

ASX ANNOUNCEMENT

27 January 2009

Further Update On Financial Position

Compass Resources Limited (ASX Code: CMR) today confirmed that it has recently concluded a review of its financial position in light of difficult market and operational circumstances.

As part of its recent review, the Board has considered, among other things, the current price for metals, delays encountered in full metal production commencing from the Browns Oxide Plant, continuing support from HNC to fund the Browns Oxide Project and the current debt and cash position of the company.

The Board has determined that, while the financial position of the company in the short term is suitable for it to continue trading, it is in the best interest of the company to proceed with a capital raising to meet working capital requirements.

Compass confirms that it currently has cash at bank of \$9 million.

In conjunction with its fundraising, Compass is exploring opportunities to reduce operating expenditure in the short term until completion of fundraising.

Compass will release further information regarding the capital raising in due course.

For further information regarding this announcement contact:

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or go to our website at www.compassresources.com.au

ABOUT COMPASS

Compass Resources Limited is an Australian resources company listed on the Australian Stock Exchange.

Compass Resources seeks to build shareholder value through exploration, development & production from its potential world class base, precious metal and uranium interests in Australia's Northern Territory.

ASX Code: CMR

ASX Listed: 15 August 1991

Shares on issue: 145 million

Unlisted options: 10 million

Market Cap (at 20.01.09): A\$29 million

Top 20: 34.2%

Major Shareholder:
Hunan Nonferrous Corporation 4.1%
Harbinger Capital Partners 12.4%

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Disclaimer

This announcement may or may not contain certain “forward-looking statements”. All statements, other than statements of historical fact, that address activities, events or developments that Compass believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect”, and “intend” and statements that an event or result “may”, “will”, “can”, “should”, “could”, or “might” occur or be achieved and other similar expressions.

These forward-looking statements reflect the current internal projections, expectations or beliefs of Compass based on information currently available to Compass. Forward-looking statements are subject to a number of risks and uncertainties, including those detailed from time to time in filings made by Compass with securities regulatory authorities, that may cause the actual results of Compass to differ materially from those discussed in the forward-looking statements, and even if such actual results are realised or substantially realised, there can be no assurance that they will have the expected consequences to, or effects on Compass. Compass expressly disclaims any obligation to update or revise any such forward-looking statements.