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15 November 2011

**COMPASS RESOURCES LIMITED
ACN 010 536 820 (CMR)****DOCA Termination – End of Administration and Receivership**

We refer to the Further Revised DOCA proposal (the DOCA) to reconstruct CMR put forward by major CMR creditor, YA Global (YA) and approved by creditors on 21 June 2011 and shareholders on 18 August 2011.

Completion of the DOCA occurred on 15 November 2011, which included the following key events:

- \$13.25M was loaned to CMR by YA, pursuant to a new fixed and floating charge in favour of YA, which charge will also secure further funding to be provided by YA;
- \$7.5M was paid by CMR to HNC (Australia) Resources Pty Ltd (HAR) in partial satisfaction of debts due to it;
- \$5.75M was paid to the Trustee of the CMR Creditors' Trust to be split as follows:
 - \$2.5M to Compass Mining Pty Ltd; and
 - \$3.25M to CMR unsecured creditor debts;
- the share issue to both YA (1,083,618,699 shares) and Coffee House Group Limited (172,722,511 shares) in exchange for release of the admitted debts owing to them by CMR;
- grant of a new charge in favour of Hunan Nonferrous Metals Corp Ltd in respect to the approximately \$15.6M owed by CMR;
- the issue of a bond to the Trustee of the CMR Creditors Trust, for the benefit of the creditors of CMR;
- cessation of the appointments of the Deed Administrators and Receivers and Managers;
- control of CMR passed to its new board of directors.

As a consequence of Completion occurring, the DOCA has terminated, with the consequences described below.

Waiver of ASX Listing Rule 14.7

As advised in our update dated 18 October 2011, CMR had sought and obtained a waiver in respect to the timing for the issue of the abovementioned new shares to Coffee House and YA. The waiver was sought because CMR had advised shareholders in its notice of meeting that the shares would issue to Coffee House and YA within 1 month of the shareholders meeting (as required by the listing rules), but CMR had not been able to comply with its obligations in that 1 month period, due to delays in effecting Completion under the DOCA.

ADELAIDE
BRISBANE
MELBOURNE
SYDNEY
JAKARTA
KUALA LUMPUR
SINGAPORE
TOKYOAffiliated through
Zolfo Cooper
United States
United Kingdom
Caribbean
and
KLC Kennic Lui & Co
Hong Kong
China



The ASX waiver required the shares be issued no later than 31 October 2011, however a further delay in respect to completion of the DOCA necessitated an application to the ASX for an extension of the period of the waiver. The extension was granted by ASX on the condition that the new shares be issued no later than 18 November 2011 and that the terms of the waiver be released to the market immediately.

Future of CMR

Occurring simultaneously with the termination of the DOCA was the creation of the CMR Creditors' Trust, a mechanism used to accelerate CMR's exit from external administration by transferring the relevant creditors' claims from CMR to the Trust.

Given the successful completion of the DOCA, the administration and receivership of CMR has ended and control of the company's affairs has passed to the new CMR board which initially comprises the following:

- Mark Angelo – Founder and President, Yorkville Advisors;
- Gerald Eicke – Managing Member and General Counsel, Yorkville Advisors;
- Jim Carr – VP of Corporate Finance and Research, Yorkville Advisors;
- David Gonzalez – Managing Member and General Counsel, Yorkville Advisors; and
- Richard Swann – Continuing CMR Director.

Yours faithfully

Compass Resources Limited

A handwritten signature in black ink, appearing to read 'Martin Jones', written over a faint horizontal line.

Martin Jones

Former Deed Administrator

CORPORATE ADVISORY 

FORENSICS 

CORPORATE RECOVERY 