

PERTH

Level 26 BankWest Tower
108 St George's Terrace
Perth WA 6000 Australia
GPO Box 2537 Perth WA 6001
phone +61 8 9214 1444
fax +61 8 9214 1400
email fhperth@perth.fh.com.au
www.ferrierhodgson.com

MBJ:MF:SG
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22 June 2010

**COMPASS RESOURCES LIMITED ACN 010 536 820 ("CMR")
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
(RECEIVERS AND MANAGERS APPOINTED)
(Formerly Compass Resources NL)
SHAREHOLDER MEETING UPDATE
ASX Listing Rules 3.13.3 and 3.13.2**

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We refer to the proposal to reconstruct CMR put forward by major CMR creditor, YA Global (YA), as contained in a Notice to Shareholders dated 14 May 2010.

Affiliated through
Zolfo Cooper
and
Kroll Worldwide
UNITED STATES
UNITED KINGDOM

Outcome of the General Meeting

At the General Meeting of shareholders held on 17 June 2010, the first resolution (to approve the issue of shares to YA) failed. Accordingly, the other resolutions were not put to the meeting, given their dependence upon the passing of the first mentioned resolution.

One of the consequences of the resolutions not being passed is that one of the conditions precedent under the deed of company arrangement for CMR proposed by YA (**YA Global DOCA**) has failed. Therefore, unless YA proposes a variation to the YA Global DOCA and that variation is approved by the creditors of CMR, CMR will fall into liquidation on 6 July 2010.

The following resolution was passed by shareholders present at the meeting:

"A shareholder meeting be called within 60 days to enable further proposals to be considered, potentially to include, but not limited to:

- a) A rights option;*
- b) An options proposal; and/or*
- c) A new offer for the Associated parties."*

The Deed Administrators note that the alternatives sought by shareholders are not within shareholders' power and that shareholders will only be called upon to consider a further DOCA variation in the event that an element of such a DOCA proposal requires shareholder approval. The Deed Administrators' capacity to reconvene the meeting would depend upon a decision as to the future of CMR, to be made by CMR's creditors at a meeting of creditors.



Powerpoint Presentation

Please find attached a copy of the presentation as it had been prepared up until the morning of the general meeting. This presentation would normally have been made available as an ASX announcement immediately prior to the general meeting, however, the presentation contained tabled data in relation to proxies received for each resolution depicting the status of the voting for each resolution and the content thereof was the subject of legal advice at that time (and continuing during the initial conduct of the general meeting) in relation to the validity of a number of proxy forms. In the context of a degree of uncertainty as to the tabled data, it was considered the presentation was potentially misleading and it is provided now following the resolution of that uncertainty (as well as of the next steps for the arbitration referred to below).

The attached presentation includes the summary of the proxy information (for, against, abstain, and proxy's discretion) for resolution 1 in accordance with section 250J(1A) of the Corporations Act 2001.

The Future

CMR has commenced Arbitration proceedings against, in particular, HNC (Australia) Resources Pty Ltd ("HAR"). The issue the subject of the Arbitration is whether the payment of the amounts contemplated by the YA Global DOCA would remedy the Events of Default under the various JVAs and consequently CMR would cease to be a Defaulting Joint Venturer and the CMR Receivers would also be required to resign. The Arbitration also seeks to determine the quantum of interest and other charges necessary to remedy the Events of Default.

The Arbitration proceedings were commenced because YA had indicated that, even if it could not reach the agreement with HAR necessary to satisfy certain conditions precedent under the YA Global DOCA, it may have been prepared to waive those conditions precedent, depending on the outcome of the Arbitration.

The Arbitration was due to be heard on Thursday 24 June 2010, but as a consequence of the shareholders not approving the resolutions, and the matters set out below, the parties have agreed that the Arbitration will be adjourned to some time after 5 July 2010.

YA has advised that it intends to submit a revised proposal for an amended DOCA for CMR for consideration by creditors and thereafter, shareholders of CMR. If that amended DOCA is approved by the creditors, the issues which arise in the Arbitration will still require resolution and the Arbitration will proceed (most likely, late in July 2010).



Any correspondence from the Deed Administrators to shareholders in the form of an updated proposal, and conceivably to convene a further meeting of shareholders, will not be available until late-July 2010 at the earliest (i.e. after the creditors meeting and probably after the Arbitration hearing), so that a further shareholders meeting could not take place until late-August 2010 at the earliest.

For further details regarding the future of the DOCA and CMR, we recommend that shareholders give consideration to future creditor reports/updates particularly Committee of Inspection minutes that will be available from our website:

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

Yours faithfully

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

MARTIN JONES
Joint and Several Deed Administrator
Compass Resources Limited