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MBJ:MF:SG
S Gauci

7 April 2010

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

I refer to my appointment as Joint and Several Administrator of the Company on 29 January 2009 and my subsequent appointment as Joint and Several Deed Administrator on 21 May 2009 pursuant to a resolution of the CMR's creditors.

Financial Reporting

I advise that as a result of our submissions to the Australian Securities and Investments Commission ("ASIC") for financial relief under Section 340 of the Corporations Act 2001 ("The Act") from the financial reporting obligations in Part 2M.3 of the Act, CMR was granted relief in respect to reporting obligations in relation to the following financial years and half-years:

1. The financial year ended 31 December 2009; and
2. Each financial year, and each half-year, ending after 1 January 2010, and before the earlier of:
 - a. 2 years from the date of the execution of the Deed of Company Arrangement; and
 - b. the termination of the Deed of Company Arrangement.

Recapitalisation Proposal

Major CMR creditor, YA Global proposed a variation to the DOCA and this was accepted by CMR creditors on the 6 January 2010. Under the YA DOCA, assuming the CPs are satisfied or waived, existing CMR shareholders will retain 5% interest in CMR after the recapitalisation.

The exclusivity attaching to YA's due diligence process was due to come to an end on 6 April 2010, being 90 days after the meeting of creditors accepted the Varied DOCA Proposal, however, and having regard to the costs, some of which are to be borne by YA, the CMR Deed Administrators have exercised the discretion bestowed upon them to extend YA's exclusivity period for 80 days, taking same to 25 June 2010. This would be consistent with the deadline under the DOCA for YA to obtain

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the necessary Government Approvals, but allowing sufficient time to convene a meeting of creditors to vary the DOCA if that is appropriate at that time.

For further details regarding YA Global's DOCA Variation proposal and recent reports/updates particularly Committee of Inspection minutes, we encourage you to visit our website:

<http://www.ferrierhodgson.com/en/Current%20Matters/Corporate%20Recovery%20Matters/Compass%20Resources%20Limited.aspx>

Should you have any queries in relation to the above matter please do not hesitate to contact me, or in my absence Sandra Gauci of this office.

Yours faithfully

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

MARTIN JONES
Joint and Several Deed Administrator
Compass Resources Limited

CORPORATE ADVISORY

FORENSICS

CORPORATE RECOVERY

