Compass Resources Limited
ABN 51 010 536 820
ASX Code: CMR

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ASX Announcement

16 July 2015

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2014

Attached are the audited Annual Report and Accounts of Compass Resources Limited (ASX Code: CMR) for the period ended 31 December 2014.

Yours sincerely,

John Allen

Deputy Chairman and Company Secretary

Compass Resources Limited

AND ITS CONTROLLED ENTITIES

A.C.N 010 536 820

FINANCIAL STATEMENTS

AND

AUDIT REPORT

FOR THE YEAR ENDED

31 December 2014

CONTENTS

The Directors present their report together with the financial report of Compass Resources Limited ("the Company") and its controlled entities (together, "the Consolidated Entity") for the year ended 31 December 2014 ("Reporting Period") and the Auditor's report thereon.

Other than where expressly stated otherwise, all statements in this report are made solely with respect to the Reporting Period, as at 31 December 2014.

Directors

The Directors and Company Secretary of the Company at any time during the Reporting Period and until the date of this report are as follows.

Mark Angelo	Non-executive Chairman
John Allen* Ll. M. (Harvard), B.A. (Syd), Ll.B. (Hons) (Syd)	Deputy Chairman (appointed 5 February 2015) Company Secretary (appointed 4 June 2015) Non-executive Director
Philip Wood B.A. (Syd), Ll.B. (Syd), A.S.I.A., Dip.L.C.F (Sorbonne)	Chief Executive Officer (resigned 23 December 2014) Executive Director (resigned 23 October 2014)
Timothy Morrison	Non-executive Director (appointed 7 October 2014)
James Carr	Managing Director (resigned 5 February 2015) Non-executive Director (appointed 5 February 2015)
David Gonzalez	Non-executive Director
Gerald Eicke	Non-executive Director
Sara Kelly LLB, B.Comm (Finance)	Company Secretary (appointed 5 February 2015 and resigned 4 June 2015)
Thomas Bloomfield B.A. (Hons), A.C.I.S., M.A.I.C.D.	Company Secretary (resigned 3 December 2014)

*Mr Allen was appointed as Deputy Chairman with limited executive powers and Company Secretary.

Mark Angelo
President and Managing Member of Yorkville Advisors ("YA") since co-founding the firm in February 2001. Previously co-head of the Corporate Finance Division of the May Davis Consolidated Entity, a boutique investment bank focused on emerging growth companies. Before joining the May Davis Consolidated Entity, Mr Angelo was a securities trader with The Boston Consolidated Entity L.P., a broker dealer located in New York City. He currently serves on the board of Yorkville Bhn, a company listed on the Italian Stock Exchange. Mr Angelo has not held any other listed company directorships within the last 3 years.

John Allen, Ll. M. (Harvard), B.A. (Syd), Ll.B. (Hons) (Syd)
Mr Allen is an expert in providing strategic advice on joint operations and strategic alliances, mergers and acquisitions, equity, hybrid and debt raising and complex commercial transactions in Australia and Asia. Mr Allen was a partner in Allen, Allen & Hemsley Lawyers for 16 years and has been a director and chairman of a number of private companies. He was Chairman of the China Research Centre at the University of Technology, Sydney. Mr Allen has not held any other listed company directorships within the last 3 years.

Philip Wood, B.A. (Syd), Ll.B. (Syd), A.S.I.A., Dip.L.C.F (Sorbonne)
Mr Wood is an experienced professional with an international legal and investment banking background. His previous roles include Managing Director and Chief Executive Officer of Intec Ltd., a leading Australian minerals processing technology company and Associate Director at Resource Finance Corporation, where he engaged on a range of corporate transactions in the Australian mining and minerals processing sectors.

Timothy Morrison, MBA, B.A.
Mr Morrision is experienced in capital raising and fund management in the mineral and other sectors. He served as a director of a few ASX listed companies. Mr Morrison has not held any directorship in other listed companies.

James Carr
Mr Carr has been at Yorkville Advisors since 2005 until February 2013 and continues to provide consultancy services to the firm. He previously worked in various levels of responsibility, including as an engineer for 20 years for companies in data security and telecommunications. He also worked for a year at a venture capital firm helping to fund enterprise software companies. Mr Carr has not held any other listed company directorships within the last 3 years.

David Gonzalez
General Counsel and Managing Member at Yorkville Advisors since 2001, Mr Gonzalez specialises in corporate securities law, hedge fund compliance and regulation as well as Investment Advisor regulation. He is an active member of the Managed Funds Association, ABA Corporate Finance Committee, the ABA Subcommittee on FINRA Rules, the Hispanic Bar Association, and serves on the board of Yorkville Bhn, a listed company on the Italian Stock Exchange.

Gerald Eicke
Managing Member at Yorkville Advisors since 2002, Mr Eicke oversees the asset sales process and manages the firm's team of corporate finance and investment professionals. He is also one of the four members of the firm's Risk and Valuation Committee, and serves on the board of Yorkville Bhn, a company listed on the Italian Stock Exchange.

Company Secretary
Sara Kelly, LLB, B.Comm (Finance)
Ms Kelly is an experienced company secretary and corporate lawyer with over 9 years' experience. She has comprehensive knowledge of and experience in administering regulatory frameworks and processes in a listed company environment and practised as a corporate lawyer specialising in acquisitions, takeovers, capital raisings and listing of companies on ASX and AIM. Ms Kelly has acted as the company secretary of a number of ASX and AIM listed companies.

Thomas Bloomfield, B.A. (Hons), A.C.I.S., M.A.I.C.D.
Mr Bloomfield has experience working in the Sydney and London offices of international organisations, both 'in-house' and for Boardroom Pty Limited, a corporate services provider. Mr Bloomfield has not held any other listed company directorships within the last 3 years.

Directors' Meetings
There were 7 Directors' meetings held during the Reporting Period attended as follows:

Board Meetings

	A	B
Mark Angelo	1	7
John Allen	7	7
Philip Wood	7	7
Timothy Morrison	0	1
James Carr	7	7
David Gonzalez	1	7
Gerald Eicke	1	7

A – Number of meetings attended
B – Number of meetings held during the time the Director held office during the Reporting Period.

Committee Meetings
There were no Audit or Remuneration Committee meetings during the Reporting Period.

Corporate Governance
The Board is currently working on reinstating appropriate corporate governance practices.

Consolidated Result
The net loss of the Consolidated Entity was $55.9 million (2013: loss of $11.0 million).

Principal Activities
While the Consolidated Entity's present operations as at the date of this report are as follows, there has been a significant event subsequent to the Reporting Date as detailed below. It will significantly change the structure and direction of the Consolidated Entity's activities if shareholders approve the various resolutions to be put to the Annual General Meeting of shareholders.

- Browns Project Joint Operations
  During the Reporting Period, the Company continued to work on its three joint operations with HNC (Australia) Resources Pty Limited ("HAR"). HNC (Australia) Exploration and Mining Pty Limited ("HNCAEM") wholly owned by HAR is the Joint Venture Operator for all three joint operations.

  The operating committees for the joint operations (consisting of 3 Company representatives and 3 HAR representatives) met bi-monthly during the Reporting Period to assess progress and determine budgets.

  Of these joint operations:
  - Sulphide Joint Operation: The present goal of the Sulphide Joint Operation is to determine the economic feasibility of pursuing the Browns Sulphide Project by selective underground mining of separate high grade lead and copper zones.

    HAR and the Company undertook a Scoping Study of the technical and economic feasibility of the new strategy, which comprised the following key components: 1) flotation and leach test work, 2) updated geographic information system, geology model and database, 3) improved resource definition, 4) new mine plan, 5) assessment of the existing processing plant, 6) assessment of ancillary matters, 7) updated project economics and 8) commissioning of an independent "nameplate" audit. The Scoping Study (including supplementary test work) was completed in January 2014.

  - Oxide Joint Operation: The Browns Oxide Plant ("the Plant") at Browns East that is part of the Oxide Joint Operation is currently in a regulatory compliance state and is being maintained by the Joint Venture Operator. Under the terms of the Oxide Joint Operation, ownership of the Plant is shared between the Oxide Joint Operation parties in proportion to their respective cash contributions. This has resulted in the Company and HAR respectively owning 61% and 39% of the Plant. Please refer to Note 9.

  - Regional Exploration Joint Operation: The Regional Exploration Joint Operation will continue to explore the Joint Operation tenements and continues to spend money on exploration.

- Other Operations
  - Wholly-owned Northern Territory Tenements: The Company is exploring its wholly-owned tenements near Batchelor in the Northern Territory.

- Corporate
  - In 2014, the Company continued to be provided assurance that neither Hunan Nonferrous Metalls Corporation Limited ("HNC") and HAR nor YA will for the time being exercise its rights under its facilities, to require early repayment of its debt. This assurance was reemphasised by way of a non-binding Heads of Agreement signed on 31 December 2014 among the Company, YA and HNC, which has been the basis for on-going support by the Company's stakeholders since then and underpinned the signing of the Key Term Sheet on 19 May 2015.

    In addition, on 31 December 2014, the Company entered into a Deed of Amendment – Unsecured Bond Deed with Martin Jones and Darren Weaver care of Ferrier Hodgson as Bondholder to amend the terms of the redemption of the Bond for a payment of $300K on 31 December 2014, a further payment of $450K on 27 February 2015, both of which were made, and balance payable on completion of the transaction contemplated by the HOA. The Company entered into a Deed of Settlement and Release with Martin Johns and Darren Weaver care of Ferrier Hodgson and Cove House Illiquid Investments SPC ("Cove House") on 12 June 2015 to provide for a final payment of $1.2m to be made on completion of the restructure agreements. Please refer to Note 12.

Key Business Strategies and Future Prospects
For the Consolidated Entity's current business activities, please refer to "Principal Activities" on Page 2 and "Events Subsequent to Reporting Date and Future Developments" on Page 4.

Proceedings on Behalf of the Consolidated Entity
During the Reporting Period, no person applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party. The Consolidated Entity was not a party to any such proceedings during the Reporting Period.

Remuneration Report
The Remuneration Report is set out on page 5 to 7 and forms part of this report.

Environmental Regulation
The Consolidated Entity's operations are subject to environmental regulation under Northern Territory legislation in relation to its exploration and development activities.

With each tenement licence that has been granted to undertake exploration activities, the Company is required to provide a security deposit. This is to ensure that the site is left in the same condition as it was found. That security deposit will be increased by $2.3m on 30 June 2016, following agreement with the Northern Territory Government on the amount of the increase.

In addition, in respect of the Oxide Mining Operations, the Company was required to prepare a Public Environmental Report (PER) which was subject to public and government review, from which the Northern Territory authorities set environmental regulatory conditions adopted in the Mine Management Plan.

The PER was accepted by the Northern Territory Minister for Natural Resources, Environment and Heritage under the NT Environmental Assessment Act, on 4 May 2006, and by the Commonwealth Department of the Environment and Heritage under the Environment Protection and Biodiversity Conservation Act on 27 June 2006. The Mine Management Plan was approved on 19 August 2006, and supplemented and approved annually.

Non-Audit Services Provided by Auditor
Grant Thornton Audit Pty Ltd has not performed any other non-audit services during the Reporting Period.

Auditor's Independence Declaration
The Auditor's Independence Declaration as required under s307c of the Corporations Act 2001 is set out on page 8 and forms part of the Directors' Report.

Dividends
No dividend was paid or declared by the Consolidated Entity during the Reporting Period.

Directors' Interests and Benefits
The relevant interest of each Director in the capital of the Consolidated Entity as notified by the Directors to the Australian Securties Exchange (ASX) as at the date of this report is as follows:

	Shares		Options	
	Direct	Indirect	Direct	Indirect
M. Angelo	-	1,084,380,123	-	-
P. Wood	-	-	-	-
J. Carr	-	-	-	-
D. Gonzalez	-	1,084,380,123	-	-
G. Eicke	-	1,084,380,123	-	-
J. Allen	-	-	-	-
T. Morrison	-	-	-	-

Share Options

Options granted to key management personnel
During or since the end of the Reporting Period, no options were granted to key management personnel.

Share Options Cancelled
During or since the end of the Reporting Period, all share options lapsed.

Shares Issued on Exercise of Options
During or since the end of the Reporting Period, no shares were issued and no options were exercised.

Partly Paid Shares Paid In Full
During or since the end of the Reporting Period, there were no partly paid employee shares reissued as fully paid ordinary shares pursuant to call notices.

Indemnification and Insurance of Officers

Insurance Premiums
During and since the end of the Reporting Period, an insurance premium was paid for indemnification of Directors and Officers of the Company.

Indemnification
During and since the end of the Reporting Period, the Consolidated Entity has not indemnified or made a relevant agreement for indemnifying against a liability any person that is or has been an officer or auditor of the Consolidated Entity.

Rounding Off
The Consolidated Entity is of a kind referred to ASIC class order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Significant Changes in the State of Affairs
These are described under the heading 'Principal Activities' on page 2.

Events Subsequent to Reporting Date and Future Developments
In 2015, the Company entered into various agreements which are subject to shareholder approval at the Annual General Meeting to be held in July 2015. These agreements include:

- A Restructure Deed between the Company, Cove House, HNC (Australia) Resources Holding Pty Limited ("HAH"), HAR and HNC;
- A Unsecured Debt Instrument between the Company and HAH;
- An Intercreditor Deed between the Company, Cove House and YA;
- A General Security Agreement between the Company and Cove House;
- A Mining Tenement Mortgage between the Company and Cove House;
- A General Security Agreement between the Company and YA;
- A Mining Tenement Mortgage between the Company and YA;
- A Deed of Purchase and Novation between the Company, Cove House, HNC, HAH and HAR;
- A Convertible Securities between the Company and Cove House;
- A Replacement Debt Convertible Securities Agreement between the Company and YA; and
- An Amended and Restated Secured Bond Deed between the Company, HNC and HAH.

Such agreements contemplate a transaction under which:
- The Company will acquire HNCEAM from HAR, a subsidiary of HAR that operates the existing joint operations.
- Cove House will:
  - acquire HAR from HNC;
  - acquire a secured $35 million note owing to HAR and HNC by the Company from HNC;
  - purchase $11 million worth of secured uncertificated convertible loan notes from the Company; and
  - re-structure the secured $35 million note acquired by it so that it becomes non-interest bearing and is convertible into shares in the Company.
- HNC will receive:
  - $14 million from Cove House;
  - $1 million from the Company (in reduction of the debt owing to HNC by the Company) on a deferred basis; and
  - from YA, a transfer of shares in the Company so as to increase its aggregate shareholding percentage to 19.9%.
- YA will receive a payment of $1.5m in reduction of the loan amounts owing to it, and a further $719,000 repayment of interim funding provided by it to the Company.
- The debt owed by the Company to YA will be re-structured so that it becomes non-interest bearing and is convertible into shares in the Company.

The transaction noted above will have the effect of substantially restructuring the Consolidated Entity and its activities as follows:
- The three Joint Operations with HNC will be replaced by a single new Joint Operation between the Company and Cove House and the whole project will now be managed and controlled by the Company as one project. This will result in significant cost savings and facilitate a clear direction forward';
- Cove House will (by way of conversion of all of the $11m of convertible notes purchased by it) have the right to convert the notes into 50% of the issued share capital in the Company;
- The Board of the Company will be restructured to consist of John Allen as Chairman, an appointee of YA, an appointee of Cove House and two independent board members;
- The Company will have funds available for the development of the Browns project, being initially approximately $6.5m;
- The initial focus will be the development of the Browns Oxide deposit by way of a heap leach operation to recover copper in the form of copper sulphate crystals. In the Stage One of the development the Company will undertake an Optimisation Study to establish the full feasibility of proceeding with such project which is expected to be completed in the first quarter of 2016. In the event the Study is positive, it is expected the Company will commence development of the heap leach project in the first quarter of 2016 and be in production by the end of the second quarter of 2016;
- In parallel with the development of the heap leach, the Company will continue to explore the development of the Sulphide Deposit at Browns centred on the Scoping Study referred to above; and
- The Company will also increase its exploration activities of the full tenement portfolio at the Browns.

Remuneration Report (Audited)

The following report outlines the remuneration arrangements in place for directors and executives of the Company.

Principles of compensation
Remuneration of directors and executives is referred to as compensation as defined in AASB 124 *Related Party Disclosures*.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity. Key management personnel comprise the directors of the Company and executives for the Company and the Consolidated Entity.

Compensation levels for key management personnel and secretaries of the Company and relevant key management personnel of the Consolidated Entity are competitively set to attract, motivate and retain appropriately qualified and experienced directors and executives.

The Board decides on the appropriateness of compensation packages of both the Company and Consolidated Entity given trends in comparative companies and the objectives of the Company's compensation strategy.

Compensation packages will be reassessed following completion of the restructure above referred to.

In addition to their salaries, the Consolidated Entity also will provide non-cash benefits to its key management personnel.

Remuneration Committee
The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and the senior management team. There is presently no Remuneration Committee.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure
In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Non-executive director remuneration
The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure
The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 22 May 2008 when shareholders approved an aggregate remuneration of no more than $750,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each non-executive director either receives a fee for being a director of the Company or, if other services are provided, under a consultancy agreement. An additional fee may be payable for each board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees. However, there are presently no board committees.

The remuneration of non-executive directors for the year ended 31 December 2014 is detailed in this report.

Senior manager and executive director remuneration
The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Performance linked remuneration

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each senior manager by the Board. Details of the remuneration of all of the senior managers are presented in this report.

Fixed Remuneration

Objective
The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board of Directors and the process consists of a review of Companywide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Structure
Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

The fixed remuneration component of all of the senior managers is detailed in this report.

Performance-linked remuneration
Performance-linked remuneration includes both short-term and long-term incentives and is designed to reward executive directors and senior executives for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an "at risk" bonus provided in the form of cash, while the long-term incentive (LTI) is provided as shares or options in the Company.

Variable Remuneration - Short Term Incentive (STI)

Objective
The objective of the STI plan is to reward senior managers and other employees in a manner which recognises achievement of key performance indicators as determined by the Board.

Structure
STI to executives are delivered in the form of cash.

Variable Remuneration - Long Term Incentive (LTI)

Objective
The objective of the LTI plan is to reward senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth.

As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long term performance hurdle.

The Board shall also determine the number of options which each staff member shall be invited to acquire in accordance with the LTI plan.

Service agreements
Mr Philip Wood was appointed as a Non-executive Director of the Company on 28 June 2012. Mr Wood entered into an Executive Employment Agreement as Chief Executive Officer and Executive Director of the Company on 21 August 2012. He resigned from a Non-executive Director of the Company on 23 October 2014 and as Chief Executive Director on 23 December 2014. Mr Wood served as a consultant till 23 April 2015.

Key Management Personnel Compensation
The following were key management personnel of the Consolidated Entity at any time during the Reporting Period.

Non-executive Directors:
Mr M. Angelo (Chairman)
Mr J. Allen* (Deputy Chairman – appointed 5 February 2015 and Company Secretary – appointed 4 June 2015)
Mr T. Morrison (appointed 7 October 2014)
Mr J. Carr (appointed 5 February 2015)
Mr D. Gonzalez
Mr G. Eicke

*Mr Allen was appointed as Deputy Chairman with limited executive powers and Company Secretary.

Executive Directors:
Mr J. Carr (resigned 5 February 2015)
Mr P. Wood (resigned 23 October 2014)

Executives:
Ms Sara Kelly (Company Secretary – appointed 5 February 2015 and resigned 4 June 2015)
Mr T. Bloomfield (Company Secretary – resigned 3 December 2014)

Director and key management remuneration for the year ended 31 December 2014

Details of the nature and amount of each major element of remuneration of each director of the Company and key management who receive the highest remuneration are:

		Short-term employee benefit			Post-employment benefit		Long-term Benefits	Equity-settled share based payments		Total
		Salary & fees	Profit share and bonuses	Non-monetary others	Pension & super-annuation	Others		Shares/ units	Options/ rights	
Non-Executive Directors										
Mr M Angelo	**2014**	-	-	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-	-	-
Mr J Allen*	**2014**	**131,621**	-	-	-	-	-	-	-	**131,621**
	2013	210,000	-	-	-	-	-	-	-	210,000
Mr T Morrison†	**2014**	**30,000**	-	-	-	-	-	-	-	**30,000**
	2013	-	-	-	-	-	-	-	-	-
Mr J Carr	**2014**	-	-	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-	-	-
Mr D Gonzalez	**2014**	-	-	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-	-	-
Mr G Eicke	**2014**	-	-	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-	-	-
Excecutive Directors										
Mr P Wood	**2014**	**260,713**	-	-	**23,239**	-	-	-	-	**283,952**
	2013	250,000	-	-	22,812	-	-	-	-	272,812
Key Management										
Mr T Bloomfield**	**2014**	**15,000**	-	-	-	-	-	-	-	**15,000**
	2013	18,000	-	-	-	-	-	-	-	**18,000**
	Total 2014	**437,334**	-	-	**23,239**	-	-	-	-	**460,573**
	Total 2013	478,000	-	-	22,812	-	-	-	-	500,812

*Included in this amount are corporate advisory fees paid to Carlisle Partners Pty Limited, a company in which Mr Allen is a Director, and Company Director's fees of $42,636.

†A payment of only $10,000 was made to Mr Morrison due to lack of available funds till the date of this report.

**This payment related to corporate services was paid to Boardroom Pty Limited, in which Mr Bloomfield is an employee.

Fair values of options:
No options have been issued to Directors or Key Management Personnel during the Reporting Period.

End of Remuneration Report

Signed in accordance with a resolution of the Directors.

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Mr John Allen
Deputy Chairman and Company Secretary

Sydney
15 July 2015

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Auditor's Independence Declaration
To the Directors of Compass Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Compass Resources Limited for the year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 15 July 2015

Consolidated Statement of Profit or Loss and other Comprehensive Loss

For the year ended 31 December 2014

	Notes	Consolidated Group 2014 $'000's	Consolidated Group 2013 $'000's
Royalty revenue		-	50
Income		-	50
Employee benefits expense		**(284)**	(363)
Legal and professional expenses		**(266)**	(696)
Loss on tenement disposals		-	(1,684)
JV operating expenditure	4	**(988)**	(755)
Impairment of the property, plant and equipment	9	**(44,744)**	-
Finance costs	5	**(9,457)**	(7,281)
Inventory impairment		**(124)**	-
Other expenses		**(346)**	(228)
Loss before income tax		**(56,209)**	(10,957)
Income tax benefit	6	**293**	-
Loss for the period		**(55,916)**	(10,957)
Other comprehensive loss for the year		-	-
Other comprehensive loss for the year net of tax		**(55,916)**	(10,957)
Total loss and other comprehensive loss for the year		**(55,916)**	(10,957)
Attributable to:			
Equity holders of the parent		***(55,916)***	*(10,957)*
Basic loss per share	*14*	***(3.99 cents)***	*(0.78 cents)*
Diluted loss per share	*14*	***(3.99 cents)***	*(0.78 cents)*

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	Consolidated Group 2014 $'000's	2013 $'000's
Assets			
Current assets			
Cash and cash equivalents	7	**113**	281
Trade and other receivables	8	**15**	10
Other current assets		**103**	140
Total current assets		**231**	431
Non-current assets			
Cash and cash equivalents	7	**1,196**	1,196
Trade and other receivables	8	**5**	14
Property, plant and equipment	9	**2**	44,873
Deferred exploration and evaluation costs	10	**33,886**	33,175
Total non-current assets		**35,089**	79,258
Total assets		**35,320**	79,689
Liabilities			
Current liabilities			
Trade and other payables	11	**509**	530
Loans and borrowings	12	**80,536**	68,968
Other liabilities	10	**4,248**	4,248
Total current liabilities		**85,293**	73,746
Non-current liabilities			
Restoration provision	15	**1,364**	1,364
Total non-current liabilities		**1,364**	1,364
Total liabilities		**86,657**	75,110
Net assets/(liabilities)		**(51,337)**	4,579
Equity			
Issued capital	13	**202,425**	202,425
Reserves		**-**	15,354
Accumulated losses		**(253,762)**	(213,200)
Total equity/(net deficiency) attributable to equity holders of the parent		**(51,337)**	4,579
Total equity/(net deficiency)		**(51,337)**	4,579

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	Consolidated Group 2014 $'000's	Consolidated Group 2013 $'000's
Cash flows from operating activities			
Cash paid to suppliers and employees		**(1,861)**	(1,851)
Cash used in operations		**(1,861)**	(1,851)
R&D tax credits received		**293**	-
Net cash used in operating activities	**21**	**(1,568)**	(1,851)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(36)
Proceeds from royalty		-	50
Refund of security deposit		-	129
Payments for exploration and evaluation expenditure		**(681)**	(2,121)
Net cash used in investing activities		**(681)**	(1,978)
Cash flows from financing activities			
Proceeds from borrowings		**2,081**	3,458
Net cash from financing activities		**2,081**	3,458
Net decrease in cash and cash equivalents		**(168)**	(371)
Cash and cash equivalents, beginning of period		**1,477**	1,848
Cash and cash equivalents, end of period	**7**	**1,309**	**1,477**

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

Consolidated Group	Share capital	Share option reserve	Accumulated losses	Total
	$'000's	$'000's	$'000's	$'000's
Balance at 1 January 2014	**202,425**	**15,354**	**(213,200)**	**4,579**
Share options expired	-	**(15,354)**	**15,354**	-
Total loss for the period	-	-	**(55,916)**	**(55,916)**
Other comprehensive profit/(loss) for the period	-	-	-	-
Balance at 31 December 2014	**202,425**	-	**(253,762)**	**(51,337)**
Balance at 1 January 2013	202,425	15,354	(202,243)	15,536
Total loss for the period	-	-	(10,957)	(10,957)
Other comprehensive profit/(loss) for the period	-	-	-	-
Balance at 31 December 2013	202,425	15,354	(213,200)	4,579

The accompanying notes form part of these financial statements.

1. Reporting entity

Compass Resources Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 1, 28 Ord Street, West Perth, WA 6005.

This financial report includes the consolidated financial statements and notes of the Company and controlled entities ("Consolidated Entity" or "Entity"). The separate financial statements and notes of the Company as an individual parent entity have not been presented within this financial report as permitted by the *Corporations Act 2001.*

The financial statements were approved by the Board of Directors with effect on 15 July 2015.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated. The Consolidated Entity is a for-profit entity for the purpose of preparing financial statements under Australian Accounting Standards.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Going concern

The financial report has been prepared on the going concern basis.

The consolidated entity has reported a loss for the period of 55.9 mil (2013: loss of $11.0 mil) and a cash outflow from operating activities of $1.6mil (2013 $1.9 mil). The current liabilities exceed current assets by $85.1mil (2013: $73.3 mil).

In the forthcoming financial year, the Consolidated Entity will be required to meet various commitments, which require funds that are above and beyond the working capital of the Consolidated Entity at 31 December 2014. These commitments include continuing exploration across the Consolidated Entity's tenements (refer Note 19), as well as existing creditors. The financial statements have been prepared on the basis that the Consolidated Entity will continue to meet their commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Note 27 Subsequent Events, details the proposed restructure of the Consolidated Entity. The continuation as a going concern is dependent on the successful restructuring of the Entity, including the approval thereof at the Annual General Meeting, and managing discretionary expenditure as required. After the successful restructuring, a portion of the funding will be injected to cover the Company's corporate expenses; minimum expenditure requirements as well as technical works to prove the viability of the Project.

Once the viability of the Project is proven, and a viable business plan has been established additional funding will be required for further development. Whilst the additional funding has conditionally been approved, the terms and conditions are yet to be agreed upon.

Meanwhile, the Directors may also seek opportunities to divest one or more non-core assets to generate additional liquidity.

The Directors believe that the Entity will be successful in the above matters and accordingly have prepared the financial report on a going concern bases. Should these not eventuate, a material uncertainty exists as to the Entity's ability to continue as a going concern and realise its assets and settle its liabilities and commitments in the normal course of business.

(c) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the Consolidated Entity's functional currency and the functional currency of the Consolidated Entity. The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with the Class Order, all financial information presented in Australian dollars has been rounded to nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about impairments, considered to be a significant area of estimation uncertainty and critical judgements made has been included in Notes 3(h) and 3(u).

3. Significant accounting policies

The accounting policies, set out below, have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Consolidated Entity entities.

(a) Basis of consolidation

The Consolidated Entity financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 December 2014. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December. All transactions and balances between Consolidated Entity companies are eliminated on consolidation, including unrealised gains and losses on transactions between Consolidated Entity companies. Where unrealised losses on intra-Consolidated Entity asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Consolidated Entity perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Consolidated Entity.

(i) Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

A list of controlled entities is listed in Note 23 to the financial statements.

(b) Jointly controlled operations and assets

Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.
Where the Consolidated Entity's activities are conducted through joint operations, the Consolidated Entity recognises its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
The interest of the Company and of the Consolidated Entity in unincorporated joint operations and jointly controlled assets are brought to account by recognising, in its financial statements, the share of assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint operation.

(c) Financial instruments

Financial assets and financial liabilities are recognised when the Consolidated Entity becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value adjusted by transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

(i) Financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:
- loans and receivables
- financial assets at fair value through profit or loss
- held-to-maturity investments
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in the Statement of Profit or Loss and Other Comprehensive Loss.

All financial assets except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a Consolidated Entity of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in the Statement of Profit or Loss and Other Comprehensive Loss are presented within 'finance costs', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within 'other expenses'.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Consolidated Entity's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in Consolidated Entitys, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified Consolidated Entity.

(iii) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in the Statement of Profit or Loss and Other Comprehensive Loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

(iv) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Consolidated Entity has the intention and ability to hold them until maturity.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in the Statement of Profit or Loss and Other Comprehensive Loss.

(v) Financial liabilities
The Consolidated Entity's financial liabilities include borrowings, trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in the Statement of Profit or Loss and Other Comprehensive Loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the Statement of Profit or Loss and Other Comprehensive Loss are included within 'finance costs' or 'finance income'.

(d) Share capital

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

(e) Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

(ii) Subsequent costs
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Consolidated Entity and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit or Loss and Other Comprehensive Loss as incurred.

(f) Intangible assets

(i) Exploration and Evaluation
Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on a project by project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as either tangible or intangible exploration assets according to the nature of the assets acquired. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where the activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When a licence is relinquished or a project abandoned, the related costs are recognised in Statement of Profit or Loss and Other Comprehensive Loss immediately.

(ii) Research and Development
Development costs are capitalised upon the consolidated entity demonstrating (i) the technical feasibility of completing the development so that it will be available for use and (ii) how the development costs will generate probable future economic benefits.

Exploration, evaluation and development assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. (See impairment accounting policy (i)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units where the exploration activity relates. The cash-generating unit shall not be larger than the area of interest.

When production commences, carried forward exploration, valuation and development costs will be amortised to the Statement of Profit or Loss and Other Comprehensive Income on a units of production basis over the life of the economically recoverable reserves.

(g) Leased assets

Leases in terms of which the Consolidated Entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Consolidated Entity's Statement of Financial Position.

(h) Impairment

The carrying amounts of the Consolidated Entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Consolidated Entity that generates cash flows that largely are independent from other assets and Consolidated Entitys. Impairment losses are recognised in Statement of Profit or Loss and Other Comprehensive Loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Consolidated Entity of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

Short-term employee benefits
Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The Consolidated Entity's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in the Statement of Profit or Loss and Other Comprehensive Loss in the periods in which the changes occur.

The Consolidated Entity presents employee benefit obligations as current liabilities in the statement of financial position if the Consolidated Entity does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment Benefit Plans
The Consolidated Entity provides post-employment benefits through various defined contribution and defined benefit plans.

Defined Contribution Plans
The Consolidated Entity pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The Consolidated Entity has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Share-based employee remuneration
The Consolidated Entity operates equity-settled share-based remuneration plans for its employees. None of the Consolidated Entity's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.
Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

(j) Provisions

A provision is recognised if, as a result of a past event, the Consolidated Entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Dismantling and rehabilitation
Provision is made for close-down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) at the end of mine life in the accounting period when the obligation arises, based on the estimated future costs. At the time of establishing the provision, a corresponding asset is recognised (where it gives rise to a future benefit) and is depreciated.

(k) Lease payments

Payments made under operating leases are recognised in the Statement of Profit or Loss and Other Comprehensive Loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(l) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in the Statement of Profit or Loss and Other Comprehensive Loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Loss using the effective interest method.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Profit or Loss and Other Comprehensive Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(o) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(p) Earnings per share

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the Statement of Profit or Loss and Other Comprehensive Loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the Statement of Profit or Loss and Other Comprehensive Loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(q) Revenue recognition

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Royalties received for the use of the Company's tenements are recognised on an accrual basis in accordance with the substance of the relevant agreement.

All revenue is stated net of the amount of goods and service tax (GST).

(r) Borrowing costs

Borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

(s) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(t) New standard and interpretations not yet adopted

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Consolidated Entity.

Management anticipates that all of the relevant pronouncements will be adopted in the Consolidated Entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Consolidated Entity's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Consolidated Entity's financial statements.

AASB 9 Financial Instruments (December 2014) (effective from 1 January 2018)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a. financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows
b. allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in the Statement of Profit or Loss and Other Comprehensive Loss and there is no impairment or recycling on disposal of the instrument
c. introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments
d. financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases
e. where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
    - the change attributable to changes in credit risk are presented in other comprehensive income (OCI)
    - the remaining change is presented in the Statement of Profit or Loss and Other Comprehensive Loss

If this approach creates or enlarges an accounting mismatch in the Statement of Profit or Loss and Other Comprehensive Loss, the effect of the changes in credit risk are also presented in the Statement of Profit or Loss and Other Comprehensive Loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:
- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (effective from 1 January 2016)

The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in AASB 3 *Business Combinations*, should:
- apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e., the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and
- provide disclosures for business combinations as required by AASB 3 and other Australian Accounting Standards.

When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e., a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:
i. the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
ii. when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (effective from 1 January 2018)

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (effective from 1 January 2015)

AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 [December 2009] and AASB 9 [December 2010]) from 1 February 2015.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

AASB 15 Revenue from Contracts with Customers (effective 1 January 2017)
AASB 15: replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)

- expands and improves disclosures about revenue

In the Australian context, AASB 15 will apply to contracts of not-for-profit (NFP) entities that are exchange transactions. AASB 1004 Contributions will continue to apply to non-exchange transactions until the Income from Transactions of NFP Entities Project is completed (with an Exposure Draft inviting public comment on those proposals targeted for issue in Q1 2015).

The Consolidated Entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2017.

(u) Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Consolidated Entity that have the most significant effect on the financial statements.

Proportion of ownership of the Browns Oxide Project Plant (the "Plant")
Under the terms of the Browns Oxide Project Joint Operation, ownership of the Plant is shared between the JV parties in proportion to their respective cash contributions. In early 2013, this proportion was recalculated according to the management's best estimate and this has resulted in the Company and HAR respectively owning 61% and 39% of the Plant.

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Consolidated Entity's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions. There are a number of transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Current tax liabilities and assets are recognised at the amount expected to be paid to or recovered from the taxation authorities. Please refer to Note 6.

Property, plant and equipment
An impairment loss is recognised for the amount by which the asset's carrying amount or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, the Directors sought valuations of the assets by independent valuers to estimate the present value of the assets. The present market value (ex-situ) assuming a sale for removal scenario of the whole Oxide Plant provided by Aon Global Risk Consulting is $2.7mil or $1.6mil for the Company's share. However, due to the current market conditions, the management resolved to fully impair the Plant during the Reporting Period (refer to Note 9).

Deferred exploration and evaluation costs
The application of the Consolidated Entity's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee ('JORC') resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure.

The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available (refer to Note 10).

Restoration Provision
In accordance with the Consolidated Entity's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, is recognised when the land is contaminated. The provision represents the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

	Consolidated Group 2014 $'000's	2013 $'000's
4. JV operating expenditure		
Care and maintenance expenses	965	757
(Gain)/loss on JV asset disposals	23	(2)
	988	755
5. Finance expenses		
Interest expense on borrowings	9,457	7,281
	9,457	7,281

6. Income tax expense in the Statement of Profit or Loss and Other Comprehensive Income

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Compass Resources Limited at 30% (2013: 30%) and the reported tax expense in profit or loss are as follows:

	2014	2013
(a) The components of income tax expense comprise:		
Current income tax	(293)	-
Deferred tax	(16,655)	(6,081)
Deferred tax not recognised	16,655	6,081
Income tax expenses/(benefit)	(293)	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before tax	(56,209)	(10,957)
Domestic tax rate for Compass Resources Limited	30%	30%
Prima facie tax benefit	(16,863)	(3,287)
Deferred tax assets not recognised	16,655	9,368
Recognition of temporary differences	-	(6,081)
Other	(85)	-
Income tax expense /(benefit)	(293)	-
(c) Unrecognised deferred tax balances carried forward:		
Deferred tax asset losses	11,338	9,368
Deferred tax asset temporary differences	47,513	32,529
Deferred tax liability temporary differences	(28,271)	(27,972)
Total unrecognised deferred tax	30,580	13,925
(d) R&D tax benefit	293	-
	293	-
Total tax benefit	293	-

The taxation benefits will only be obtained if:

(a) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;

(b) the Consolidated Entity continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefits from the deductions for the loss.

The Consolidated Entity's ability to realise and recognise the deferred tax asset is dependent on the Entity satisfying the "Continuity of Ownership" or "Same Business" tests. Given the proposed restructure of the Entity (refer to Note 27), the Consolidated Entity is not able to assess these requirements and make a reliable estimate of its carried forward losses.

	Consolidated Group 2014 $'000's	2013 $'000's

7. Cash and cash equivalents

	2014	2013
Current assets		
Cash at bank	**113**	281
	113	281
Non-current assets		
Restricted cash	**1,196**	1,196
	1,196	1,196

Restricted cash represents the environmental bond held by the bank which is under administration of the NT state government.

8. Receivables

	2014	2013
Current receivables		
Receivables	**15**	10
Provision for impairment	**-**	-
	15	10

The receivables have been reviewed for indicators of impairment and they are collectable within 6 months.

	2014	2013
Non-current receivables		
Receivables	**5**	14
	5	14

9. Property, plant and equipment

	2014	2013
Land		
At cost	**1,845**	1,845
Accumulated depreciation	**-**	-
Accumulated impairment losses	**(1,845)**	(345)
Total land	**-**	1,500
Office equipment		
At cost	**7**	7
Accumulated depreciation	**(5)**	(2)
Total office equipment	**2**	5
Mining and processing equipment		
At cost	**147,502**	147,626
Accumulated depreciation	**(3,649)**	(3,649)
Accumulated impairment losses	**(143,853)**	(100,609)
Total mining and processing equipment	**-**	43,368
Total property, plant and equipment	**2**	**44,873**

In June 2011, GraysAsset provided a fair market calculation on the Browns Oxide Project. Under the terms of the Browns Oxide Project Joint Venture, ownership of the Plant is shared between the JV parties in proportion to their respective cash contributions. In early 2013, this proportion has been recalculated according to the management's best estimate and this has resulted in the Company and HNC respectively owning 61% and 39% of the Plant. The percentage of the Plant ownership is still a best estimate.

The Browns Oxide Plant ceased operations due to technical issues a number of years ago and will require a significant capital investment to bring the asset back into full operation. Given the downturn in the current market, future recoverability was assessed and an impairment loss of $44.7m was recognised.

The Board received an independent valuation, which was determined by reference to the asset's fair value less costs of disposal, using a recent sales comparison approach for each individual asset.

The estimated cost of disposal of the assets was considered to be greater than the market value of $1.6m, therefore the Plant was impaired to $nil. The impairment loss is included in the Statement of Profit of Loss and Other Comprehensive Income.

9. Property, plant and equipment (continued)

Reconciliations of carrying amounts at the beginning and end of the period

	Consolidated Group			
	Land	Office equipment	Mining & processing	Total
	$'000's	$'000's	$'000's	$'000's
Balance at 1 January 2014	**1,500**	**5**	**43,368**	**44,873**
Additions	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**(124)**	**(124)**
Impairment	**(1,500)**		**(43,244)**	**(44,744)**
Depreciation charge for the year	**-**	**(3)**	**-**	**(3)**
Balance at 31 December 2014	**-**	**2**	**-**	**2**
Balance at 1 January 2013	1,500	1	43,336	44,837
Additions	-	6	32	38
Disposals	-	-	-	-
Depreciation charge for the year	-	(2)	-	(2)
Balance at 31 December 2013	1,500	5	43,368	44,873

	Consolidated Group	
	2014	2013
	$'000's	$'000's
10. Exploration and evaluation expenditure†		
Mining reserves acquired	**30,928**	29,696
Capitalised exploration	**14,431**	13,956
Care and maintenance expenditure transferred to P&L	**(5,297)**	(4,301)
Provision for impairment of exploration and evaluation	**(6,176)**	(6,176)
	33,886	33,175

Costs carried forward in respect of areas of interest in the exploration and/or evaluation is as follows.

Opening balance, at costs	**33,175**	32,581
Expenditure incurred in current period	**1,699**	3,033
Write-off of tenements relinquished	-	(1,684)
Care and maintenance expenditure transferred out	**(988)**	(755)
	33,886	33,175

† On 29 January 2009, the Consolidated Entity went into Administration, as a result of which the Directors needed to consider if any of the assets were impaired. The Directors sought valuations of the assets. AMC Consultants Pty Ltd provided the fair market calculation on the tenements originally obtained during April 2010 and subsequently updated during June 2011. The valuation received from AMC valued the assets at a range of $49.6m to $75.9m but the Directors believed a more conservative valuation was appropriate. At the date of this report, the Directors believe that the carrying value is still appropriate.

10. Exploration and evaluation expenditure (continued)

Interest in joint operations

Jointly controlled assets

The Consolidated Entity, jointly with HAR, owns the exploration and production assets of the Browns Project. The Consolidated Entity's share is 50%, other than the Brown's Oxide plant which is at 61% (refer to Note 9).

Summarised financial statement information for the Consolidated Entity's share of jointly controlled assets and the operations is disclosed below:

	2014 $'000's	2013 $'000's
Current assets		
Cash and cash equivalents	1,308	1,468
Current receivables	6	10
Other assets	2,267	123
	3,581	1,601
Non-current assets		
Property, plant and equipment†	-	747
Deferred exploration and evaluation costs	12,829	12,180
	12,829	12,927
Current liabilties		
Trade and other payables	303	321
Other liabilities*	4,248	4,248
	4,551	4,569

†The Plant was fully impaired during the Reporting Period. Please refer to Note 9.

*This is due to more cash call contributions made by the Company's Joint Operation partner HAR than CMR according to the original Sulphide and Exploration Joint Venture Agreements.

Net jointly controlled asset value as at 31 December 2014 is $11.9 mil (2013: $10.0mil).

The Consolidated Entity has entered into joint operations for the purpose of mineral exploration and as follows:

Browns/Browns East/Area 55/ Mt. Fitch Projects - NT
The Company (90%) and its wholly owned subsidiary Guardian Resources Pty. Ltd. (10%) hold 100% of these projects. These projects are subject to the Company's agreements with HAR covering the Oxide Mining Joint Operation, the Sulphide Mine Development Joint Operation, the Regional Exploration Joint Operation, under which each party will hold a 50% joint operation interest. Following approval of the restructure, the Company will continue to have a 50/50 joint operation with Cove House but the joint operation will now be managed and controlled by the Company. Please refer to Note 27.

The respective interests are also subject to Cameco (Australia) Pty Ltd's 3% Net Profits Interest on certain tenements, and Anglo Gold Ashanti Ltd's Net Smelter Return entitlement of 1% or 3% on certain tenements (excluding the Browns tenements).

Batchelor Iron Ore - NT
Under an agreement with the Company (90%) and its wholly owned subsidiary Guardian Resources Pty. Ltd. (10%), Territory Resources Ltd. will test the iron ore mining potential of and, if positive, mine iron ore in sections of ERL125, ERL 146 and ML N1163 north of the Browns Leases. Under the agreement Territory has paid the Company/Guardian Resources $150,000 in 2004 and annually pays $50,000 pending a development decision or withdrawal. These payments are non-refundable advances against the purchase by Territory of ore ex-mine gate at $1 per tonne plus or minus an adjustment for ore grades more or less than 60% iron.

Current status of joint operations
For the current status of operational activities relating to the JV interests mentioned above, please refer 'Principal Activities' in the Directors' Report.

	Consolidated Group	
	2014	2013
	$'000's	$'000's
11. Trade and other payables		
Trade creditors and accruals	322	327
Employee benefits	183	126
Other payables	4	77
	509	530
12. Loans and borrowings		
Borrowing - Hunan Nonferrous Metals Corporation Limited*	13,151	11,955
Borrowing - HNC (Australia) Resources Pty Limited†	19,866	15,867
Borrowing - Yorkville Advisors Global Investments L.P.^	45,246	38,829
Borrowing - Trustee Bond#	2,273	2,317
	80,536	68,968

*The bond issued to Hunan Nonferrous Metals Corporation Ltd is secured by a fixed and floating charge over all the assets of the Company and bears interest at 10% per annum. The principal amount is repayable in 30, equal monthly, instalments and the cumulative interest upon maturity at the end of the 30 month period on. On 10 May 2013, a patience letter was signed. At the date of this report, the patience letter still remains in effect. The Directors are unaware of any reasons, based on their discussions, why the support should not be continued.

† The bond issued to HNC (Australia) Resources Pty Ltd is secured by a fixed and floating charge over all the assets of the Company and bears interest at 10% per annum. The principal amount is repayable in 30, equal monthly, instalments and the cumulative interest upon maturity at the end of the 30 month period. On 10 May 2013, a patience letter was signed. At the date of this report, the patience letter still remains in effect. The Directors are unaware of any reasons, based on their discussions, why the support should not be continued.

^The loan from Yorkville Advisors Global Investments L.P. is secured by a fixed and floating charge over all the assets of the Company. This charge ranks third in relation to the Company's JV interests (after Hunan Nonferrous Metals Corporation Ltd and HNC (Australia) Resources Pty Ltd) and first in relation to all other assets. The loan bears interest at 10% per annum and is repayable upon the first to occur of:

- Three years from the termination date of the Further Revised Deed of Company Arrangement (15 November 2011); and
- 6 months after the Oxide JV becomes cash flow positive for a period of not less than 3 consecutive months or substantial progress is made with respect to the sulphide JV.

#The Trustee Bond was issued to the Trustee of the CMR Creditors Trust, for the benefit of the creditors of the Company. The bond repayment was renegotiated during the Reporting Period. The Company entered into a Deed of Amendment – Unsecured Bond Deed on 31 December 2014 to replace the original bond repayment. The first instalment of $300K was paid on 31 December 2014. The second instalment of $450K was paid on 27 February 2015. The Company entered into a Deed of Settlement and Release on 12 June 2015 to provide for a final payment of $1.2m to be made on completion of the restructure agreements. Please refer to Note 27.

Each of these loans and borrowings has been restructured as noted above. Should the approval of the shareholders at the Annual General Meeting be achieved, the new position will be as follows:

- The Trustee of the CMR Creditors Trust will receive $1.2 million upon completion of the transaction in full and final payment of all bond amounts owing to CMR Creditors Trust by the Company;
- YA will receive $1.5 million as partial repayment of the existing loan and the remaining debt will be re-structured so that interest ceases to be payable and YA may convert the debt into issued share capital of the Company; and
- The debt owing to HNC and HAR (as acquired by Cove House) will be re-structured so that interest ceases to be payable and Cove House may convert the debt into issued share capital of the Company.

	Principal	Interest	Total loan balance	Principal	Interest	Total Loan balance
	2014	2014	2014	2013	2013	2013
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's
Less than 1 year	71,080	9,456	80,536	61,687	7,281	68,968
	71,080	9,456	80,536	61,687	7,281	68,968

	Consolidated Group	
	2014	2013
	$'000's	$'000's
13. Issued capital		
1,401,007,911 (2013:1,401,007,911) ordinary shares in issue	**202,425**	202,425
Total share capital in issue	**202,425**	202,425

The share capital of the Company consists of only ordinary shares with no par value, the holders of which are entitled to receive dividends as declared from time to time and are entitled to vote, per share, at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

During the year, no fully paid ordinary shares were issued.

Dividends
No dividends were paid or declared in 2014.

14. Earnings per share
The calculation of basic and diluted earnings per share at 31 December 2014 was based on the loss attributable to ordinary shareholders $55.9 mil (2013: loss of $11.0 mil).

	Consolidated Group	
	2014	2013
	$'000's	$'000's
Profit/(loss) attributable to ordinary shareholders		
Loss for the period	**(55,916)**	(10,957)
Weighted average numbers of ordinary shares ('000)	**Number of shares**	Number of shares
Issued ordinary shares	**1,401,008**	1,401,008
Effect of shares issued during the period	-	-
Weighted average number of ordinary shares ('000)	**1,401,008**	1,401,008
Profit/(Loss) per share		
Basic earnings/(loss) per share	**(3.99 cents)**	(0.78 cents)
Weighted average number of shares ('000)	**1,401,008**	1,401,008
Fully diluted earnings/(loss) per share	**(3.99 cents)**	(0.78 cents)
Weighted average number of shares ('000)	**1,401,008**	1,401,008

	Consolidated Group	
	2014	2013
	$'000's	$'000's
15. Restoration provision		
Rehabiliation provision*	**1,364**	1,364
	1,364	1,364

*The restoration provision is based on management's best estimate which is based on the Northern Territory requirements and is not being discounted as the effect is expected to be immaterial.

16. Share-based payments
No directors or key management personnel were holding share options and no share options were granted during the Reporting Period.

17. Financial instruments and capital management strategies
Exposure to credit, interest rate and currency risks arises in the normal course of the Consolidated Entity's business. The Board of Directors has overall responsibility for the Consolidated Entity's risk management. The Board of Directors oversees how management monitors compliance with Consolidated Entity's risk management policies and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Entity.

Credit risk
At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Statement of Financial Position.

17. Financial instruments and capital management strategies (continued)

Liquidity Risk
The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

Market risk
The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Interest rate risk
The Consolidated Entity does not have significant exposure to interest rates at the reporting date as the interest bearing liabilities are fixed rate loans.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Consolidated Entity's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Effective interest rates and repricing analysis
In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the end of the Reporting Period and the periods in which they reprice.

2014 Consolidated Group	Note	Effective interest rate	Total $'000's	6 months or less $'000's	6 - 12 months $'000's	1 - 5 years $'000's
Cash and cash equivalents	7	1.00%	113	113	-	-
Security deposits	7	2.90%	1,196	-	-	1,196
Borrowing - Hunan Nonferrous Metals Corporation Ltd (HNC)	12	10.00%	13,151	-	13,151	-
Borrowing - HNC (Aus) Resources Pty Ltd	12	10.00%	19,866	-	19,866	-
Borrowing - Yorkville Advisors Global Investments LP	12	10.00%	45,246	-	45,246	-
Borrowing - Trustee Bond	12	10.00%	2,273	-	2,273	-
2013 Consolidated Group						
Cash and cash equivalents	7	1.00%	281	281	-	-
Security deposits	7	2.50%	1,196	-	-	1,196
Borrowing - Hunan Nonferrous Metals Corporation Ltd (HNC)	12	10.00%	11,955	-	11,955	-
Borrowing - HNC (Aus) Resources Pty Ltd	12	10.00%	15,867	-	15,867	-
Borrowing - Yorkville Advisors Global Investments LP	12	10.00%	38,829	-	38,829	-
Borrowing - Trustee Bond	12	10.00%	2,317	-	2,317	-

Fair values of financial assets and liabilities
The fair values together with the carrying amounts shown in the statement of financial position are as follows:

Consolidated Group	Note	Carrying amount 2014 $'000's	Fair value 2014 $'000's	Carrying amount 2013 $'000's	Fair value 2013 $'000's
Trade and other receivables	8	20	20	24	24
Cash and cash equivalents	7	113	113	281	281
Trade and other payables	11	509	509	530	530
Borrowing	12	80,536	80,536	68,968	68,968

	Consolidated Group 2014 $'000's	Consolidated Group 2013 $'000's
18. Operating leases		
Less than one year	-	5
Between one and five years	-	4
	-	9

The Consolidated Entity has terminated the office commercial lease situated at Suite 2, Level 15, 3 Spring Street, Sydney, NSW, Australia on 30 November 2014.

	Consolidated Group 2014 $'000's	Consolidated Group 2013 $'000's

19. Other commitments

	2014 $'000's	2013 $'000's
Exploration expenditure commitments		
Contracted but not provided for and payable:		
Within one year	**489**	247
One year or later and no later than five years	**365**	409
	854	656

20. Contingencies

	2014 $'000's	2013 $'000's
The company has bank guarantees and security deposits in respect of the Company's performance under Australian exploration and mining titles	-	20
Environmental bond*	**1,156**	1,196
Royalties**	**2,500**	2,500
	3,656	3,716

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required.

* The environmental bond is held by the bank which is under administration of the NT state government.

** The Browns Joint Operation, of which an entity in the Consolidated Entity is a participant, has an obligation under an Agreement with Rio Tinto to pay that company a royalty totalling $2,500,000 plus interest calculated from the date of the agreement, when certain conditions are met. As at 31 December 2014, these conditions had not been satisfied and therefore no separate liability has been booked in the Consolidated Statement of Financial Position. However, when calculating the value in use of the Consolidated Entity's investment in the Browns Projects, the amount payable to Rio Tinto has been taken into account, as the conditions that trigger the obligation to pay would arise once production is at full capacity.

Through the Browns Joint Operation's arrangements there are also obligations to pay royalties to AngloGold Ashanti and Cameco once production in the sites other than Browns East commences. Until such time as production does commence in the areas no actual liability will arise.

Pursuant to the relevant transaction documents, the Company has contractually agreed with HAR that it will equally share any stamp duty liability with respect to its joint venture agreements with HAR. The Territory Revenue Office has reached an agreement with the Company and HAR to settle with respect to this liability.

21. Reconciliation of cash flows from operating activities

	Consolidated Group 2014 $'000's	Consolidated Group 2013 $'000's
Cash flows from operating activities		
Loss for the period before tax	**(56,209)**	(10,957)
Add-back:		
Impairment	**44,744**	-
Finance costs	**9,457**	7,281
Other	**440**	1,634
Operating loss before changes in working capital and provisions	**(1,568)**	(2,042)
Decrease in receivables	-	359
Decrease/(increase) in other assets	**2**	21
(Decrease)/increase in trade and other payables	**(2)**	(189)
Net movement of statement of financial position	-	191
Net cash used in operating activities	**(1,568)**	(1,851)

22. Related parties

The following were key management personnel of the Consolidated Entity at any time during the Reporting Period:

Non-executive Directors:
Mr M. Angelo (Chairman)†
Mr J. Allen* (Deputy Chairman – appointed 5 February 2015 and Company Secretary – appointed 4 June 2015)
Mr T. Morrison (appointed 7 October 2014)
Mr D. Gonzalez†
Mr G. Eicke†
Mr J. Carr (appointed 5 February 2015)

*Mr Allen was appointed as Deputy Chairman with limited executive powers and Company Secretary.
†Mr Gonzalez, Mr Eicke and Mr Angelo are the managing members of Yorkville Advisors whereby Yorkville Advisors holds a loan to the Company. Please see Note 17.

Executive Directors:
Mr J. Carr (Managing Director – resigned 5 February 2015)
Mr P. Wood (Chief Executive Officer – resigned 23 December 2014 and Executive Director – resigned 23 October 2014)

Executives:
Ms S. Kelly (Company Secretary – appointed 5 February 2015 and resigned 4 June 2015)
Mr T. Bloomfield (Company Secretary – resigned 3 December 2014)

Employment contracts with a defined expiry date
Currently there are no other employees employed under contract that has a defined expiry date. The remuneration of key management personnel are reviewed annually.

Key management personnel disclosures
The aggregate compensation made to the Directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated Group	
	2014	2013
	$'000's	$'000's
Short-term employee benefits	**437**	478
Other long-term employee benefits	**23**	23
Total compensation paid to key management personnel	**460**	501

Directors remuneration includes amounts paid by the Company during the period to indemnify directors, but does not include insurance premiums paid by the Company or related parties in respect of Directors' and Officers' Liabilities and Legal Expenses insurance contracts, as the insurance policies do not specify premiums paid in respect of individual directors.

Non key management personnel disclosures

Identity of related parties
The Company Non-executive Directors Mr Gonzalez, Mr Eicke and Mr Angelo are the managing members of YA whereby YA holds a loan to the Company. Please see Note 12 and 17 for the loan details.

YA is also the largest shareholder which holds 78% of the total shares of the Company.

23. Controlled entities

	Country of incorporation	Ownership interest	
		2014	2013
Parent entity			
Compass Resources Limited	Australia		
Significant subsidiaries			
Raptor Minerals Pty Ltd (formerly Raptor Minerals Ltd)	Australia	**100%**	100%
Guardian Resources Pty Ltd	Australia	**100%**	100%

The subsidiaries are dormant companies and there is no principal activity under these companies.

24. Auditor's remuneration

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity:

	Consolidated Group	
	2014	2013
	$'000's	$'000's
Grant Thornton Audit Pty Ltd		
Audit fees	65	60
	65	60

25. Parent entity information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	Parent Company	
	2014	2013
	$'000's	$'000's
ASSETS		
Current assets	10	26
Non-current assets*	30,864	82,312
TOTAL ASSETS	30,874	82,338
LIABILITIES		
Current liabilities	80,847	69,352
Non-current liabilities	1,364	1,364
TOTAL LIABILITIES	82,211	70,716
NET ASSETS	(51,337)	11,622
EQUITY		
Issued capital	202,425	202,425
Reserves	-	15,354
Retained earnings	(253,762)	(206,157)
TOTAL EQUITY	(51,337)	11,622
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME		
Total (loss)/profit	(62,956)	(8,735)
Total comprehensive income/(loss)	-	-

*Management have fully impaired the Land and Browns Plant. The impairment loss is included in the Statement of Profit or Loss and Other Comprehensive Income. Please refer to Note 9 for details.

Guarantees

Compass Resources Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contractual commitments

At 31 December 2014, Compass Resources Limited as a listed public company with trading suspended had not entered into any contractual commitments for the acquisition of property, plant and equipment (2013: Nil).

Contingencies

	Consolidated Group	
	2014	2013
	$'000's	$'000's
The Company has bank guarantees and security deposits in respect of the Company's performance under Australian exploration and mining titles	-	20
	-	20

26. Segment reporting
The Consolidated Entity's Internal Reporting for the year ended 31 December 2014 has continued on a receipts and payment basis. The Consolidated Entity has no material segment.

27. Subsequent events

Events subsequent to Balance Date
In 2014, the Company continued to be provided assurance that neither Hunan Nonferrous Metals Corporation Limited ("HNC") and HAR nor YA will for the time being exercise its rights under its facilities, to require early repayment of its debt. This assurance was reemphasised by way of a non-binding Heads of Agreement signed on 31 December 2014 among the Company, YA and HNC, which has been the basis for on-going support by the Company's stakeholders since then and underpinned the signing of the Key Term Sheet on 19 May 2015.

In addition, on 31 December 2014, the Company entered into a Deed of Amendment – Unsecured Bond Deed with Martin Jones and Darren Weaver care of Ferrier Hodgson as Bondholder to amend the terms of the redemption of the Bond for a payment of $300K on 31 December 2014, a further payment of $450K on 27 February 2015, both of which were made, and balance payable on completion of the transaction contemplated by the HOA. The Company entered into a Deed of Settlement and Release with Martin Johns and Darren Weaver care of Ferrier Hodgson and Cove House Illiquid Investments SPC ("Cove House") on 12 June 2015 to provide for a final payment of $1.2m to be made on completion of the restructure agreements. Please refer to Note 12. In 2015, the Company entered into various agreements which are subject to shareholder approval at the Annual General Meeting to be held in July 2015. These agreements include:

- A Restructure Deed between the Company, Cove House, HNC (Australia) Resources Holding Pty Limited ("HAH"), HAR and HNC;
- A Unsecured Debt Instrument between the Company and HAH;
- An Intercreditor Deed between the Company, Cove House and YA;
- A General Security Agreement between the Company and Cove House;
- A Mining Tenement Mortgage between the Company and Cove House;
- A General Security Agreement between the Company and YA;
- A Mining Tenement Mortgage between the Company and YA;
- A Deed of Purchase and Novation between the Company, Cove House, HNC, HAH and HAR;
- A Convertible Securities between the Company and Cove House;
- A Replacement Debt Convertible Securities Agreement between the Company and YA; and
- An Amended and Restated Secured Bond Deed between the Company, HNC and HAH.

Such agreements contemplate a transaction under which:
- The Company will acquire HNCEAM from HAR, a subsidiary of HAR that operates the existing joint operations.
- Cove House will:
  - acquire HAR from HNC;
  - acquire a secured $35 million note owing to HAR and HNC by the Company from HNC;
  - purchase $11 million worth of secured uncertificated convertible loan notes from the Company; and
  - re-structure the secured $35 million note acquired by it so that it becomes non-interest bearing and is convertible into shares in the Company.
- HNC will receive:
  - $14 million from Cove House;
  - $1 million from the Company (in reduction of the debt owing to HNC by the Company) on a deferred basis; and
  - from YA, a transfer of shares in the Company so as to increase its aggregate shareholding percentage to 19.9%.
- YA will receive a payment of $1.5m in reduction of the loan amounts owing to it, and a further $719,000 repayment of interim funding provided by it to the Company.
- The debt owed by the Company to YA will be re-structured so that it becomes non-interest bearing and is convertible into shares in the Company.

The transaction noted above will have the effect of substantially restructuring the Company and its activities as follows:
- The three Joint Operations with HNC will be replaced by a single new Joint Operation between the Company and Cove House and the whole project will now be managed and controlled by the Company as one project. This will result in significant cost savings and facilitate a clear direction forward';
- Cove House will (by way of conversion of all of the $11m of convertible notes purchased by it) have the right to convert the notes into 50% of the issued share capital in the Company;
- The Board of the Company will be restructured to consist of John Allen as Chairman, an appointee of YA, an appointee of Cove House and two independent board members;
- The Company will have funds available for the development of the Browns project, being initially approximately $6.5m;
- The initial focus will be the development of the Browns Oxide deposit by way of a heap leach operation to recover copper in the form of copper sulphate crystals. In the Stage One of the development the Company will undertake an Optimisation Study to establish the full feasibility of proceeding with such project which is expected to be completed by the end of 2015. In the event the Study is positive, it is expected the Company will commence development of the heap leach project in the first quarter of 2016 and be in production by the end of the second quarter of 2016;
- In parallel with the development of the heap leach, the Company will continue to explore the development of the Sulphide Deposit at Browns centred on the Scoping Study referred to above; and
- The Company will also increase its exploration activities of the full tenement portfolio at the Browns.

Directors' Declaration

1 In the opinion of the Directors of Compass Resources Limited ("the Company"):

(a) The consolidated financial statements and notes of Compass Resources Ltd, set out on pages 9 to 31, are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the financial position as at 31 December 2014 and of their performance, for the year ended on that date; and

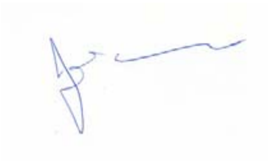
(ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a); and

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The Directors have been given the declarations from the Chief Executive Officer for the financial year ended 31 December 2014 required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors:



Mr John Allen
Deputy Chairman and Company Secretary

Sydney
15 July 2015

Grant Thornton

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Independent Auditor's Report
To the Members of Compass Resources Limited

We have audited the accompanying financial report of Compass Resources Limited (the 'Company'), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for qualified auditor's opinion

The following scope limitation occurred during the course of our audit:

The Company's operations include interests in the Browns Project Joint Ventures, which comprises the Sulphide, Oxide and Regional Exploration Joint Ventures (Refer to Note 10). On the completion of the Deed of Company Administration on 15 November 2011, the Company ceased to be a defaulting participant to the joint ventures. Under the terms of the Joint Venture, ownership of the Browns Oxide Plant is shared between the Joint Venture parties. Initial discussions between the joint venture parties have indicated that the ownership of the plant should be in proportion to their respective cash contributions, resulting in the Company and the other joint venture party respectively owning 61% and 39%.

At the date of this audit report, the Joint Venture parties are yet to enter into a formal agreement as to the specific proportion of Equipment ownership applicable to each participant. Should the final agreement not be based on the proportions of cash contributions made but some other basis, then an adjustment would be required to the carrying value of the Equipment to represent the new proportion of ownership. We therefore do not have sufficient audit evidence to determine whether the opening carrying value of Equipment of $43,368,000 and Land of $1,500,000 are fairly stated and therefore whether the impairment recognised in the statement of profit or loss and other comprehensive income of $44,827,000 is fairly stated.

Auditor's opinion

In our opinion:

a the financial report of Compass Resources Limited is in accordance with the Corporations Act 2001, including:

i giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, attention is drawn to the following matter. As described in Note 2(b) in the financial report, the consolidated entity has reported a loss for the period of $55.9million and a cash outflow from operating activities of $1.6million. The current liabilities exceed current assets by $85million. These conditions, along with other matters as set forth in Note 2(b), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 5 to 7 of the directors' report for the year ended 31 December 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Compass Resources Limited for the year ended 31 December 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 15 July 2015