



**PERTH**

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MBJ:MF:jw

16 February 2009

Mr Ben Wachter  
ASX Markets Supervision Pty Limited  
Level 6, 20 Bridge Street  
SYDNEY NSW 2000

By Email: [Ben.Wachter@asx.com.au](mailto:Ben.Wachter@asx.com.au)

Dear Sir

**COMPASS RESOURCES LIMITED ACN 010 536 820 (Administrators Appointed)  
Formerly Compass Resources NL ("the Company")**

ADELAIDE  
BRISBANE  
MELBOURNE  
NEWCASTLE  
SYDNEY  
HONG KONG  
JAKARTA  
KUALA LUMPUR  
MANILA  
MUMBAI  
SINGAPORE  
TOKYO  
  
affiliated through  
Kroll Worldwide  
UNITED STATES  
UNITED KINGDOM

I refer to my appointment as Joint and Several Administrator of the Company on 29 January 2009 and to the queries raised in your letter dated 10 February 2009.

Please note that capitalised terms in this letter have the same meaning as per your aforementioned letter.

I have made preliminary enquires of the Company's board and management. Based on the information provided by the Company's board and management (which I have not independently verified), I respond to your queries (using the same numbering) as follows:

1. The Company has advised that it was first notified by HNC (Australia) Resources Holding Pty Limited ("HAR") of the dispute which was the subject of the Notification on the evening of 27 January 2009.
2. Given the above, this is not applicable.
3. Notwithstanding funding difficulties that had been acknowledged by the parties, on the Company's behalf management advise that the Company:
  - 3.1 & 3.2 was not aware of any possible dispute with HAR prior to the Initial Trading Halt and Reinstatement Announcement on 22 & 27 January 2009 respectively; but
  - 3.3 was aware of the dispute with HNC at the time of the Secondary Trading Halt on 28 January 2009
4. Please refer to (1).


CORPORATE ADVISORY  
FORENSICS  
CORPORATE RECOVERY



5. The Company notified the market of the dispute with HAR in its Secondary Trading Halt which was released to the market on the morning of 28 January 2009 – this being the morning following receipt of HAR's advice of the dispute the evening prior.
6. The Company advises that it is in compliance with Listing Rule 3.1.

Should you have any further queries please do not hesitate to contact the writer or Clinton Roberts on (08) 9214 1444.

Yours faithfully

  
MARTIN JONES  
Joint and Several Administrator of  
Compass Resources Limited



ASX Markets Supervision Pty Ltd  
ABN 26 087 780 489  
20 Bridge Street  
Sydney NSW 2000  
PO Box H224  
Australia Square  
NSW 1215

Telephone 61 2 9227 0409  
Facsimile 61 2 9241 7620  
www.asx.com.au

10 February 2009

Messrs Steve Sherman, Darren Weaver and Martin Jones  
Compass Resources Limited  
(Administrators Appointed)  
c/- Ferrier Hodgson  
Level 13 Grosvenor Place  
225 George Street  
Sydney NSW 2000

By email: steve.sherman@fh.com.au, james.alexio@fh.com.au

Dear Sirs,

**Compass Resources Limited (Administrators Appointed)(the "Company")**

ASX Limited ("ASX") refers to the following;

1. The Company's request for a Trading Halt dated 22 January 2009 which stated the trading halt was requested "*pending an announcement on a review of our financial position*" (the "Initial Trading Halt Request");
2. The Company's announcement dated 27 January 2009 released on ASX at 10:31am to reinstating its securities to trading and advising that  
*"The Board of CMR has reviewed the current financial position with external advisors. Issues considered included HNC's ongoing funding of the Oxide Project. The Board has determined to proceed with a capital raising as soon as possible..*  
*(the "Re-instatement Announcement");*
3. The Company's announcement dated 27 January 2009 released on ASX at 11:43am advising that  
*"As part of the recent review, the Board has considered, among other things,....., continuing support from HNC to fund the Browns Oxide Project and the current debt and cash position of the company".*  
*"The Board has determined that, while the financial position of the company in the short term is suitable for it to continue trading, it is in the best interest of the company to proceed with a capital raising to meet working capital requirements".*  
*(the "Further Update Announcement")*
4. The Company's request for a trading halt dated 28 January 2009 (the "Secondary Trading Halt Request") advising that the Company had

Australian Securities Exchange

Australian Stock Exchange  
Sydney Futures Exchange

Australian Clearing House  
SFE Clearing Corporation

ASX Settlement and Transfer Corporation  
Australia

*“received formal notification from HNC of a dispute on the Oxide Joint Venture Agreement” (the Notification”);*

and

5. The Company’s announcement dated 29 January 2009 advising of the appointment of joint and several voluntary administrators for the Company (the “Company Administration Announcement”).

As you are aware, listing rule 3.1 requires an entity, once it becomes *aware* of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities, to immediately tell ASX that information. The exceptions to this requirement are set out in listing rule 3.1A.

I would also like to draw your attention to the definition of “aware” in Chapter 19 of the listing rules. This definition states that:

*“an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity.”*

Furthermore, paragraph 17 of Guidance Note 8 states:

*“Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example.”*

Listing rule 3.1A sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.

- 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies.*
  - *It would be a breach of a law to disclose the information.*
  - *The information concerns an incomplete proposal or negotiation.*
  - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
  - *The information is generated for the internal management purposes of the entity.*
  - *The information is a trade secret.”*

Having regard to the above definition, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. When did the Company first become aware of the Notification?
2. If the Company became aware of the Notification prior to the Re-instatement Announcement, on what basis did the Company decide not to request a voluntary suspension of trading in its securities pursuant to listing rule 17.2?
3. Was the Company aware of a dispute (or possible dispute) with HNC prior to any of the following:
  - 3.1 the Initial Trading Halt Request;
  - 3.2 the Reinstatement Announcement;
  - 3.3 the Secondary Trading Halt,given the statements that the Company had taken into consideration in its recent review the continuing support of HNC to fund the Browns Oxide Project.
4. If the answer to question 3 is yes, when did the Company first become aware of a dispute (or possible dispute) with HNC?
5. If there was no earlier announcement, and the Company became aware of either the Notification or dispute (or possible dispute) with HNC prior to the Initial Trading Halt Request, the Reinstatement Announcement, or the Secondary Trading Halt, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.
5. Please confirm that the Company is in compliance with listing rule 3.1.

Your response should be sent to me by e-mail at [ben.wacher@asx.com.au](mailto:ben.wacher@asx.com.au) or by facsimile on **facsimile number (02) 9241 7620**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (**i.e. before 9.30 a.m. A.E.D.T.) on Tuesday, 17 February 2009.**

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

*Sent electronically without signature*

Ben Wachter

**Adviser, Issuers (Sydney)**