

ASX ANNOUNCEMENT

14 January 2009

Operations Update – Browns Oxide Project

Copper Cathode

Compass Resources (ASX Code: CMR) advises that commissioning of copper cathode production is progressing well with recoveries currently equal to or better than budget with sulphuric acid consumption slightly higher than budget. The next milestone will be the increase in throughput to budgeted levels following the commissioning of the cobalt/nickel circuit.

Cobalt/Nickel

The commissioning of the cobalt/nickel circuit is taking considerably longer than anticipated as a result of complications in the process technology and the need to upgrade screens which are part of the process equipment. Further modifications are required to enable design capacity and product quality to be achieved. Limited production is expected over the coming weeks with full production expected to be reached within three months, subject to completion of screen upgrades.

As previously announced, a term sheet for the sale of the cobalt/nickel product was agreed, however due to the extreme volatility being experienced in the cobalt market, finalisation of a sales agreement has been deferred by the buyer. Discussions are being held with other potential buyers for this product.

Mining

CMR and our mining contractor have agreed that in-pit ore and waste removal from the Browns Oxide pit will be suspended for the duration of the wet season. There is approximately five months supply of ore on our surface stockpiles. This action will assist in conservation of cash and will not interfere with production operations.

In the immediate term, CMR will be reprocessing liquor from the tailings storage facility (TSF) to capture metals not completely processed during initial commissioning. This will further conserve cash as we will reduce the operations of the mill and the boiler and reduce sulphuric acid consumption.

Environment

During routine testing of TSF monitoring bores, an increase in electrical conductivity of groundwater, and heightened dissolved metal content was detected in one bore. This is being investigated as a matter of urgency. Recommendations following the investigation will be disclosed as soon as practicable.

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: 11 million

Market Cap (at 12-01-09): A\$31 million

Top 20: 35%

Major Shareholder:

Hunan Nonferrous Corporation 4.1%

Harbinger Capital Partners 10.3%

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