475 drill samples, but the number of holes was not recorded. Drilling data was composited to 1m composite intervals using default settings resulting in 4,703 composites. Hutchison (2009a) reported that in general the dataset showed that element populations are not strongly skewed and have relatively low coefficients of variation. No top-cut has been used. A geostatistical and variography analysis was not carried out for Mt Fitch (due to Compass being in receivership). The estimation was carried out using the inverse distance squared interpolation method. This method has been used in recent estimations for Browns and Area 55 models in parallel with ordinary kriging and was found to give similar results (Hutchison, 2009a).

Geological interpretation was carried out firstly on hardcopy sections then in Micromine. Geology surfaces where then generated in Micromine and the block model was generated in Datamine. The model has been generated in the actual MGA coordinate system. The model uses a constrained Copper Oxide Equivalent ore envelope and improved geological and oxidation interpretations. Densities have been derived from significant investigation carried out for the Browns Oxide and Browns Sulphide resource models completed in 2008 and early 2009, which included measurements of Mt Fitch and Area 55 core. The average bulk density for the oxide model ore blocks was 1.92, similar to the bulk density assigned to oxide dolomite lithology. Drill

spacing in the area is relatively good with much of the area covered by 30m x 30m spaced holes (Hutchison, 2009a).

In the resource report covering the 2009 Mt Fitch base metal oxide deposit estimate, Hutchinson (2009a) concluded that, "The resource has been increased in size, but at a slightly lower copper grade compared to the previous resource estimate. The Mt Fitch resource has large variations in metal grade, with copper higher some areas and cobalt and/or nickel higher elsewhere. Nickel and cobalt grades are higher than at other Rum Jungle oxide deposits increasing copper equivalent grades in areas of low copper. A few zones of significant open mineralisation still exist, however it is unlikely these zones extend much beyond the current resource limits. Three zones of fresh to transitional mineralisation were also modelled and estimated. Two zones are typical shale hosted style primary mineralisation hosted by the Whites Formation just above the shale – dolomite contact. One zone is a deeper dolomite hosted zone, which has higher Mg levels (>10%) but still low Ca levels (compared to fresh dolomite). It is a transitional/semi-lateritic zone and would need further metallurgical testing.

3.8.7 Conclusions

Ravensgate have not had access to the underlying drill hole data or block modelling files which underpinned these resource estimates, and in some cases have not had access to the resource reports, therefore Ravensgate are unable to form an opinion about the merits of these mineral resource estimates or to comment about the technical aspects of the estimates.

3.9 Mining Studies

A number of mining studies have been undertaken on the Browns base metal mineral deposits of Compass by HNC and Compass. There have been no mining studies on Compass's uranium projects.

The joint venturers completed a feasibility study on the Browns oxide project and commenced mining and processing in 2008. However technical problems saw the operation close within several months in 2009.

3.9.1 Scoping Study – Browns Sulphide Project

In 2011-2012, a metallurgical drilling program was undertaken by HNC. The aim was to obtain drill core samples for metallurgical test work on separate lead and copper zones. The drilling information was also incorporated into the updated resource estimates for the lead and copper zones, as opposed to the global sulphide resource.

In 2013, Minerals and Residues (MAR) completed a scoping study on the Browns sulphide project (Tong, 2013). The study, which commenced in 2012, aimed to investigate the viability of selectively mining the resource for lead and producing flotation concentrates for sale. A decision was made to defer consideration of mining and processing of copper ore to a later time. The key areas of the study were completed by independent expert organisations, with the overall study financials prepared by the JV operator HNC, and the study report prepared by MAR.

The main scoping study parameters were:

- Resource estimation of the lead zone. An estimate of the ore categorised as exploration potential was also included for scoping study purposes.
- Conducting cost estimates and operating schedules using 1 Mtpa and 1.2 Mtpa throughput capacities.
- Selection of mining method, method parameters, and scheduling to mine the lead ore to the prescribed throughputs.
- Determine, through flotation test work, if separate lead and cobalt-nickel concentrates could be produced from representative samples from the lead zone.
- Design and cost a flotation process plant at the prescribed throughputs.
- Preparation of financial models for assessment of the business cases for the sulphide project at the two different throughput capacities (Tong, 2013).

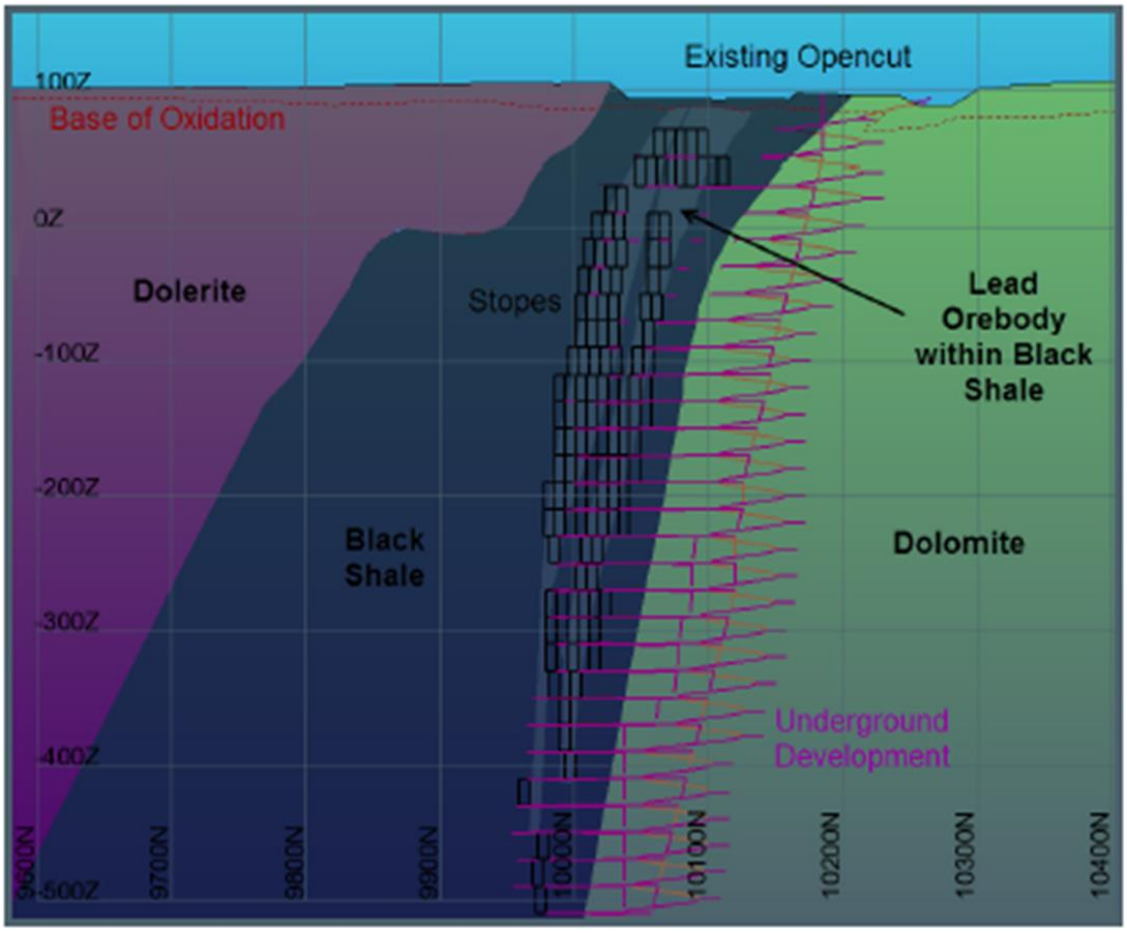
The mineral resource estimated by H&SC described in Section 3.8.2.1 was used to input into a mining study undertaken by AMDAD. This study determined the most appropriate mining method and prepared a mining schedule. A variation of open stoping referred to as end slice mining was selected against the criteria and constraints below:

- Providing a safe mining operation.
- Consistently deliver 1.2 Mtpa of ore to the mill.
- Avoiding mixing of high copper mineralisation with the lead ore.
- Minimising capital and operating costs.
- Prevent water ingress from the overlying opencut mine and adjacent watercourses.
- Narrow and deep lens, not suitable for open-pit mining.

The method includes cemented backfill to stabilise the mined out stopes in order to maximise recovery of the orebody and to prevent cracking through to surface which may result in water ingress to the workings. It was assumed that non-sulphidic rougher tailings from the process could be used as fill material, although no test work has been conducted to confirm this.

Unfortunately, no underground geotechnical data exists for the deposit, so the selection of the mining method and the size of the underground openings could not be conclusively determined. Hence, two scenarios for the underground openings were considered by AMDAD: conservative (8m wide, 20m high, 50m long); and moderate (10m wide, 30m high and 50m long). These cases illustrated that the estimated cost and capacity of the mining operations is heavily reliant on the sizing of the underground openings (Tong, 2013).

Figure 16 Schematic Geological Cross Section through Browns Deposit Showing Conceptual Underground Mine Development



HRI and Amdel were tasked with conducting mineralogical studies and flotation trials on the ore blends from the drill core samples obtained in 2012. Mineralogical studies using x-ray fluoresence, x-ray diffraction, scanning electron microscopy, QEMSCAN, showed that:

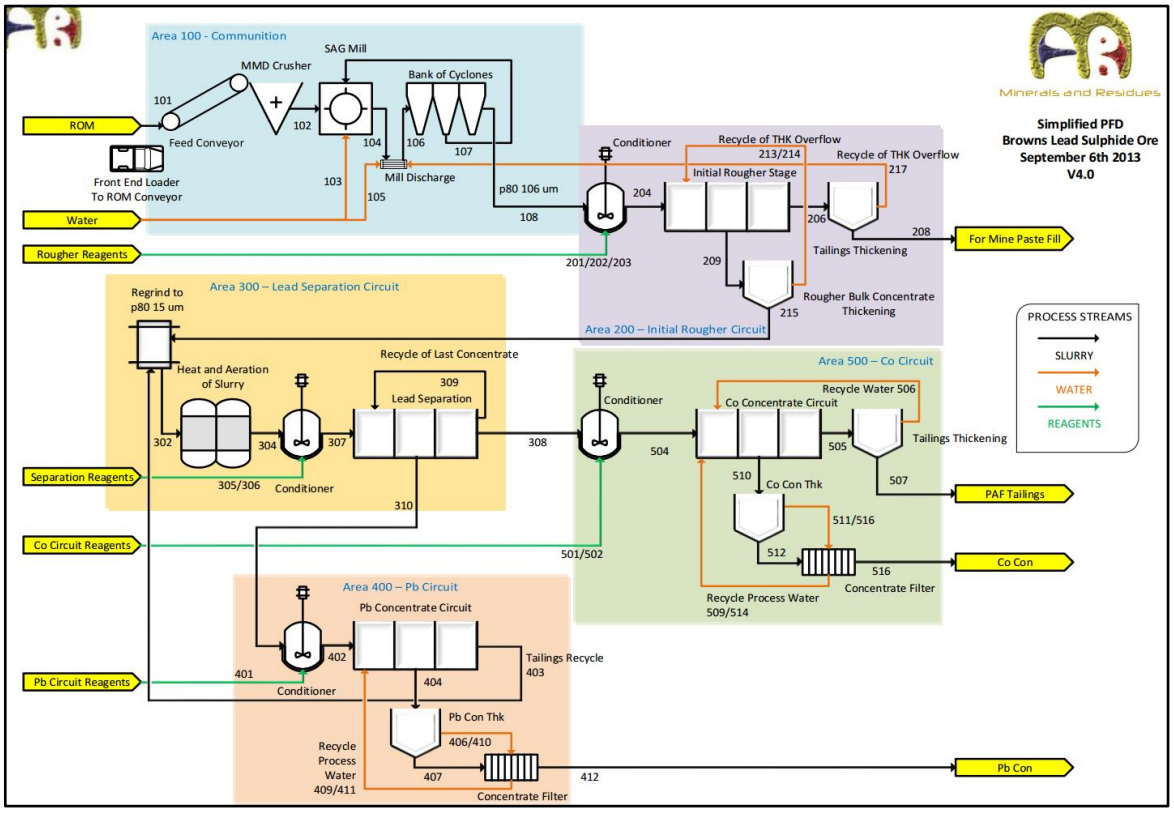
- Target sulphide minerals are fine grained, and require fine grinding for physical liberation from one another.
- Galena is a soft mineral, and may be overground during the process leading to an excess of super fine particles which may lead to unconventional flotation behaviour.
- The sulphides are interwoven with up to 30% of the siegenite locked by grains of galena, and much of the remaining siegenite wrapped with pyrite.
- Almost all of the iron is present as pyrite, and pyrite is about 2.5 - 5% of the ore.
- Clay minerals represent 10% of the ore, and may affect flotation reagent consumption and grinding.
- There is up to 2 - 3% organic carbon present in the ore. This may create slimes during processing, and impact on reagent efficacy.
- The ore is easily oxidised, causing variation in flotation performance (Tong, 2013).

HRI conducted closed loop whole of circuit tests, whereas Amdel only completed single pass batch tests. Both groups demonstrated that:

- 85% recovery of lead could be recovered into a concentrate, grading 60-65% lead.
- 50% recovery of cobalt-nickel could be recovered into a concentrate grading 1.6% Co, 1.4% nickel – 3% combined cobalt-nickel. It was not possible to significantly upgrade the cobalt-nickel further due to the presence of pyrite.

On the basis of the available test work data, MAR developed a flowsheet for the Scoping Study engineering design and cost estimates (Figure 17).

Figure 17 Flotation Process Flow Sheet for Scoping Study on Browns Sulphide Deposit (after Tong, 2013)



The generic steps in the flowsheet were:

- AREA 100 – primary comminution of ore to a grind of 106 um.
- AREA 200 – initial rougher flotation to reject non-sulphide tailings
- AREA 300 – regrind bulk sulphide concentrate to 15 um and float a rougher lead concentrate.
- AREA 400 – cleaning of lead concentrate.
- AREA 500 – cleaning of cobalt concentrate from AREA 300 tailings (Tong, 2013).

A model of metal deportment through the flowsheet was prepared, and these results were then used as the basis for the flotation plant design criteria.

MAR developed the design criteria and mass and water balance for a 1 Mtpa and a 1.2 Mtpa flotation process plant. GHD completed the design of the plants, giving consideration to maximising reuse of the existing Browns Oxide plant equipment, layout and site infrastructure. The battery limits for the design were from ore in the ROM hopper, through to discharge of the tailings products as pumped streams to TSF or mine paste fill plant, and discharge of filtered lead and cobalt-nickel concentrates. A cursory review of ROM pad operations, access and transport roads, power supply, and water supply was sufficient for the Scoping Study.

The key package of equipment reviewed for re-use was the primary comminution circuit (ROM hopper, conveyors, primary crusher, SAG mill, cyclones, etc.). The oxide comminution circuit was designed to handle 1.3 Mtpa of ore, and grind the ore to a p80 of 200 um. GHD reviewed a number of options for grinding the lead sulphide ore was which had a rod mill index of 22.6 kWh/t and a ball mill index of 15.4 kWh/t, and determined that the most cost-effective, and lowest processing risk, option was to replace the existing mill with a new South African SAG mill. These types of mills are capable of grinding feed material from 150 mm down to 75 um.

HNC prepared an EBITDA discounted cash flow model to identify the economic value of the project. Two scenarios were studied, using the AMDAD mine schedules A and D, the GHD flotation plant capital and operating costs and MAR/HNC estimates for ancillary costs (e.g. tailing storage facilities, site access upgrades, etc.). The details of the two financial models were tabulated in the scoping study report, and the two models show that there is a wide variation in project value, based on throughput capacity of the mine (Tong, 2013).

Sensitivity analysis found that the financial models were most sensitive to: grade of lead in the ore, recovery of lead to concentrate, lead price, and the $US/AUD exchange rate. This was due to the fact that the majority of the revenue was derived from the lead concentrate. These parameters have a similar impact on the project NPV. The model was moderately impacted by variation in mining cost (inclusive of backfill cost), and barely impacted by cobalt grade or recovery. Hence, another processing route is required to realise value from the cobalt-nickel, instead of seeking to sell the flotation product.

The scoping study identified the following risks and uncertainties associated with the project:

- Currently the resource estimate is published in accordance with JORC 2004. This needs to be revised for JORC 2012.
- Resource category will need to be upgraded for Feasibility Study.
- Exploration Target needs to be updated to Mineral Resource.
- No geotechnical work was available to define mine openings. This is the largest uncertainty with direct impact on the Scoping Study economic evaluation. The variation in mining throughput schedules was between 25-33% (variation between 0.9 Mtpa and 1.2 Mtpa capacities).
- Mining costs for the Browns Sulphide project were shown to be within 10-15% of benchmark prices from the 2013 R2Mining database and a 1,000 tpd operation in 2013 in Australia.
- The assumption that flotation tailings are suitable for cemented backfill requires validation through test work.
- The impact of ore grade variability on flotation performance has not been tested. The resource average grades are a bit lower than the blend samples used in the test work. Hence, there is a small uncertainty on concentrate metal grades and recoveries for lead. However, the cobalt grade in the resource averages 0.12% compared to 0.18% in the

blended sample used in the Scoping Study test work. Therefore there is more uncertainty on cobalt recovery than lead recovery.

- The flotation products were not well defined in the Scoping Study, with additional testing required to obtain more data on the lead concentrate for smelter terms, cobalt-nickel product for further processing/sale, tailings for backfill, and tailings for storage.
- Cost estimates for demolition, installation, piping, electrical, utilities were used. However, given the allowance for growth and contingency of 15% on total costs, the use of factors is acceptable (Tong, 2013).

The scoping study concluded that the Browns Sulphide deposit may be able to be commercially exploited to produce a lead concentrate and a cobalt-nickel concentrate from the lead resource. Leach and precipitation test work on the cobalt-nickel flotation product has the opportunity to add significant value to the project, as the present Scoping Study has shown that little value is realised from the sale of the flotation product (Tong, 2013).

3.9.2 Project Analysis - Copper Sulphate Production from Browns Deposit

In November 2013, MAR undertook a brief project analysis entitled Development of Copper Oxide Resources at and Nearby to Browns, to Produce Copper Sulphate in the Northern Territory (Tong, 2013a). The analysis was only written up in a summary style and fell well short of the specifications for a scoping study, making assumptions on most key input factors to the financial model.

For raw materials the project considered stockpiles at Browns, oxide mineralisation in the Browns, Mt Fitch and Area 55 pits. The process considered involved heap leach (or tank leach) on the oxide resource material using sulphuric acid, followed by solvent extraction raffinate, upgrade and purification of pregnant leach solution using solvent extraction, and recovering crystal copper sulphate from a loaded aqueous phase.

Representative samples of oxide ore from the Browns oxide pit were reported to have been successfully tested in 2013 using column leaching to recover the copper fraction of the ore. Although no results were provided it was stated that 50kg samples were used, to determine the sulphuric acid consumption, particle agglomeration requirement, and copper leaching conditions (Tong, 2013a).

A simplified flow sheet was developed. Capital expenditure and operational expenditure were estimated. A simplified DCF model was prepared to estimate the financial viability of the project.

PART 3

4. VALUATION

4.1 Introduction

There are a number of recognised methods used in valuing mineral assets. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

The VALMIN Code, which is binding upon Experts and Specialists involved in the valuation of mineral assets and mineral securities, classifies mineral assets in the following categories:

- Exploration Areas refer to properties where mineralisation may or may not have been identified, but where specifically a Mineral Resource has not been identified.
- Advanced Exploration Areas refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A Mineral Resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category. Ravensgate considers any identified Mineral Resources in this category would tend to be of relatively lower geological confidence.
- Pre-Development Projects are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- Development Projects refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- Operating Mines are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories. When valuing Exploration Areas and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas.

The Multiple of Exploration Expenditure (MEE) method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base (EB) through application of a Prospectivity Enhancement Multiplier (PEM). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a grass roots project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value. The following guidelines are presented on selection of the PEM:

- PEM = 1. Exploration activities and evaluation of mineralisation potential justifies continuing exploration.
- PEM = 2. Exploration activities and evaluation of mineralisation potential has identified encouraging drill intersections or anomalies, with targets of noteworthy interest generated.
- PEM = 3. Exploration activities and evaluation of mineralisation potential has identified significant grade intersections and mineralisation continuity.

Where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms of the sale are suitably *arm's length* in accordance with the VALMIN Code, such transactions may be used as a guide to, or a means of, valuation. This method (termed Comparable Transactions) is considered highly appropriate in a volatile financial environment where other cost based methods may tend to overstate value.

The Joint Venture Terms valuation method may be used to determine value where a Joint Venture Agreement has been negotiated at *arm's length* between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in phase. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. The value assigned to the second and any subsequent earn-in stages always involves increased risk that each subsequent stage of the agreement will not be completed, from technical, economic and market factors. Therefore, when deriving a technical value using the Joint Venture Terms method, Ravensgate considers it appropriate to only value the first stage of an earn-in Joint Venture Agreement. Ravensgate have applied a discount rate of 10.0% per annum to reflect an average company's cost of capital and the effect of inflation on required exploration spends over the timeframe required.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farminor, as follows:

$$V_{100} = \frac{100}{D}\left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}}\right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P\right)\right]$$

where:

V_{100}	=	Value of 100% equity in the project ($)
D	=	Deemed equity of the farminor (%)
CP	=	Cash equivalent of initial payments of cash and/or stock ($)
CE	=	Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock ($)
EE	=	Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments ($)
I	=	Discount rate (% per annum)
t	=	Term of the Stage (years)
P	=	Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

Where Mineral Resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters using the more conventional DCF/NPV approach may be problematic or inappropriate and technical development studies may be at scoping study level. In these instances it is considered appropriate to use the *in-situ* Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities. Typically and as a guideline, the discounted value is between 1% and 5% of the in-ground value of the metal in the Mineral Resource.

In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Mineral Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition) sets out minimum standards, recommendations and guidelines. A

Mineral Resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral Resources are sub-divided into Inferred, Indicated and Measured to represent increasing geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

4.2 Previous Mineral Asset Valuations

Ravensgate is not aware, nor have we been made aware, of any VALMIN valuations over Compass or Compass' Australian projects. Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements. Whilst ground is under application, there are uncertainties as to whether the tenement will be granted in its entirety or only part due to specific exclusions or if at all, due to environmental, Native Title or other considerations. There could be competing applications for the same ground with no guarantee that Compass would be successful in its application.

4.3 Material Agreements

Ravensgate has been commissioned by RSM to provide an Independent Technical Project Review and Valuation Report. The Technical Project Review and Valuation report encompasses Compass' Rum Jungle and Southern project tenements in Australia. The Technical Valuation report provides an assessment of the Australian *Predevelopment Project*, *Advanced Exploration Area* and *Exploration Area* mineral assets listed below in which Compass has various ownership interests.

Compass Mineral Assets	Compass Ownership %
Rum Jungle Project Tenements	50% all commodities except uranium 100%
Southern Project Tenements	100%

Ravensgate understands all active mining and exploration tenements to be valued are granted at this point in time and are in good standing. Details of any material agreements and/or any royalties between companies can be found in Sections 3.3.2.

Ravensgate is not aware, nor have been made aware, of any other agreements that have a material effect on the provisional valuations of the mineral assets, and on this basis have made no adjustments on this account.

4.4 Comparable Transactions

Ravensgate has completed the following searches for publicly available market transactions:

- Uranium mineral resources in Australia, Canada and USA. Transactions from Canada and USA were included to provide a larger dataset. Canada and the USA were considered comparable to Australia in terms of sovereign risk and both have a developed uranium mining industry;
- Exploration Area mineral assets prospective for uranium, without Mineral Resources in Australia;
- Exploration Area mineral assets prospective for base metals (primarily copper), without Mineral Resources in Australia; and
- Mining licences without Mineral Resources in Australia.

Transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the mineral assets being valued. In Ravensgate's opinion and experience, it is understood that individual market transactions are rarely completely identical to the relevant project area or may not necessarily

contain all the required information for compilation. In practice, a range of implied values on a dollar per metal unit or dollar per square kilometre of tenement holding will be defined as suitable for use. The transactions identified along with the implied cash-equivalent values are summarised in Section 4.4.1 by commodity and region. Based on the limited information available Ravensgate have done their best to only use transactions between willing buyers and sellers in arms length transactions.

Publically available market transactions have been separated to reflect transactions on a dollar per square kilometre of tenement holding or on a dollar per metal unit for a more advanced Exploration Target or Mineral Resource. This was undertaken to reflect the varying levels of geological exploration carried out within the various project tenements. In general terms, exploration projects may start with a relatively large tenement holding where a lack of detailed geological sampling and knowledge renders the use of the *in-situ* yardstick valuation method inappropriate (i.e. an Exploration Area Mineral Asset). For these particularly early-stage exploration areas comparable transactions on a dollar per square kilometre basis are more relevant. As the project advances and as geological sampling and knowledge increase, tenement areas tend to decrease to match a narrowing focus on more prospective areas. For these areas where specific, drill sample supported Exploration Targets have been identified that warrant further detailed evaluation or Mineral Resources require estimation, comparable transactions on a dollar per metal unit basis may be more appropriate (i.e. an *Advanced Exploration Area* Mineral Asset or *Pre-Development Project* at early assessment).

To compare the Mineral Resource transactions of uranium projects, they are normalised to take into account the change in the U_3O_8 price and variations in exchange rates. This is done by taking the implied value per pound of U_3O_8 and dividing it by the U_3O_8 price in Australian dollars respectively at the time of the transaction and expressing the resultant value as a percentage.

4.4.1 Reported Market Transactions

4.4.1.1 Reported Market Transactions for Uranium Resources in Australia, Canada and USA

Ravensgate's analysis of market transactions for uranium projects with Mineral Resources in Australia, Canada and USA (Table 7) indicates an implied value between $0.04 and $7.47 per resource pound of U_3O_8. The implied value per pound is dependent on the resource category (Measured, Indicated or Inferred) and the average grades of the uranium mineral resource and potential deleterious elements. The implied value was also affected by the strategic importance of the resources to the purchaser.

To take into account the change in the U_3O_8 prices over time, for each transaction in Table 7 the implied value per pound of U_3O_8 has been divided by the U_3O_8 price in Australian dollars at the time of the transaction then expressed as a percentage (Table 8) and ranked from highest to lowest in terms of percentage. The normalised range of the transactions was 0.10% to 15.48%.

4.4.1.2 Market Transactions for Uranium Exploration Projects in Australia

Ravensgate's analysis of *Exploration Area* mineral assets prospective for uranium without Mineral Resources in Australia (Table 9) indicates an implied value between $298 and $423,370 per km^2 for *Exploration Area* mineral assets, with no estimated Mineral Resources in accordance with the JORC Code (2012 Edition). The implied value per km^2 is affected by the exploration stage, the strategic importance of the tenements, the type of tenement (Exploration or Mining Licence), and the presence of known mineralisation upon them and the grade of the mineralisation.

4.4.1.3 Market Transactions for Base Metal Exploration Projects in Australia

Ravensgate's analysis of *Exploration Area* mineral assets prospective primarily for base metals without Mineral Resources on exploration licences in Australia (Table 10) indicates an implied value between $159 and $255,984 per km^2 for *Exploration Area* mineral assets, with no estimated Mineral Resources in accordance with the JORC Code (2012 Edition). The implied value per km^2 is affected by the exploration stage, the strategic importance of the tenements, the type of tenement (Exploration or Mining) and the presence of known mineralisation upon them and the grade of the mineralisation.

4.4.1.4 Market Transactions for Mining Licences in Australia

Ravensgate's analysis of Mining Licences without Mineral Resources in Australia (Table 11) indicates an implied value between $48,387 and $1,586,207 per km^2 for *Exploration Area* mineral assets, with no estimated Mineral Resources in accordance with the JORC Code (2012 Edition). The implied value per km^2 is affected by the exploration stage, the strategic importance of the tenements and the presence of known mineralisation upon them and the grade of the mineralisation.

Table 7 Market Transactions for Uranium Mineral Resources

Date	Project, Country	Vendor	Purchaser	Contained U_3O_8 Pounds (Mlb)	Purchase Price 100% Basis ($M)	Implied Value / U_3O_8 Pound ($)
1-Jun-15	Carley Bore, Australia	Energia Minerals Limited	Paladin Energy Limited	15.60	15.80	1.01
3-Dec-14[EXCL]	Marquez, USA	Energy Fuels Inc	Uranium Standard Resources Limited	14.04	0.59	0.04
15-Jul-14[EXCL]	Curnamona, Australia	Pepinnini Minerals Limited	Sinosteel Corporation	4.65	5.75	1.24
14-Feb-13	Elkhorn and Alzada, USA	Bayswater Uranium Corporation	Aldershot Resources Ltd	0.65	0.12	0.18
9-Jan-13[EXCL]	Hansen/Taylor Ranch, USA	Black Range Minerals Limited	Azarga Resources	90.92	11.54	0.13
12-Sep-12	Serpent River, Canada	Montoro Resources Inc	Five Nines Ventures Ltd	14.80	1.74	0.12
27-Aug-12[EXCL]	Yeelirrie, Australia	BHP Billiton Limited	Cameco Corporation	144.50	413.19	2.86
22-Aug-12	Sage Plain, USA	Aldershot Resources Ltd	Energy Fuels Inc	3.02	3.14	1.04
23-Mar-12	Turee Creek, Australia	Aldershot Resources Ltd	Fortescue Metals Group	0.55	0.50	0.90
16-Mar-12	Sweetwater and Biron, USA	Wildhorse Energy Limited	Private Purchaser	2.32	1.43	0.62
02-Mar-12[EXCL]	Millennium, Canada	AREVA	Cameco Corporation	67.62	505.03	7.47
03-Nov-11	Workman Creek, USA	Cooper Minerals Inc	Uranium Energy Corp	5.54	0.99	0.18
23-Aug-11	Thatcher Soak, Australia	Uranex NL	Chinese Investment Group	14.00	20.00	1.43
18-Jul-11	Nowthanna, Australia	Private Vendors	Toro Energy Ltd	10.14	3.14	0.31
23-Mar-11	North Dakota, USA	Prospect Uranium Inc	Continental Resources Group Inc	8.00	3.67	0.46
03-Feb-11	Green River North, USA	Energy Fuels Inc	Titan Uranium Inc	0.65	1.19	1.83
23-Nov-10	Yuinmery, Australia	Aldershot Resources Ltd	Resources Star	1.25	0.12	0.10
19-Oct-10	Dawson Hinkler, Australia	U3O8 Limited	Toro Energy Ltd	6.20	6.20	1.00
14-May-10	Aurora, Australia	Uranium One Inc	Energy Ventures Limited	18.30	2.22	0.12

Note: Differences may occur due to rounding errors. EXCL - Transactions excluded from further analysis as explained in Section 5.5.1.2.

Table 8 Summary of Market Transactions Involving Uranium Mineral Resources

Transaction Date	Property Value A$M	Contained Mlb	A$/lb	U_3O_8 Price on Transaction Date		A$/lb as % of Price
				US$/lb	A$/lb	
02-Mar-12[EXCL]	505.03	67.62	7.47	51.29	48.25	15.48%
27-Aug-12[EXCL]	413.19	144.50	2.86	49.25	47.32	6.04%
15-Jul-14[EXCL]	5.75	4.65	1.24	28.40	30.25	4.09%
23-Aug-11	20.00	14.00	1.43	50.68	48.64	2.94%
03-Feb-11	1.19	0.65	1.83	65.00	64.34	2.84%
22-Aug-12	3.14	3.02	1.04	49.25	46.96	2.22%
1-Jun-15	15.80	15.60	1.01	35.08	45.86	2.21%
19-Oct-10	6.20	6.20	1.00	48.83	49.41	2.02%
23-Mar-12	0.50	0.55	0.90	51.29	49.32	1.83%
16-Mar-12	1.43	2.32	0.62	51.30	48.98	1.26%
23-Mar-11	3.67	8.00	0.46	63.50	62.94	0.73%
18-Jul-11	3.14	10.14	0.31	52.79	49.55	0.63%
14-Feb-13	0.12	0.65	0.18	43.41	41.99	0.44%
03-Nov-11	0.99	5.54	0.18	53.19	51.26	0.35%
9-Jan-13[EXCL]	11.54	90.92	0.13	42.75	40.74	0.31%
14-May-10	2.22	18.30	0.12	41.30	45.93	0.26%
12-Sep-12	1.74	14.80	0.12	47.73	47.18	0.25%
23-Nov-10	0.12	1.25	0.10	57.16	57.72	0.17%
3-Dec-14[EXCL]	0.59	14.04	0.04	36.95	43.95	0.10%

Notes: The table shows the market transactions described in Table 16. EXCL - Transactions excluded from further analysis as explained in Section 5.5.1.2

Table 9 Market Transactions Involving Uranium Exploration Projects in Australia

Date	Vendor	Purchaser/Farminee	Transaction Type	Prospective Commodities[1]	Value[2] $M	Area km^2	Cost per km^2 A$
19-Dec-14	Cameco Australia Pty Ltd	Alligator Energy Ltd	Joint Venture	U	0.46	481	949
29-Sep-14	Toro Energy Ltd	AREVA Resources Australia Pty Ltd	Joint Venture	U	0.89	2,292	389
25-Sep-14	Gulf Minerals Corporation Limited	Redbank Copper Limited	Acquisition	U-BM	0.25	677	362
16-Jun-14	Spectrum Rare Earths Limited	Uranium Equities Limited	Acquisition	U	0.63	2,096	298
20-May-14	Private Vendor	Thundelarra Limited	Acquisition	U-BM	0.06	7	8,283
6-Dec-12	Toro Energy Ltd	Ashburton Minerals Ltd	Joint Venture	U-Cu	0.11	168	639
20-Apr-12	Stellar Resources Ltd	Renaissance Uranium Limited	Joint Venture	U-Cu	2.81	840	3,349
14-Nov-11	Teck Australia Pty Ltd	Marmota Energy Limited	Joint Venture	U	1.70	2,736	621
28-Jul-11	Gulf Mines Limited	Redbank Copper Limited	Joint Venture	U-BM	1.14	1,032	1,103
5-Jul-11	Cameco Australia Pty Ltd	Alligator Energy Ltd	Joint Venture	U	5.42	306	17,684
13-Jun-11	Excelsior Gold Limited	Parker Resources	Joint Venture	U	0.60	702	849
13-Jun-11	Excelsior Gold Limited	Freshwater Minerals NL	Acquisition	U	0.49	794	615
20-Apr-11	Broughton Minerals Pty Ltd	Orion Metals Limited	Joint Venture	U-REE	3.45	278	12,417
04-Apr-11	Thundelarra Exploration Limited	Resource Star Limited	Joint Venture	U	0.89	119	7,490
17-Feb-11	MPI Nickel Pty Ltd	Toro Energy Limited	Acquisition	U	5.00	12	423,370

1. Commodities: BM = Base Metals, Cu = Copper, REE = Rare Earths, U = Uranium

2. Value is on a 100% equity basis.

Table 10 Market Transactions Involving Base Metal Exploration Projects in Australia

Date	Vendor	Purchaser/Farminee	Transaction Type	Prospective Commodities[1]	Value[2] $M	Area km^2	Cost per km^2 A$
24-Nov-14	The Waterberg Coal Company Ltd	Apollo Minerals Limited	Acquisition	Cu	0.13	125	1,002
25-Sep-14	Gulf Minerals Corporation Limited	Redbank Copper Limited	Acquisition	BM-U	0.25	677	362
18-Aug-14	Adelaide Resources Limited	Investigator Resources	Joint Venture	Ag-Pb	0.87	333	2,603
18-Jun-14	Atlas Iron Limited	Aruma Resources Limited	Joint Venture	Cu-Au	0.30	896	331
12-Jun-14	Emmerson Resources Limited	Evolution Mining Limited	Joint Venture	Cu-Au	20.00	2,500	8,001
21-May-14	Thor Mining PLC	Ram Resources Limited	Acquisition	BM	0.12	147	794
30-Apr-14	Australian Mines Limited	Riedel Resources Limited	Joint Venture	Cu-Au	2.63	425	6,182
26-Mar-14	Dynasty Resources Limited	Aruma Resources Limited	Joint Venture	Cu	0.29	175	1,635
20-Mar-14	Austin Resources Pty Ltd & ASF Copper Pty Ltd	ASF Group Limited	Acquisition	BM	0.30	213	1,411
18-Mar-14	Comet Resources Limited	Kidman Resources Limited	Acquisition	BM	0.50	29	17,422
18-Mar-14	Variscan Mines Limited & Thomson Resources Limited	Kidman Resources Limited	Joint Venture	BM	0.13	222	590
18-Mar-14	Lassiter & Thomson Resources Limited	Kidman Resources Limited	Joint Venture	BM	0.06	169	331
13-Mar-14	Lassiter Resources	Thomson Resources Limited	Acquisition	BM	0.08	92	889
30-Jan-14	Alchemy Resources Limited	Independence Group NL	Joint Venture	BM	6.40	300	21,341
20-Dec-13	Bowgan Minerals	Kidman Resources Limited	Joint Venture	Cu-Ni	0.19	13	14,629

Date	Vendor	Purchaser/Farminee	Transaction Type	Prospective Commodities[1]	Value[2] $M	Area km^2	Cost per km^2 A$
20-Dec-13	Talisman Mining Limited	Sandfire Resources NL	Joint Venture	Cu-Au	16.20	323	50,170
4-Dec-13	Northern Star Resources Limited	Resource and Investment NL	Joint Venture	Cu-Au	0.85	123	6,909
4-Dec-13	Platypus Minerals Ltd	Gondwana Resources Limited and Adelaide Prospecting Pty Ltd	Joint Venture	Cu-Ni	0.85	217	3,912
19-Nov-13	Newcrest Mining Limited	ActivEX Limited	Acquisition	Cu-Au	0.20	190	1,053
17-Sep-13	Elementos Limited	Chinalco Yunnan Copper Resources Limited	Joint Venture	Cu-Co-Au	2.24	329	6,788
28-Aug-13	Segue Resources Limited	White Eagle Resources Limited	Acquisition	BM	0.02	49	405
21-May-13	Weddarla Pty Ltd	Peel Mining Limited	Acquisition	Cu-Au	0.78	116	6,670
20-May-13	Clancy Exploration Limited	High Power Exploration Inc	Joint Venture	Cu-Au	1.95	172	11,313
29-Apr-13	Superior Uranium Pty Ltd	Krucible Metals Limited	Acquisition	Cu-Au	0.48	54	8,850
11-Apr-13	New South Resources Limited	Arc Exploration Limited	Joint Venture	Cu-Au	1.35	324	4,173
15-Jan-13	Centrex Metals Limited	Shandong 5th Geo-Mineral Prospecting Unit	Joint Venture	BM	5.19	273	19,029
6-Dec-12	Laconia Resources Limited	Rubianna Resources Limited	Acquisition	Cu-Au	0.10	162	601
6-Dec-12	Toro Energy Ltd	Ashburton Minerals Ltd	Joint Venture	Cu-U	0.11	168	639
15-Nov-12	Tierra Rica Pty Ltd	TNG Limited	Acquisition	Cu	0.10	413	230
9-Nov-12	Argonaut Resources NL	Sandfire Resources NL	Joint Venture	Cu-Au	7.08	477	14,834
9-Nov-12	ABM Resources NL	Black Raven Pty Ltd	Acquisition	BM	0.43	221	1,939

Date	Vendor	Purchaser/Farminee	Transaction Type	Prospective Commodities[1]	Value[2] $M	Area km^2	Cost per km^2 A$
30-Oct-12	3D Resources Limited	Cazaly Resources Limited	Joint Venture	Cu-Ag-Zn	1.27	298	4,247
12-Oct-12	Arafura Resources Limited	Rox Resources Limited	Joint Venture	Cu	0.89	279	3,195
20-Aug-12	Private Vendors	Resource & Investment NL	Joint Venture	Cu-Au	1.52	6	255,984
13-Aug-12	Clancy Exploration Limited	Mitsubishi Material Corporation	Joint Venture	Cu-Au	5.31	496	10,696
24-Jul-12	Independence Group NL	Encounter Resources Ltd	Joint Venture	Cu	0.62	114	5,431
18-May-12	Oz Minerals Ltd	Peel Mining Limited	Acquisition	Cu-Au	0.25	113	2,212
15-May-12	Chrysalis Resources Limited	Talisman mining Limited	Joint Venture	Cu-Au	0.72	19	10,811
29-Mar-12	Precious Metals Resources Limited	Jiangsu Geology and Engineering Co. Limited	Joint Venture	BM-Ag	6.06	73	83,353
28-Feb-12	Private Vendor	Northern Manganese Limited	Acquisition	BM	0.35	111	3,161
19-Jan-12	Newcrest Operations Limited	GBM Resources Limited	Acquisition	BM-Ag	0.10	131	787
22-Dec-11	Northern Minerals Limited	Tungsten West Limited	Acquisition	BM	0.95	190	5,000
24-Oct-11	ActiveEX Limited	Coppermoly Limited	Joint Venture	Cu-Au	5.10	387	13,192
28-Jul-11	Gulf Mines Limited	Redbank Copper Limited	Joint Venture	BM-U	1.14	1,032	1,103
02-Feb-11	Kangaroo Resources Limited	Fitzroy Resources Limited	Acquisition	BM	0.05	315	159
28-Jan-11	Southern Gold Limited	IMX Resources Limited	Joint Venture	Cu-Au	0.57	273	2,090

1. Commodities: Ag = Silver, Au = Gold, BM = Base Metals, Co = Cobalt, Cu = Copper, Ni = Nickel, Pb = Lead, U = Uranium, Zn = Zinc

2. Value is on a 100% equity basis.

Table 11 Market Transactions Involving Mining Licences in Australia

Date	Vendor	Purchaser/Farminee	Transaction Type	Prospective Commodities[1]	Value[2] $M	Area km^2	Cost per km^2 A$
15-Sep-14	Meteoric Resources NL	Resourceful Mining Group Pty Ltd	Acquisition	Au	0.45	9.30	48,387
12-Aug-13	Panoramic Resources Limited	Gateway Mining Limited	Joint Venture	Au	1.52	6.51	233,755
30-May-13	Snowmist Pty Ltd	Arc Exploration Limited	Joint Venture	Au	1.15	1.57	735,219
20-Aug-12	Private Vendors	Resource & Investment NL	Joint Venture	Cu-Au	1.52	5.93	255,984
13-Jun-12	Clive Humberston	General Mining Corporation Ltd	Acquisition	Au	0.92	0.58	1,586,207
14-May-12	Birimian Gold Limited	Peel Mining Limited	Acquisition	Au	0.06	0.24	247,219
27-Jan-12	Galaxy Resources Limited	Phillips River Mining Ltd	Acquisition	Au	0.25	3.10	80,645
25-Jan-12	Private Vendor	GGG Resources Plc	Acquisition	Au	3.13	10.00	312,936
18-Aug-11	Millennium Minerals Limited	Novo Resources Corp	Joint Venture	Au	2.01	8.36	240,730
05-Apr-11	Millennium Minerals Limited	Galliard Resources Corp	Joint Venture	Au	1.30	8.36	155,310
17-Feb-11	MPI Nickel Pty Ltd	Toro Energy Limited	Acquisition	U	5.00	11.81	423,370
19-Jan-11	Providor Express Pty Ltd	Paynes Find Gold Ltd	Acquisition	Au	0.06	0.43	139,535

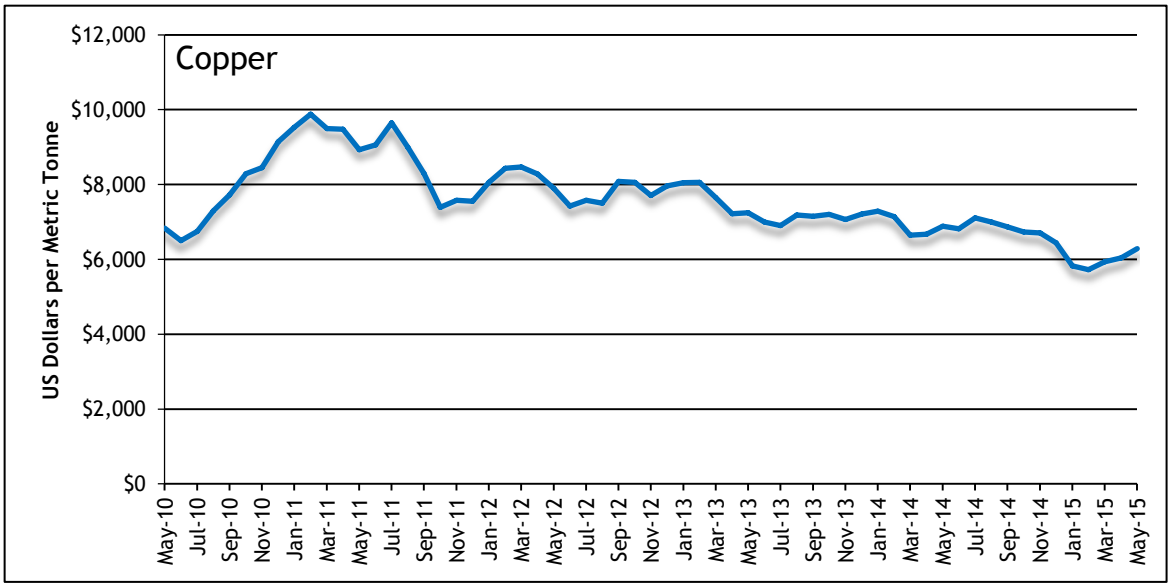
1. Commodities: Au = Gold, Cu = Copper, U = Uranium

2. Value is on a 100% equity basis.

4.4.2 Commodity Prices

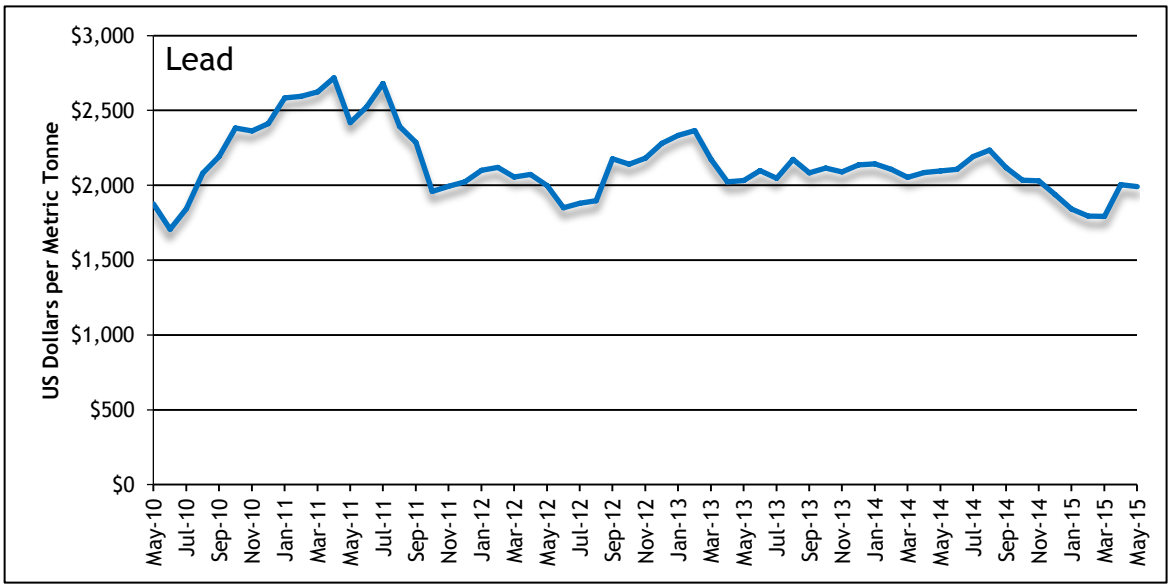
Ravensgate has examined the historical commodity charts for copper, lead and U_3O_8 (Triuranium octoxide) in Figure 18, Figure 19 and Figure 20 respectively, for general trends over time. Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

Figure 18 Copper Five Year Monthly Average Price Chart to May 2015



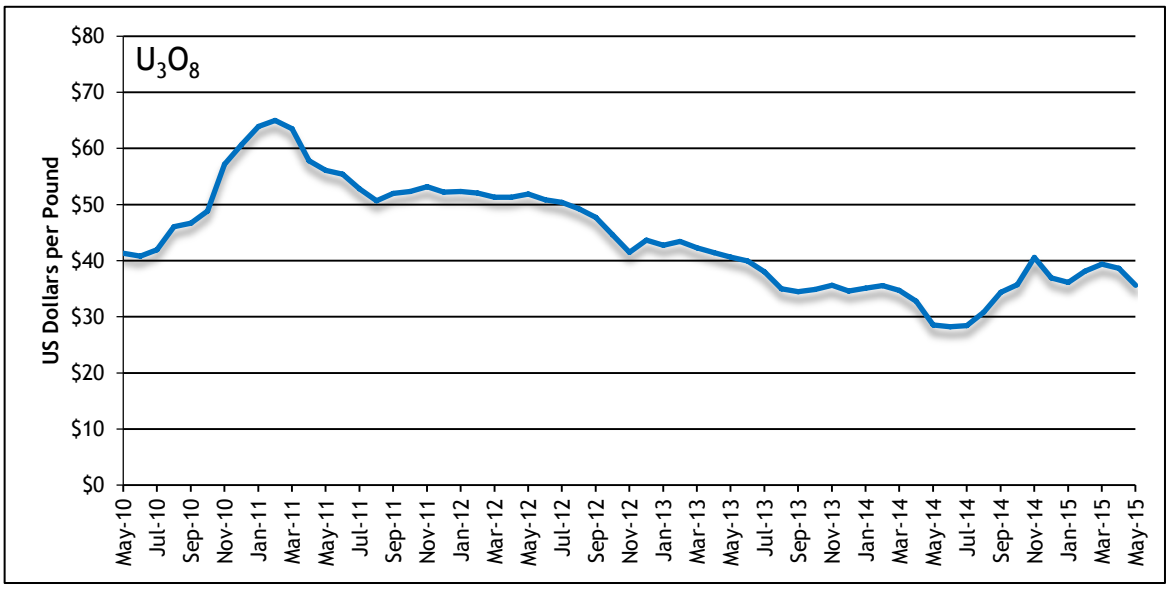
Source: Index Mundi (Copper grade A cathode, LME Spot Prices)

Figure 19 Lead Five Year Monthly Average Price Chart to May 2015



Source: Index Mundi (Lead 99.97% pure, LME Spot Prices)

Figure 20 U_3O_8 Five Year Monthly Average Price Chart to May 2015



Source: Index Mundi (U_3O_8 restricted price, Nuexco exchange spot)

4.5 Compass Mineral Asset Valuations

4.5.1 Rum Jungle and Southern Projects

To value Compass' Rum Jungle project Ravensgate has split it into three parts, the area containing the Mt Fitch uranium Mineral Resource and the surrounding Rum Jungle project tenure and the Southern project tenure.

4.5.1.1 Selection of Valuation Method

Compass has a 50% interest in all commodities except uranium, where it holds 100% of the rights in the Rum Jungle project tenements. In the Southern project tenements Compass has a 100% interest in all commodities.

The Rum Jungle project contains one current historical uranium Mineral Resource, Mt Fitch estimated in accordance with the JORC Code (2004 Edition). Additionally there are three historic copper oxide resources (Area 55, Browns Oxide and Browns East Oxide) and one historic base metal sulphide resource which were estimated in accordance with the JORC Code (2004 Edition) and had been publicly released many years ago, however these estimates are no longer valid having been superseded by newly acquired drill data and subsequent resource modelling.

Prior to Compass going into administration, significant additional resource development works had been undertaken, including mining and all Mineral Resources were in the process of being re-estimated. None of these new estimates were publically reported. These new estimates are presently not compliant with the JORC Code (2012 Edition) and hence have not met the requirements for public reporting. Ravensgate has sighted the new estimates in their present form and is of the opinion that to value Compass based on the last publically reported historical Mineral Resources would be misleading, so has decided to revert back to valuing the tenements containing these historical resources on an area basis using the new unfinished resource estimation work as a guide to determine value.

The open pit mining operation at the Rum Jungle project was put on care and maintenance in January 2009. These historic resources and mining areas can be classified as a *Predevelopment Project* and the surrounding exploration tenure as an Exploration Area mineral asset as defined in Section 4.1.

The Southern project tenements do not have any Mineral Resources as defined by the JORC Code.

The Rum Jungle and Southern project tenements have no publically reported Ore Reserves, due to this Ravensgate considers the DCF/NPV method inappropriate. Ravensgate has elected to apply the Comparable Transaction method to value the projects after consideration of the various valuation methods outlined in Section 4.1 and the geological / exploration information outlined in Section 3. Multiples of Exploration (MEE) and other cost based methods were not thought to be appropriate to apply to the surround exploration tenure. MEE and other cost based methods with prospectivity multipliers are very subjective and in Ravensgate's experience can easily over value projects where considerable expenditure has been undertaken and do not provide a good indication of market value.

4.5.1.2 Project Analysis – Comparable Transactions Method

Mt Fitch Uranium Mineral Resource

Ravensgate's analysis of market transactions of uranium resources in Australia, Canada and USA (Table 7) indicates that the implied value of projects with undeveloped uranium mineral resources, generally range from $0.04 to $7.47 per contained resource pound of U_3O_8. Analysing these transactions in more detail Ravensgate has excluded transactions with considerably more contained uranium pounds compared to Mt Fitch from further analysis being the transactions dated 12 March 2012, 27 August 2012 and 9 January 2013. From the resultant transactions the upper and lower normalised transactions were removed as potential outliers. The remaining transactions had a range of $0.10 to $1.83 per contained resource pound of U_3O_8. Analysing the transactions on a normalised basis, which takes into account the change in the commodity prices and foreign exchange rates over time (Table 8), the above range can be expressed as a percentage of the U_3O_8 price being 0.17% to 2.94%. The average and median of these transactions were 1.30% and 0.99%, respectively.

Ravensgate has derived an implied range with a preferred value per pound of contained U_3O_8 to apply to the Mt Fitch Mineral Resource listed in Section 3.8.1, using the spot price at 25 June 2015 of $47.51 (US$36.75) see Table 16 below. These derived values are based on the dollar value per pound of U_3O_8 expressed as a percentage of the U_3O_8 price. These ranges reflect the confidence and grade of the mineral resources. These values relate to approximately $1.988M to $2.982M for the total contained metal within the current mineral resource estimates (4.024Mlbs of U_3O_8). From this range a preferred value of $2.485M has been selected which reflects the outcome of the exploration to date and the quality of the mineral resources. The range and preferred value were based around the average normalised value of the comparative transactions.

Rum Jungle Project Surrounding Tenure

The tenure surrounding the Mt Fitch Mineral Resource is a mixture of exploration and mining licences with varying uranium and base metal prospectivity. Ravensgate has analysed transactions of mineral assets with no estimated mineral resources in accordance with the JORC Code (2012 Edition) for:

- Exploration and mining tenure specifically prospective for uranium (Table 9);
- Exploration and mining tenure specifically prospective for base metals (Table 10); and
- Mining tenure most commodities excluding bulk commodities (Table 11).

Tenure prospective for uranium (Table 9) suggests an implied value between $298 and $423,370 per km^2 for exploration mineral assets. Analysing the transactions in Table 9 in more detail and the value ranges differ on their stage of exploration, prospectivity, how strategic the tenement is to the purchaser and the type of tenement. A breakdown of ranges for tenure based on their prospectivity and strategic value are shown in Table 12 below.

Table 12 Uranium Exploration and Mining Tenement Value Ranges Breakdown

Cost per km^2 Range	Comments
Exploration Tenure	
$250 - $1,000	Grass roots early stage exploration, with limited work or limited exploration potential.
$1,000 - $5,000	Average exploration stage, some defined targets for follow up. Mature exploration ground that has been well explored
$5,000 - $20,000	Advanced stage exploration with good potential, defined targets ready for resource drilling
$20,000+	Advanced stage exploration with good potential and/or strategic to the purchaser.
Mining Tenure	
$50,000 - $2,000,000	Low value mining tenement to strategic to the purchaser

Tenure prospective for base metals (Table 10) suggests an implied value between $159 and $255,984 per km^2 for exploration mineral assets. Analysing the transactions in Table 10 in more detail and the value ranges differ on their stage of exploration, prospectivity, how strategic the tenement is to the purchaser and the type of tenement. A breakdown of ranges for tenure based on their prospectivity and strategic value are shown in Table 13 below.

Table 13 Base Metal Exploration and Mining Tenement Value Ranges Breakdown

Cost per km^2 Range	Comments
Exploration Tenure	
$150 - $1,000	Grass roots early stage exploration, with limited work or limited exploration potential.
$1,000 - $5,000	Average exploration stage, some defined targets for follow up. Mature exploration ground that has been well explored
$5,000 - $15,000	Advanced stage exploration with good potential, defined targets ready for resource drilling
$15,000+	Advanced stage exploration with good potential and/or strategic to the purchaser.
Mining Tenure	
$50,000 - $2,000,000	Low value mining tenement to strategic to the purchaser

Mining tenure prospective for most commodities except bulk commodities (Table 11) suggests an implied value between $48,387 and $1,586,207 per km^2 for mineral assets on mining licences without any defined mineral resource. Analysing the transactions in Table 11 in more detail, the value ranges differ on their stage of exploration, prospectivity and how strategic the tenement is to the purchaser.

Ravensgate has derived implied ranges and preferred values varying on the tenements prospectivity per km^2 to apply to the area of the granted licences (see Table 14) which have a total combined area of 105.36km^2. These values relate to approximately $7.031M to $13.078M. From this range a preferred value of $10.055M has been selected, which reflects the outcome of successful exploration to date and the quality of the exploration ground. Note that MCN984 has

not been valued by this method as its value is attributed to the Mt Fitch Mineral Resources contained within it.

To derive appropriate values for the various tenements Ravensgate reviewed the exploration data and prospectivity for the various licences and selected an appropriate range based on Table 12, Table 13 and factoring in the mining licence values in Table 11. The values attributed to each tenement were based upon a review of the prospectivity and quality of exploration targets on each tenement as described in Section 3.7. A brief description of the factors that have been taken into account in determining the value range and preferred value for the tenements are as follows:

- ELR146, MLN1161, MLN143, MLN145, MLN147, MLN150, MLN151, MLN152 – Highly prospective mining tenements, over both the non-current historic copper oxide and base metal sulphide Mineral Resources.
- MLN139, MLN140, MLN141, MLN142, MLN146 – Highly prospective mining tenements over only the non-current historic copper oxide Mineral Resources.
- MLN1157 – Strategically located only 1km from the non-current historic Browns oxide copper Mineral Resource.
- MLN1158, MLN1159, MA364 – Tenements proximal to either the non-current historic copper oxide or base metal sulphide Mineral Resources.
- MLN1163 – Tenement is proximal to the non-current historic Browns copper oxide Mineral Resources, but has lower uranium prospectivity compared to the tenements above.
- ELR125 – Highly prospective/strategic exploration tenement covering key stratigraphy (Whites Formation/Coomalie Dolomite contact) along strike of the non-current historic Browns copper oxide Mineral Resource and the Mt Fitch uranium Mineral Resource.
- ELR148 – Prospective Whites Formation and Coomalie Dolomite under colluvial and alluvial cover located 2km southwest of the non-current historic Browns copper oxide Mineral Resource.
- EL23578, EL24472, EL27560 – Moderately prospective exploration tenements with prospective geology, Whites Formation under colluvial and alluvial cover and proximal to historic Mineral Resources.
- EL23579, EL27559, EL27562, EL27568, EL28037, EL28703 – Average exploration tenure containing prospective geology, Whites Formation under Tertiary cover.
- EL27005, EL27007, EL27561, EL27969 – Low prospectivity tenements covering granitoids of the Rum Jungle Complex, valued on their uranium prospectivity.

Table 14 Valuation of the Rum Jungle Project Surrounding Tenure

Tenement	Area km^2	Equity %	Values Per km^2			Valuation		
			Low $	Preferred $	High $	Low $M	Preferred $M	High $M
ELR 125	14.28	50/100[1]	25,000	35,000	45,000	0.179	0.250	0.321
ELR 146	10.08	50/100	1,000,000	1,400,000	1,800,000	5.040	7.056	9.072
ELR 148	3.56	50/100	8,000	14,000	20,000	0.014	0.025	0.036
MLN1157	0.68	50/100	150,000	250,000	350,000	0.051	0.085	0.119
MLN1158	1.14	50/100	100,000	200,000	300,000	0.057	0.114	0.171
MLN1159	1.57	50/100	100,000	200,000	300,000	0.079	0.157	0.236
MLN1161	1.32	50/100	1,000,000	1,400,000	1,800,000	0.660	0.924	1.188
MLN1163	1.27	50/100	50,000	75,000	100,000	0.032	0.048	0.064
MLN139	0.17	50/100	500,000	700,000	900,000	0.043	0.060	0.077
MLN140	0.17	50/100	500,000	700,000	900,000	0.043	0.060	0.077

Tenement	Area km^2	Equity %	Values Per km^2			Valuation		
			Low $	Preferred $	High $	Low $M	Preferred $M	High $M
MLN141	0.17	50/100	500,000	700,000	900,000	0.043	0.060	0.077
MLN142	0.17	50/100	500,000	700,000	900,000	0.043	0.060	0.077
MLN143	0.17	50/100	1,000,000	1,400,000	1,800,000	0.085	0.119	0.153
MLN144	0.17	50/100	1,000,000	1,400,000	1,800,000	0.085	0.119	0.153
MLN145	0.16	50/100	1,000,000	1,400,000	1,800,000	0.080	0.112	0.144
MLN146	0.16	50/100	500,000	700,000	900,000	0.040	0.056	0.072
MLN147	0.10	50/100	1,000,000	1,400,000	1,800,000	0.050	0.070	0.090
MLN150	0.17	50/100	1,000,000	1,400,000	1,800,000	0.085	0.119	0.153
MLN151	0.15	50/100	1,000,000	1,400,000	1,800,000	0.075	0.105	0.135
MLN152	0.07	50/100	1,000,000	1,400,000	1,800,000	0.035	0.049	0.063
MCN984*	0.20	50/100	**Fitch Uranium Resource Value**					
MA364	3.50	50/100	100,000	200,000	300,000	0.175	0.350	0.525
EL 23578	0.47	50/100	3,000	4,000	5,000	0.001	0.001	0.001
EL 23579	3.68	50/100	1,000	1,500	2,000	0.002	0.003	0.004
EL 24472	3.32	50/100	3,000	4,000	5,000	0.005	0.007	0.008
EL 27005[#]	24.08	50/100	500	750	1,000	0.012	0.018	0.024
EL 27007[#]	0.07	50/100	500	750	1,000	0.000	0.000	0.000
EL 27559	0.15	50/100	1,000	1,500	2,000	0.000	0.000	0.000
EL 27560	0.47	50/100	3,000	4,000	5,000	0.001	0.001	0.001
EL 27561[#]	2.39	50/100	500	750	1,000	0.001	0.002	0.002
EL 27562	0.47	50/100	1,000	1,500	2,000	0.000	0.000	0.000
EL 27968	13.87	50/100	1,000	1,500	2,000	0.007	0.010	0.014
EL 27969[#]	2.59	50/100	500	750	1,000	0.001	0.002	0.003
EL 28037	4.64	50/100	1,000	1,500	2,000	0.002	0.003	0.005
EL 28703[#]	9.73	50/100	1,000	1,500	2,000	0.010	0.015	0.019
Total	**105.36**	**50/100**	**NA**	**NA**	**NA**	**7.031**	**10.055**	**13.078**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.
1 Equity breakdown 50% all commodities except uranium where Compass has 100% of the rights.
**This tenement is excluded as value attributed to the Mt Fitch Mineral Resource*
[#]These tenements were valued on their uranium prospectivity, hence Compass' equity was 100%

The combined value of the Rum Jungle project is shown below in Table 15 with a value range of $9.021M to $16.064M with a preferred value of $12.543M.

Table 15 Rum Jungle Project Valuation

Project	Mineral Asset	Equity %	Area km^2	Valuation		
				Low $M	Preferred $M	High $M
Mt Fitch	Advanced Exploration	100[1]	0.2	1.988	2.485	2.982
Surrounding Tenure	Exploration Area & Predevelopment Project	50/100[1]	105.16	7.031	10.055	13.078
Total	**Various**	**50/100**	**105.36**	**9.021**	**12.543**	**16.064**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

1 Equity breakdown 50% all commodities except uranium where Compass has 100% of the rights.

Table 16 Mt Fitch Mineral Resource Valuation – Compass 100% Interest

Resource	Cut-off (lbs U_3O_8)	Tonnes Mt	Grade (lb/t)	Contained U_3O_8 Mlbs	Compass' Equity %	Normalised % of U_3O_8 Price at 25 June 2015*			Valuation $M		
						Min	Preferred	Max	Min	Preferred	Max
Mt Fitch	0.5	5.03	0.8	4.024	100	1.04	1.30	1.56	1.988	2.485	2.982

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur

**On the 25 June 2015 the spot U_3O_8 price was US$36.75 ($47.51) and the foreign exchange rate AUD/USD was 0.7735 (RBA 4pm Close)*

Southern Project Tenure

Ravensgate has derived implied ranges and preferred values varying on the tenements prospectivity per km^2 to apply to the area of the granted licences (see Table 17) which have a total combined area of 132.84m^2. These values relate to approximately $0.556M to $1.340M. From this range a preferred value of $0.948M has been selected, which reflects the outcome of successful exploration to date and the quality of the exploration ground.

To derive appropriate values for the various tenements Ravensgate reviewed the exploration data and prospectivity for the various licences and selected an appropriate range based on Table 12, Table 13 and factoring in the mining licence values in Table 11. The values attributed to each tenement were based upon a review of the prospectivity and quality of exploration targets on each tenement as described in Section 3.7. A brief description of the factors that have been taken into account in determining the value range and preferred value for the tenements are as follows:

- MA23439 – Contains the historic Rum Jungle South uranium mine and is located 5km west of Batchelor. The tenement contains basal units of the Mt Partridge Group sedimentary units wrapping around the southern end of Waterhouse Dome granitoids; unconformity parallel thrust faults with associated hematite alteration.
- EL23437 – Contains the Castlemain uranium prospect, with significant drilling continuing southeast from the historic Rum Jungle South uranium mine. The tenement is located 2km west of Batchelor. The tenement contains basal units of the Mt Partridge Group sedimentary units wrapping around the southern end of Waterhouse Dome granitoids; unconformity parallel thrust faults with associated hematite alteration.
- EL24464 – Contains the Mt Minza, Spring Creek, Kylie and Waterhouse No 2 uranium prospects. The tenement contains basal units of the Mt Partridge Group sedimentary units wrapping around the southern end of Waterhouse Dome granitoids; unconformity parallel thrust faults with associated hematite alteration. In the western part of the tenement there is a series of northwest striking faults.
- EL23436, EL23677, EL23722, EL24770, EL25561, EL27638, EL27788 and EL27789 – Average prospectivity with the tenements containing basal units of the Mt Partridge Group sedimentary units.

Table 17 Valuation of Southern Project Exploration Tenure

Tenement	Area km^2	Equity %	Values Per km^2			Valuation		
			Low $	Preferred $	High $	Low $M	Preferred $M	High $M
MA23439	2.94	100	100,000	200,000	300,000	0.294	0.588	0.882
EL 23436	5.82	100	1,000	1,500	2,000	0.006	0.009	0.012
EL 23437	5.75	100	3,000	4,000	5,000	0.017	0.023	0.029
EL 23677	9.92	100	1,000	1,500	2,000	0.010	0.015	0.020
EL 23722	5.05	100	1,000	1,500	2,000	0.005	0.008	0.010
EL 24464	60.19	100	3,000	4,000	5,000	0.181	0.241	0.301
EL 24770	18.83	100	1,000	1,500	2,000	0.019	0.028	0.038
EL 25561	14.84	100	1,000	1,500	2,000	0.015	0.022	0.030
EL 27638	2.76	100	1,000	1,500	2,000	0.003	0.004	0.006
EL 27788	4.62	100	1,000	1,500	2,000	0.005	0.007	0.009

EL 27789	2.12	100	1,000	1,500	2,000	0.002	0.003	0.004
TOTAL	**132.84**	**100**	**NA**	**NA**	**NA**	**0.556**	**0.948**	**1.340**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

4.6 Valuation Summary

As the technical valuation for Compass' projects are based on comparable market transactions it can be considered to also be the market value. The definition of market value that Ravensgate adopts is that used in the VALMIN code, which is the market value definition as defined by the International Valuation Standards Committee (IVSC).

4.7 Compass Summary Valuation

Ravensgate has concluded that Compass' projects are of merit and worthy of further exploration. A summary of Compass' project valuation in current ownership equity percentage terms is provided in Table 18. The applicable valuation date is 25 June 2015 and is derived from using the Comparable Transactions valuation method. The value of Compass' projects are considered to lie in a range from $9.577M to $17.404M; within this range Ravensgate has selected a preferred value of $13.491M.

Table 18 Compass Technical Valuation in Ownership Equity Percentage Terms

Project	Mineral Asset	Equity %	Area km^2	Valuation		
				Low $M	Preferred $M	High $M
Mt Fitch Resource	Advanced Exploration	100[1]	0.2	1.988	2.485	2.982
Rum Jungle Surrounding Tenure	Exploration Area & Predevelopment Project	50/100[1]	105.16	7.031	10.055	13.078
Southern Tenure	Exploration Area	100	132.84	0.556	0.948	1.340
Total	**Various**	**Various**	**238.20**	**9.577**	**13.491**	**17.404**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

1 Equity breakdown 50% all commodities except uranium where Compass has 100% of the rights.

PART 4

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6. LIST OF ABBREVIATIONS

A$	Australian dollar(s)
Ag	Silver
ASX	Australian Securities Exchange
Au	Gold
Co	Cobalt
Cu	Copper
DCF	Discounted cash flow
FAusIMM	Fellow of the Australasian Institute of Mining and Metallurgy
g/t	Grams per tonne
JORC Code	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
JV	Joint Venture
K	Thousand(s)
km	kilometre(s)
km^2	Square kilometre(s)
lbs/t	Pounds per tonne
m	Metre(s)
M	Million(s)
MAIG	Member of the Australian Institute of Geoscientists
MAusIMM	Member of the Australasian Institute of Mining and Metallurgy
mm	Millimetre(s)
MMI	Mobile Metal Ion
Mt	Million Tonnes.
Ni	Nickel
NPV	Net present value
oz	Ounce (Troy ounce measure of weight)
Pb	Lead
PGE	Platinum Group Element
ppb	Parts per billion; a measure of concentration
ppm	Parts per million; a measure of concentration
QA/QC	Quality Assurance / Quality Control
RAB	Rotary Air Blast (drill hole)
RC	Reverse circulation (drill hole)
t	Tonne(s)
U	Uranium
U_3O_8	Uranium oxide
US$	United States Dollar(s)
Zn	Zinc

7. GLOSSARY

aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
anomalies	An area where exploration has revealed results higher than the local background level.
amphibolite	A metamorphic rock consisting mainly of amphibole, especially the species hornblende and actinolite
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
assayed	The testing and quantification metals of interest within a sample.
bedrock	Any solid rock underlying unconsolidated material.
craton	An old and stable part of the continental lithosphere
diamond drilling	Drilling method employing a (industrial) diamond encrusted drill bit for retrieving a cylindrical core of rock.
dolerite	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
domain	Geological zone of rock with similar geostatistical properties; typically a zone of mineralisation
dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
fault	A wide zone of structural dislocation and faulting.
geochemical	Pertains to the concentration of an element.
geophysical	Pertains to the physical properties of a rock mass.
geosyncline	A subsiding linear trough that was caused by the accumulation of sedimentary rock strata deposited in a basin and subsequently compressed.
gneiss	A common and widely distributed type of rock formed by high-grade regional metamorphic processes from pre-existing formations that were originally either igneous or sedimentary rocks.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
mesothermal	A hydrothermal ore deposit formed at intermediate temperatures (200-300°C) and depths.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids
NQ	Diamond Drilling. A core diameter of 47.6mm.
orogeny	The process of mountain formation, especially by a folding and faulting of the earth's crust.
outcrop	Surface expression of underlying rocks.
Precambrian	A period of geological time older than 570 million years before present.
Proterozoic	An eon of geological time spanning the period from 2,500 million years to 570 million years before present
RAB drilling	Rotary Air Blast. A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.

RC drilling	Reverse Circulation. A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
regolith	The layer of unconsolidated material which overlies or covers in situ basement rock
resource	In situ mineral occurrence from which valuable or useful minerals may be recovered.
rock chip sampling	The collection of rock specimens for mineral analysis.
sedimentary	A term describing a rock formed from sediment.
soil sampling	The collection of soil specimens for mineral analysis.
strata	Sedimentary rock layers.
stratigraphic	Composition, sequence and correlation of stratified rocks.
strike	Horizontal direction or trend of a geological structure.
volcanics	Rocks formed or derived from volcanic activity.

APPENDIX 5
Independent Specialist Report prepared by Aon

Aon Risk Solutions
Global Risk Consulting
Valuation Services

RSM Bird Cameron Corporate Pty Ltd

Valuation of Decommissioned Mineral Processing Plant and Equipment

Browns Oxide Mine site, Bachelor, NT

10 June 2015

Table of Contents

Executive Summary

Reference for this assignment:	415260AC
Contact for general enquiries:	Ashley Grant Ph: +61 2 8623 4063
Under instructions from:	Andy Gilmour RSM Bird Cameron Corporate Pty Ltd 8 St Georges Terrace Perth WA 6000
Purpose of Valuation:	To determine the Market Value (ex-situ) assuming a sale for removal scenario, for the decommissioned mining processing plant and equipment located at the Browns Oxide Mine Site, Bachelor, NT.
Overview Description:	The subject plant and machinery assets comprise a decommissioned and placed on care and maintenance mining processing plant.
Interest Valued:	Wholly owned
Date of Inspections:	1st, 2nd and 3rd July 2014
Date of Valuation:	10 June 2015
Sites Inspected:	Browns Oxide Mine site, Bachelor, NT
Total Value:	$2,676,500
Inspecting Valuer:	Anthony Hannah Ph: +61 2 8623 4065
Certifying Valuer:	Ashley Grant AAPI Certified Practising Valuer (Plant and Machinery)

Valuers Comments and Observations:

Inspections and a previous valuation were conducted in July 2014 with this valuation report being based on the assumption that there have been no changes to the plant and equipment or changes to the business operations and or care and maintenance of the plant at the Bachelor site.

For details regarding the current valuation approach, history of the plant, company and valuations background see the Plant, Company & Valuation Background and the Approach Adopted sections of this report.

The total Market Value ex situ assuming a sale for removal arrived at in this report is $2,676,500.

As noted in the Plant, Company & Valuation Background section of this report, in any scenario, where the existing plant was valued on an in situ basis (and using the Depreciated Replacement Cost approach), based on the assumption that some of the existing components would be utilised as part of any profitable sulphide ore processing business in the future, these existing plant components might have a total Market Value in situ in the range of $15,000,000 to $30,000,000.

Valuation Instruction

We have received instructions from:

Andy Gilmour
RSM Bird Cameron Corporate Pty Ltd
8 St Georges Terrace
Perth WA 6000

The initial instructions were to carry out a valuation of the tangible assets located at the Browns Oxide Bachelor processing plant on behalf of HNC Australia. This valuation was completed in July 2014.

This valuation has utilised data collected during this 2014 valuation. Instruction and permission to use previous collected data for this exercise has been received from HNC Australia.

It is declared that:

- the certifying valuer has satisfied the professional requirements of the Australian Property Institute (Plant and Machinery Division) and is a member of this organisation, and or the Royal Institute of Chartered Surveyors,
- this valuation has been carried out after consideration of International Valuation Standards,
- all personnel involved in this assignment do not have a pecuniary interest in the subject property,
- a personal inspection of the assets has been made by suitably qualified staff as noted herein,
- the statements of fact represented in the report are correct to the best of the knowledge of Aon Valuation Services,
- the fee for the valuation is not contingent upon any aspect of this report.

Written instruction is contained as **Appendix 1**.

Valuation

We refer to our instructions and take pleasure in providing our valuation assessment of the assets detailed within this report on the basis of value noted.

We certify that in our opinion, the current market value ex situ and assuming a sale for removal from the site of the subject assets based on the valuation method and approach as outlined herein in this report and subject to the qualifications, assumptions and encumbrances contained therein as at June 2014 is:

Location as per Summary of Values	**June 2015**
Market Value (Ex-Situ)	**$ 2,676,500**

Neither the whole nor any part of this valuation nor any reference thereto may be included in any document, circular or statement without our approval of the form and context in which it will appear.

We thank you for the opportunity to complete this assignment on your behalf.

For and on behalf of Aon Valuation Services

……..

Ashley Grant AAPI
Certified Practising Valuer (Plant and Machinery)
31 March 2015

Definitions

External Obsolescence

Obsolescence resulting from external influences may affect the value of the asset. External factors include changed economic conditions, which affect the supply of and demand for goods and services produced by the asset or the costs of its operation. External factors also include the cost and reasonable availability of raw materials, utilities, and labour.

Fair Value

Accounting standards are directed at the business entity and the onus of compliance for Fair Value is on the business entity.

The valuer provides an estimate of asset value based on Market Value as part of a going concern and assuming adequate profitability.

Where sales comparisons are readily available to the valuer (when valuing assets for which there is a deep liquid secondary market) the valuer will use the sales comparison approach.

Where sales comparisons are not readily available to the valuer (specialised and or In-Situ assets with limited or no sales comparisons available), the valuer will generally use the Depreciated Replacement Cost approach assuming adequate profitability.

It is the directors and/or accountants of the entity, (especially in the case of the valuer using the Depreciated Replacement Cost approach) who after conducting appropriate (recoverable amounts or income approach business valuation) tests decide whether the Market Value (as part of a going concern and assuming adequate profitability) estimate meets the test of Fair Value.

Anyone relying on this report for financial reporting purposes should refer to Australian and International Accounting Standards and Guidance Notes for a detailed explanation of Fair Value.

Functional Obsolescence

Functional obsolescence can be caused by advances in technology that result in new assets being capable of a more efficient delivery of goods and services. Modern production methods may render previously existing assets fully or partially obsolete in terms of current cost equivalency. The application of the optimisation process is an attempt to account for many elements of functional obsolescence.

Going Concern Value

This describes a situation where an entire business (tangible and intangible assets) is transferred as an operational entity. Alternative valuation scenarios to a going concern could include a transfer of all the assets as a whole but following the closure of the business, or a transfer of specific assets currently used in the business as individual items.

Highest and Best Use

A market valuation of an asset, based on its highest and best use within an ongoing operational entity and on the understanding that there is a continuing requirement for that asset, will generally result in the greatest value for the asset.

"The most probable use of an asset, which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the property being valued."

Opportunities that are not available to the entity are not taken into account.

Liquidation Value

This describes a situation where a group of assets employed together in a business are offered for sale separately, usually following a closure of the business. Although often associated with a forced sale (see 6.11 below), these terms have distinct meanings. There is no reason why assets cannot be liquidated by an orderly sale following proper marketing.

Market Value

Market Value is the estimated amount for which an asset should exchange at the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

Underlying the definition of Market Value, for financial reporting purposes and as part of a going concern profitable business operation, is the assumption that the entity is a profitable going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms due to any economic obsolescence or impairment to the business. Similarly, to determine the Market Value of an asset, as part of a going concern profitable business operation, it is assumed that the asset is exchanged as part of the sale of the entire going concern profitable business entity.

The Market Value of an asset is determined by reference to its highest and best use.

Market Value Ex-Situ

Market Value Ex-Situ adopts the following presumptions:

- The assets are valued as individual items for removal; and
- The value provided is a gross amount and does not make allowance for agent's commission or other sale costs.

Market Value In-Situ

Market Value In-Situ adopts the following presumption:

- The assets are valued as a whole, in-situ as part of the continuing business operations and assuming a going concern profitable business.

Modern Equivalent Asset

An asset similar to an existing asset and having the equivalent productive capacity, which could be built using modern materials, techniques and design. Replacement cost is the basis used to estimate the cost of constructing a modern equivalent asset.

Non-Operational Assets

These are assets which are not integral to the operation of the entity and are valued based on Market Value ex-situ basis only.

Non Specialised Asset

Non-Specialised Assets are those normally traded in an open market where market-based price indicators are available to guide both market participants and market observers.

Operational Assets

Operational assets are those, which are utilised in the operation of the entity and are held for the continued use or service potential for the near future. These assets are valued on a Market Value in-situ basis.

Optimisation

The process by which a least cost replacement option is determined for the remaining service potential of an asset. It is a process of adjusting the replacement cost to reflect that an asset may be technically obsolete or over-engineered, or the asset may have a greater capacity than that required. Hence optimisation minimises, rather than maximises, a resulting valuation where alternative lower cost replacement options are available.

Plant and Machinery

Within this report the term plant and machinery refers to tangible assets, other than realty, that:

- are held by an entity for use in the production or supply of goods or services, for rental by others, or for administrative purposes; and

- are expected to be used over a period of time.

The categories of plant and machinery are:

- *Plant*: Assets that are inextricably combined with others and that may include specialised buildings, machinery, and equipment.

- *Machinery*: Individual machines or a collection of machines. A machine is an apparatus used for a specific process in connection with the operation of the entity.

- *Equipment*: Other assets that are used to assist the operation of the enterprise or entity.

Residual Value

This describes the value of an asset that has reached the end of its economic life for the purpose it was made. The asset may still have value for an alternative use, sale ex situ or for recycling.

Specialised Assets

Assets that are rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to uniqueness arising from its specialised nature and design, its configuration, size, location, or otherwise.

Operational assets may be non-specialised or specialised in whole or part. Within this report the degree of specialisation of each individual or group of assets has been addressed having regard to the following considerations:

- the use to which the asset is put,

- the degree of special adaptation,

- the location,

- whether that category of asset has a readily definable market; and

- any guidance by the directors and/or technical staff of the entity.

Special Value

Special Value can arise where an asset has attributes that make it more attractive to a particular buyer, or to a limited category of buyers, than to the general body of buyers in a market. These attributes can include the physical, geographic, economic or legal characteristics of an asset. Market Value requires the disregard of any element of Special Value because at any given date it is only assumed that there is a willing buyer, not a particular willing buyer.

Synergistic Value

Synergistic Value can be a type of Special Value that specifically arises from the combination of two or more assets to create a new asset that has a higher value than the sum of the individual assets.

Valuation Methodology

There are three particular approaches when considering the appropriate methodology suitable for compliance with the Market Value definition, being:

- Market comparison approach
- Income approach
- Depreciated replacement cost approach

Market Comparison Approach

The market comparison approach seeks to determine the current value of an asset by reference to recent comparable transactions involving the sale of similar assets.

Market evidence for plant & machinery assets includes recent sales, (or offerings/asking prices) or market opinions sourced from industry experts, on line sales sites, dealers and or resellers based on past sales. The market comparison approach is generally used for assets for which an established deep liquid secondary market exists and sales data from that deep liquid secondary market is available to the Valuer.

Market evidence for plant & machinery assets can be sourced from various levels of trade or measurable marketplaces and any sourced information should be analysed in the context of the subject assets. If the market evidence is for assets not exactly the same as the subject assets, adjustments are made to the market evidence. Adjustments may be made either up or down in order to estimate what the comparable asset would have sold for if it had the same characteristics as the subject asset. This leads to an indication of the most probable selling price for the subject assets.

Income Approach

The income approach seeks to determine the value of anticipated future economic benefits associated with an individual or group of assets. The net cash flows are projected over the appropriate period discounted back to a net present value using an appropriate discount rate that reflects cost of capital, risk and required return.

The income approach is generally not considered an appropriate approach to determine values for plant & machinery assets because it is not usually feasible to attribute income to an individual tangible asset or units of plant and machinery that constitute an operating entity as typically such income streams include the value of intangible assets as well as tangible assets.

This approach to valuation has not been utilised within this report.

Depreciated Replacement Cost Approach

The Depreciated Replacement Cost (DRC) is the estimated current cost of replacement of the asset with a similar asset which is not necessarily an exact reproduction but which has similar service potential and function (plus where applicable an amount for installation), less an estimated amount for depreciation in the form of accrued physical wear and tear, economic and functional obsolescence.

Specialised operational assets, by their nature, lack market evidence on which to base a market value assessment and accordingly, having particular regard to the deprival value concept, these require a replacement cost valuation methodology. Consequently such assets are sub-categorised as replacement cost based assets and the Market Value (in-situ) assuming continued use is derived by a depreciated replacement cost approach.

Under International Valuation Standards and Australian Property Institute guidelines DRC is considered as an acceptable surrogate method for arriving at a Market Value (in situ) involving an asset where there is no readily available or otherwise dependable deep secondary market sales data to analyse in developing a market value estimate.

Where this approach is adopted any optimisation of the asset(s) will also been taken into account along with due consideration to any functional (technical) obsolescence factors affecting the existing asset.

External obsolescence factors can also affect the assets, with this form of obsolescence occurring when the asset owner can no longer earn an appropriate rate of return on the ownership/operation of the subject asset. External obsolescence factors are usually a function of outside influences that affect an entire going concern business (i.e. all tangible and intangible assets of the business). This form of obsolescence can usually only be measured or fully confirmed by comparing the business value as a whole (i.e. all tangible and intangible assets of the business) with the values arrived at using the DRC approach for the tangible assets of the business as a whole (plant, machinery, land, buildings etc.).

Therefore considerations regarding the value of the business entity based on the cash flows generated by the business entity (including any allocation for the intangible asset value component) should be made by directors and/or accountants of the entity when determining if it is appropriate to adopt the provided estimate of Market Value, using the DRC approach, as the Fair Value of the assets to the business entity.

The DRC based values for the tangible assets assume that the business is on going and profitable and that the profits of the business would justify carrying the equipment at the nominated DRC based market values in the accounts of the business.

Where this valuation methodology is used it will assume that the business entity is subject to adequate potential profitability for the business entity. It is important to note that no investigations into the appropriateness of this assumption has been undertaken.

Plant, Company & Valuation Background

The Browns Oxide Bachelor processing plant comprises crushing, milling, lime, acid, acid leaching, RIP, Thickener, CCD, SX, EW, ponds areas assets as well as associated balance of plant areas assets including electrical, boiler, compressed air and general areas.

The operational history of the plant as indicated to us by the site, Darwin & Perth office company representatives is as follows:

The plant was originally built by Compass Resources a joint venture between the HNC China partners and their Australian partners Compass Resources in 2007/2008. The plant was built to process the open cut pit mined oxide ore resource at the Bachelor mine site over a 10/12 year mine life.

The plant was built using a mixture of new and used plant and equipment, with the SX/EW plant and some other equipment being bought used from the Cawse Mine WA, and the SAG (1973 vintage) mill being purchased used as well. The projected budget total plant cost at the time was around seventy million dollars however the final cost was far in excess of this and it has been suggested was in the vicinity of two hundred million dollars.

The plant operated for a matter of months prior to being closed down due to an inability to process the oxide resource profitably. The plant was placed into care and maintenance and the business was placed into administration.

In 2009 /2010 investigations into rectifying the plant, in order for it to profitably process the oxide resource, were carried out on behalf of the business by a number of mining processing consultants. These included BGRIMM a Beijing based mining processing consultancy, Australian based mining processing consultants including Simulus, ACA Solutions and Oreway Minerals as well as other consultants. These consultants advised some extensive plant additions (including another 6 CCD's etc.) as well as some changes, decommissioning's and rectifications to the existing plant.

Using the process design information from these consultants a construction contractor (LAING O'ROURKE) provided a quote in August 2010 for these additions, decommissioning's, changes and rectifications to the existing plant. The budget for this was in the vicinity of seventy five million dollars.

The business did not proceed with these plant rectification works and the plant was mothballed. With the exception of a small component of the plant (pumps, pipework, thickener etc.) being used for the purposes of stockpile water runoff management, the plant has not operated since then.

We understand that considerations and investigations are currently being made (including a report from GHD engineering consultants) into the mining and processing of another resource (sulphide resource) at the Bachelor mine site. This project will involve the development of an underground mine (budgeted costs in the vicinity of $40,000,000), the construction of another additional new processing plant and the use (after further rectification and refurbishment works) of some components of the existing oxide processing plant (budgeted cost in the vicinity of $52,000,000) .

The components of the existing oxide plant that would be used, (in the scenario that this proposed sulphide resource project did go ahead) have not been definitely finalised but the site, however we understand that these components could include the crushing milling area, paste thickener area, the thickeners and CCD's area, SXEW area, limestone area, some of the leach tanks areas, associated electrical services to these areas, general equipment including generators, boiler, compressors etc. and site service areas including ponds, tails dam, roads etc.

This valuation assumes that the plant is, not in use, considered "as is" (without the additions, decommissioning, changes and rectifications as outlined above) cannot profitably process the oxide resource and will not be used in the future. In this scenario the plant has been valued based on the Market Value ex situ for removal from the site basis.

A second scenario would assume the sulphide resource project goes ahead, that the sulphide project is ongoing and profitable and that as indicated some components of the existing plant are utilised in the processing of the sulphide resource. In this scenario any assets used as part of the sulphide project could be considered on the Market Value in-situ basis and any assets not used as part of the sulphide project would still be considered on the basis of Market Value ex-situ for removal from the site basis.

We have therefore conducted our valuation based on the scenario of Market Value ex-situ for removal from the site assumption basis. The approach, assumptions and considerations used in arriving at our values are further outlined in the following Approach Adopted section of this report. The total market value ex situ assuming a sale for removal arrived at is $2,676,500.

We would point out that if a valuation of the plant based on the second scenario and assuming some components of the existing plant were used as part of any ongoing profitable sulphide project processing business then the value in situ of those components of the existing plant would be materially higher than the value ex situ arrived at in this report.

If valued on an in situ basis (and using the Depreciated Replacement Cost approach), based on the existing components that might be utilised (see above commentary) and as part of any profitable sulphide processing business these existing plant components might have a total Market Value in situ in the range of $15,000,000 to $30,000,000.

A prior valuation report conducted by Roger Beevis of Grays Assets Services on behalf of Compass Resources Limited in June 2012 was provided to Aon. This report states that the basis of value is Market Value for Existing Use and that it was conducted using a combination of the Sales Analysis method and the Depreciated Replacement Cost method. The total value is stated at $71,904,805.

Approach Adopted

The Browns Oxide mine site processing plant comprises a crushing, milling, lime, acid, acid leaching, RIP, Thickener, CCD, SX, EW, ponds areas and associated balance of plant areas including electrical, boiler, compressed air and general areas.

The asset list from the valuation conducted by Roger Beevis of Grays Assets Services on behalf of Compass Resources Limited in June 2012 was utilised by our inspecting valuer as the basis for our valuation inspections.

The plant, with the exception of the stockpile water runoff management assets (pumps, pipes, thickener etc.), has been on care and maintenance and or mothballed since 2008 when the plant stopped operating.

Indications from industry sources suggest that due to the downturn in the Australian resources sector the secondary market for this type of plant is not very strong at present.

In a for sale for removal scenario the plant generally comprises three main groups of equipment.

The first group is more general plant equipment like boilers, air compressors, generators, pumps and general plant equipment as well as the prefabricated transportable buildings. This equipment and transportable buildings has a generally wider potential customer market and are somewhat easier for buyers to remove, transport and reinstall.

For this more general equipment we have given considerations to market opinions sourced from industry experts, on line sales sites, dealers and or resellers based on past sales, the location, potential condition issues, and other factors.

The second group is the larger installed mineral processing plant (including crushing, milling, lime, acid, acid leaching, RIP, Thickener, CCD, SX, EW areas equipment, larger steel buildings etc.). There are factors affecting the sale of this type of plant for removal from the site.

The removal, transport, refurbishment and re-installation of this type of equipment presents real difficulties and costs to any purchaser.

Generally there are limited potential customers for the majority of this type of plant and the location is reasonably remote further limiting potential customers.

Prior sales for similar plant are not that common and therefore there are only limited sales comparisons to consider.

Some components of the plant will not sell for removal and re-installation and will most likely be sold for scrap purposes only.

There are potential and unknown condition issues with the plant which has been sitting idle for some years.

For this larger installed mineral processing plant equipment we have given considerations to market opinions sourced from industry experts, on line sales sites, dealers and or resellers, limited examples of past sales and estimated scrap values.

The third group comprises the installed infrastructure assets including ponds, dams, concrete, roads, foundations, some steel structures and larger steel buildings etc. These assets will not have any sale for removal market and would be left at the site.

For all of the plant assets the we generally note the following:

The value estimates assume that the purchaser has free access to dismantle and remove all and or only the parts of the equipment/plant they want and are free to leave behind any unwanted sections components etc.

The values do not allow for any costs associated with sale of the plant including any commissions, sale costs fees etc.

The values does not allow for any costs associated with any clean up of the unwanted remaining plant left at the site including any steel, concrete, foundations, earthworks etc.

The values does not allow for any costs associated with any site remediation, removal of contaminants and or environmental clean up of the site and or any plant equipment left behind.

Assumptions, Conditions and Limitations

Full Disclosure

This valuation has been prepared on the basis that all information and facts which may affect the valuation have been given to us by you or on your behalf.

We do not accept any liability or responsibility whatsoever for the valuation if full disclosure has not been made or for any error or defect in the valuation which has resulted from any error, omission or inaccuracy in information supplied by or on behalf of the client.

Use of Valuation

This valuation is prepared under the specific instructions of the party detailed in the Executive Summary of this report and as such this report should not be relied upon by anyone, for that or any other purposes, other than the specified party, their nominated broker or underwriter.

Aon Valuation Services does not contemplate that this report or any part of it will be relied upon by any other person. Aon Valuation Services accepts no responsibility to any other person. However, any other person who obtains this report may seek our written consent to rely on it. We reserve the right to review the contents of this report if our consent is sought.

You must not include any part of this valuation or the names or professional affiliations of the valuer certifying this report in any document, circular or statement without our prior written approval.

General Limitations

- This document may contain information which is directly derived from outside sources without verification by Aon Valuation Services including but not limited to asset sales information, asset replacement costs, industry and company background information. Where the content of this report has been derived in whole or in part from sources other than Aon Valuation Services, we do not warrant or represent that such information is accurate.

- This valuation has been prepared on the assumption that the plant and machinery assets comply with the approvals, conditions and requirements of all appropriate authorities.

- It has been assumed that the assets contained within this report are wholly owned and we have not taken into account any outstanding amounts owed on the assets from any financial arrangements.

- The value stated within this report is exclusive of GST.

- This valuation is current as at the date of valuation only. The value assessed herein may change significantly over a relatively short period of time as a result of general market movements of factors specific to the subject plant & machinery. Aon Risk Services Australia Limited does not accept liability for losses arising from changes in these factors and subsequent changes in market value. Aon Risk Services Australia Limited does not assume any responsibility for this valuation where the valuation is relied upon after a period of three months from the date of valuation without undertaking a re-inspection of the property and further investigation and analysis, or earlier should you become aware of any factors that would negatively influence the marketability and valuation of the plant & machinery.

To the extent permitted by law, Aon and its related entities (as defined within the Corporations Act 2001) will not be responsible or liable for:
(i) any consequential, incidental, indirect or special damage or loss of any kind;
(ii) the supply, by the Client or others, of incorrect, incomplete or misleading information and/or documentation;
(iii) the failure by the Client or others to supply appropriate, relevant or timely information and/or documentation;
(iv) the failure by the Client or others to act on Aon's advice or to respond promptly to any communications from Aon or any other person; or the default, negligence, or lack of care on the part of any other person.
Aon's liability (including interest and costs) and the liability of its related entities in respect of any claim howsoever arising, under or in connection with this valuation, the Services or our business relationship, shall be limited (to the extent permitted by law) to the amount of 5 (Five) times the fee payable.

Summary of Values by Location

State	Property Location	Area	Value Basis	Total Value
NT				
	Browns Oxide Plant, Bachelor			
		Sulphuric Acid Area	Market Value (Ex-Situ)	$ 35,000
		Acid Leach Area	Market Value (Ex-Situ)	$ 35,000
		Fuel Farm	Market Value (Ex-Situ)	$ 35,000
		Resin in Pulp Area	Market Value (Ex-Situ)	$ 150,000
		Sodium Carbonate Area	Market Value (Ex-Situ)	$ 15,000
		Solvent Extraction (SX) Area	Market Value (Ex-Situ)	$ 100,000
		Electrowinning (EW)	Market Value (Ex-Situ)	$ 185,000
		Fire Fighting Plant System	Market Value (Ex-Situ)	$ 50,000
		Electrical Reticulation	Market Value (Ex-Situ)	$ 35,000
		MCC 04	Market Value (Ex-Situ)	$ 15,000
		MCC 03	Market Value (Ex-Situ)	$ 15,000
		MCC 02	Market Value (Ex-Situ)	$ 20,000
		MCC 05	Market Value (Ex-Situ)	$ 15,000
		Maintenance Workshop	Market Value (Ex-Situ)	$ 35,000
		Pipe Rack	Market Value (Ex-Situ)	$ 75,000
		Vehicles and Plant	Market Value (Ex-Situ)	$ 274,500
		Primary Crushing & Grinding Area	Market Value (Ex-Situ)	$ 200,000
		Paste Thickener area	Market Value (Ex-Situ)	$ 70,000
		Lime Storage/Distribution Area	Market Value (Ex-Situ)	$ 20,000
		Boiler Area	Market Value (Ex-Situ)	$ 150,000
		Ni/Co Precipitation Area	Market Value (Ex-Situ)	$ 60,000
		Nickel / Cobalt Carbonate Area	Market Value (Ex-Situ)	$ 30,000
		Iron Precipitation Area	Market Value (Ex-Situ)	$ 20,000
		Thickener and CCD Area	Market Value (Ex-Situ)	$ 85,000
		Ponds Areas	Market Value (Ex-Situ)	$ 35,000
		Compressor Rooms Areas	Market Value (Ex-Situ)	$ 120,000
		Standby Power Area	Market Value (Ex-Situ)	$ 185,000
		Transformers Throughout	Market Value (Ex-Situ)	$ 75,000
		MCC 01	Market Value (Ex-Situ)	$ 20,000
		Poly Piping Throughout	Market Value (Ex-Situ)	$ 15,000
		Site Water Management Pumps	Market Value (Ex-Situ)	$ 50,000
		Buildings Throughout	Market Value (Ex-Situ)	$ 257,000
		Lab & Sample Lab Areas	Market Value (Ex-Situ)	$ 50,000

Summary of Values by Location

State	Property Location	Area	Value Basis	Total Value
		Stores Areas	Market Value (Ex-Situ)	$ 30,000
		Office Areas Throughout	Market Value (Ex-Situ)	$ 50,000
		Sewage Systems Throughout	Market Value (Ex-Situ)	$ 15,000
		Fencing	Market Value (Ex-Situ)	$ 5,000
		Potable Water Area	Market Value (Ex-Situ)	$ 5,000
		Laydown Areas	Market Value (Ex-Situ)	$ 5,000
		Site Works Roads Dams	Market Value (Ex-Situ)	$ -
		Re Agents / Flocculent Area	Market Value (Ex-Situ)	$ 35,000
	Browns Oxide Plant, Bachelor Total			$2,676,500
NT Total				**$2,676,500**
Grand Total				**$2,676,500**

Appendix 1 - Written Instruction

STANDARD TERMS AND CONDITIONS OF CONTRACT

Accepted on behalf of Compass Resources Limited by:

Signed: _____

Name: Peter ALLEN.

Position: Deputy Chairman.

Date: 10 June 2015

Appendix 2 - Photographs

Crushing Plant and Acid Tank

SAG Mill

Tanks

Thickeners

SX Plant

EW Plant

Transportable Buildings

Steel Frame Clad Building

Generator Sets

Pump