



ASX Release

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Demerger plans for New South Wales and Peruvian Exploration Assets

Compass Resources NL (CMR) is pleased to advise further details of its plan to spin out the Company's New South Wales and Peruvian minerals assets into a dedicated exploration company.

CMR made an important transition during the past year and now has an organisation in place to implement the Company's ambitious project development and operations plans. The focus of this organisation will be:

- Development of CMR's large mineral resource base in the Northern Territory through to major commercial production;
- Expanding the mineral resources in this highly prospective area which is largely controlled by the Company through a major brown-fields exploration programme; and
- Evaluation of advanced acquisition opportunities.

Success in costly and higher risk grass roots exploration programmes is best achieved by a smaller dedicated exploration company able to attract and retain key people with the skills to manage these risks and make discoveries.

CMR will seek shareholder approval to transfer the NSW and Peruvian assets into its wholly owned subsidiary Four Points Exploration Limited for shares in that company. It will also subscribe for a limited amount of additional Four Points shares to provide it with working capital. These shares will be distributed to CMR shareholders and provide those shareholders at no cost with exposure to a new exploration company that has an excellent portfolio of projects.

Subject to CMR shareholder approval and regulatory approvals, Four Points intends to raise additional capital through a proposed IPO. Priority rights to subscribe to this capital raising will be given to CMR shareholders and option-holders. An aggressive exploration programme is planned utilising these funds both in New South Wales and Peru with the emphasis on gold and base metals.

Dr Malcolm Humphreys (the former Chairman of CMR) and Dr John Chappell (CMR Director) have resigned from the CMR Board and will offer themselves to be elected as directors of Four Points and will be active in implementing the plans for the new company. An announcement on other directors and a new Managing Director for Four Points will be made in due course.

The Board of CMR believes that it is in shareholders' best interests to demerge the Company's NSW and Peruvian assets and that successful exploration by Four Points will provide significant rewards to CMR shareholders and option holders who choose to become Four Points shareholders.

Further information on the demerger progress will be provided to CMR shareholders following meetings with the regulatory authorities.

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