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

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Australia

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ASX ANNOUNCEMENT

25 September 2013

FINANICIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2013

Attached are the Financial Statements of Compass Resources Limited (ASX code: CMR) for the half year ended 30 June 2013.

Yours faithfully,

Philip R. Wood

Philip R. Wood
Chief Executive Officer
& Executive Director

Compass Resources Limited

AND ITS CONTROLLED ENTITIES

A.C.N 010 536 820

FINANCIAL STATEMENTS

FOR THE HALF-YEAR

Ended 30 June 2013

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 half year ended 30 June 2013 ("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 30 June 2013.

Directors

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

- Mr Mark Angelo (Non-executive Chairman)
- Mr Philip Wood (Chief Executive Officer and Executive Director)
- Mr James Carr (Non-executive Director and Managing Director)
- Mr David Gonzalez (Non-executive Director)
- Mr Gerald Eicke (Non-executive Director)
- Mr John Allen (Non-executive Director)
- Mr Thomas Bloomfield (Company Secretary)

Consolidated Result
The net loss of the consolidated entity for the Reporting Period was $6.1 million (June 2012, loss of $4.0 million).

Principal Activities
The Company's present operations as at the date of this report are:

- Browns Project Joint Ventures
  The Company's primary focus continues to be the progression of its three joint ventures with HNC (Australia) Resources Pty Limited ('HAR'). HNC (Australia) Exploration and Mining Pty Limited is the Joint Venture Operator for all three joint ventures.

  The operating committees for the joint ventures (consisting of 3 Company representatives and 3 HAR representatives) are meeting bi-monthly to assess progress and determine budgets.

  Of these joint ventures:
  - Sulphide Joint Venture: The present goal of the Sulphide Joint Venture 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 are together undertaking a Scoping Study of the technical and economic feasibility of the new strategy, which comprises the following key components: 1) flotation 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) an assessment of ancillary matters, 7) updated project economics and 8) commissioning of an independent "nameplate" audit. The Scoping Study is scheduled to be completed by the beginning of October 2013.

  - Oxide Joint Venture: The Browns Oxide Plant ("the Plant") at Browns East that is part of the Oxide Joint Venture is currently in a regulatory compliance state and is being maintained by the Joint Venture Operator. Under the terms of the Oxide Joint Venture, ownership of the Plant is shared between the Oxide Joint Venture 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 11.

  - Regional Exploration Joint Venture: The Regional Exploration Joint Venture will continue to explore the Joint Venture tenements and continues to spend money on exploration. The Operator completed a FALCON Airborne Gravity Gradiometer and Magnetic Geophysical Survey in December 2012 that, in conjunction with the EM/magnetic survey that was conducted in 2010, will help identify target locations for possible drilling.

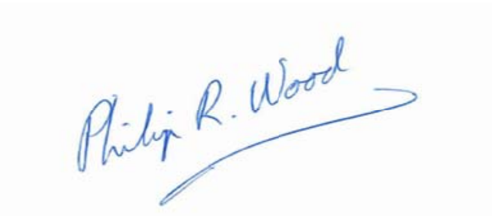
- Other Operations
  - Wholly-owned Northern Territory Tenements: The Company is exploring its wholly-owned tenements near Batchelor in the Northern Territory. The FALCON Survey also included these tenements. The Company has been approached by parties interested in iron, manganese and uranium ore potential on these tenements and intends to further investigate the possibility of forming joint ventures to explore these areas with interested parties or the outright sale of the Company's tenements.
  - New South Wales Tenements: The Company's joint ventures with Platsearch for some tenements in NSW have now been released. The Company withdrew from the Cuttaburra Joint Ventured ("CJV") with Thomson Resources Ltd and sold to Thomson Resources all of its right, title and interest in the Mining Title held on behalf of CJV on 13 June 2013 for a nominal sum.
  - Peru Tenement: The Company has dropped its 70% owned tenement in Peru (the Nangali Gold Project).

- Corporate
  - On 21 January 2013, the Company entered into agreement with HAR and Hunan Nonferrous Metals Corporation Limited ("HNC"), whereby the Company's repayment obligations from mid-November 2012 under the Secured Bond Deed between the parties were deferred until 1 April 2013. On 10 May 2013, the Company signed a "Patience Letter" with HNC and HAR in relation to further delaying the debt repayment, with HNC and HAR reserving all their rights under the Secured Bond Deed. HNC's and HAR's rights include: 1) to declare that all monies owing to them under the Secured Bond Deed are due and

payable; 2) to declare that Compass is a "Defaulting Joint Venturer" for the purposes of each of the Joint Venture Agreements; and 3) to enforce the security which has been granted to them by Compass. In addition, the Company incurs additional interest on overdue amounts, pending final resolution of its debt obligations to HAR and HNC. Negotiations with YA Global Investments L.P. ("YA") and third parties in relation to the Company's overall debt position are continuing. YA has given assurance to the Company that YA will not exercise its rights under its facilities, to require early repayment of its debt. Similarly, the former voluntary administrators of the Company have indicated that they will not seek to exercise their rights as Bondholder under the Unsecured Bond Deed.

Rounding Off
The Company 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.

Signed in accordance with a resolution of the Directors.



Philip R Wood
Chief Executive Officer
& Executive Director

Sydney
23 September 2013

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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 review of Compass Resources Limited for the half-year ended 30 June 2013, 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 review; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 23 September 2013

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the half-year ended 30 June 2013

		Consolidated Group	
		Half Year Ended	
		30 June 2013	30 June 2012
	Notes	$'000's	$'000's
Income	6	-	1,520
Finance income	7	-	4
Income		-	1,524
Employee benefits expense		**(177)**	-
Legal and professional expenses		**(384)**	(848)
Loss on sale of Alkane shares		-	(489)
Unrealised loss on Alkane share investment		-	(835)
Loss on asset disposals		-	(35)
Loss on tenement disposals		**(1,113)**	-
JV operating expenditure	8	**(660)**	(547)
Finance costs	7	**(3,664)**	(2,598)
Administrators fees and disbursements		-	(33)
Other corporate and administration expense		**(93)**	(105)
Loss before income tax		**(6,091)**	(3,966)
Income tax expense		-	-
Loss for the period		**(6,091)**	(3,966)
Other comprehensive loss for the year		-	-
Other comprehensive loss for the year net of tax		**(6,091)**	(3,966)
Total loss and other comprehensive income for the year		**(6,091)**	(3,966)
Attributable to:			
Equity holders of the parent		***(6,091)***	*(3,966)*
Basic loss per share	*15*	***(0.43 cents)***	*(0.28 cents)*
Fully diluted loss per share	*15*	***(0.43 cents)***	*(0.28 cents)*

The accompanying notes form part of these financial statements.

Compass Resources Limited

ABN 51 010 536 820

Consolidated Statement of Financial Position

As at 30 June 2013

	Notes	Consolidated Group	
		30 June 2013	31 December 2012
		$'000's	$'000's
Assets			
Current assets			
Cash and cash equivalents	9	**1,957**	1,848
Current receivables	10	**38**	473
Other assets		**145**	166
Total current assets		**2,140**	2,487
Non-current assets			
Non currrent receivables	10	**14**	20
Property, plant and equipment	11	**44,879**	44,837
Deferred exploration and evaluation costs	12	**32,471**	32,581
Total non-current assets		**77,364**	77,438
Total assets		**79,504**	79,925
Liabilities			
Current liabilities			
Trade and other payables	13	**622**	728
Loans and borrowings - current	14	**63,825**	58,049
Deferred revenue		**4,248**	4,248
Total current liabilities		**68,695**	63,025
Non-current liabilities			
Restoration provision		**1,364**	1,364
Total non-current liabilities		**1,364**	1,364
Total liabilities		**70,059**	64,389
Net assets		**9,445**	15,536
Equity			
Issued capital		**202,425**	202,425
Reserves		**15,354**	15,354
Accumulated losses		**(208,334)**	(202,243)
Total equity attributable to equity holders of the parent		**9,445**	15,536
Total equity		**9,445**	15,536

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

For the half-year ended 30 June 2013

	Notes	Consolidated Group Half Year Ended 30 June 2013 $'000's	Consolidated Group Half Year Ended 30 June 2012 $'000's
Cash flows from operating activities			
Cash received from customers		-	7,462
Cash paid to suppliers and employees		**(1,213)**	(5,438)
Cash used in operations		**(1,213)**	2,024
Interest received		-	33
Net cash from/(used in) from operating activities		**(1,213)**	2,057
Cash flows from investing activities			
Purchase of property, plant and equipment		**(42)**	-
Payments / receipts for exploration and evaluation expenditure		**(748)**	(550)
Net cash from/(used in) investing activities		**(790)**	(550)
Cash flows from financing activities			
Payment of borrowings		-	(2)
Proceeds from borrowings		**2,112**	-
Net cash from/(used in) financing activities		**2,112**	(2)
Net increase in cash and cash equivalents		**109**	1,505
Cash and cash equivalents, beginning of period		**1,848**	1,524
Cash and cash equivalents, end of period	9	**1,957**	3,029

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the half-year ended 30 June 2013

Consolidated Group	Share capital $'000's	Share option reserve $'000's	Accumulated losses $'000's	Total $'000's
Balance at 1 January 2013	**202,425**	**15,354**	**(202,243)**	**15,536**
Total loss for the period	-	-	**(6,091)**	**(6,091)**
Other comprehensive profit/(loss) for the period	-	-	-	-
Balance at 30 June 2013	**202,425**	**15,354**	**(208,334)**	**9,445**
Balance at 1 January 2012	202,425	15,354	(189,539)	28,240
Total loss for the period	-	-	(3,966)	(3,966)
Other comprehensive profit/(loss) for the period	-	-	-	-
Balance at 30 June 2012	202,425	15,354	(193,505)	24,274

The accompanying notes form part of these financial statements.

1. Reporting entity

The Company is domiciled in Australia. The address of the Company's registered office is Suite 2, Level 15, 3 Spring Street, Sydney, NSW, 2000, Australia.

This financial report includes the consolidated financial statements and notes of the Company and its controlled entities ("Consolidated Group" or "Group"). 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 23 September 2013.

2. Basis of preparation

(a) Statement of compliance
These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2012 and any public announcements made by the Group during the half-year.

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 Company 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 Group has reported a loss for the period of $6.1 million (June 2012: loss of $4.0 million) and a cash outflow from operating activities of $1.2 million (June 2012: a cash outflow of $2.1 million). The current liabilities exceed current assets by $66.6 million (December 2012: $60.5 million).

With continued funding support by the lenders, the Directors consider that the Consolidated Group will be able to continue its operations as a going concern. However, the above conditions indicate the existence of a material uncertainty which may cast significant doubt about the Consolidated Group's ability to continue as a going concern and therefore the Consolidated Group 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.

(c) Functional and presentation currency
The consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group. The Group 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.

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 Group entities.

(a) Basis of consolidation

(i) Subsidiary
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.

(ii) Transactions eliminated on consolidation
Intragroup balances and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(b) Change in accounting policy

The Group had to change accounting policies as the result of new and amended accounting standards which became effective for the first time on 1 January 2013. Certain new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements. AASB 13 Fair Value Measurement (AASB 13) does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. This will impact the Company and require the Company to make extra disclosures.

4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the half year ended 30 June 2013.

5. Significant events and transactions

On 21 January 2013, the Company entered into an agreement with HAR and HNC, whereby the Company’s repayment obligations from mid-November 2012 under the Secured Bond Deed between the parties were deferred until 1 April 2013. On 10 May 2013, the Company signed a “Patience Letter” with HNC and HAR in relation to further delaying the debt repayment, with HNC and HAR reserving all their rights under the Secured Bond Deed. The Company incurs additional interest on overdue amounts, pending final resolution of its debt obligations to HAR and HNC. Negotiations with YA and third parties in relation to the Company’s overall debt position are continuing. YA has given assurance to the Company that YA will not exercise their rights under its facilities, to require early repayment of its debt. Similarly, the former voluntary administrators of the Company have indicated that they will not seek to exercise their rights as Bondholder under the Unsecured Bond Deed.

Notes to the Financial Statements

	Consolidated Group Half Year Ended 30 June 2013 $'000's	Consolidated Group Half Year Ended 30 June 2012 $'000's
6. Income		
Profit from sale of Alkane royalty	-	1,420
Alkane royalty income	-	100
	-	1,520
7. Finance income and expenses		
Interest income	-	4
Finance expenses		
Interest expense on borrowings	**3,664**	2,597
Other finance expenses	-	1
	3,664	2,598
Net finance expenses	**(3,664)**	(2,594)
8. JV operating expenditure		
Care and maintenance expenses	**660**	547
	660	547

	Consolidated Group	
	30 June 2013	31 December 2012
	$'000's	$'000's
9. Cash and cash equivalents		
Cash at bank	633	524
Restricted cash	1,324	1,324
Cash and cash equivalents	1,957	1,848

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

10. Receivables

Current receivables		
Receivables	38	473
	38	473

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

Non-current receivables		
Receivables	14	20
	14	20

11. Property, plant and equipment

Land		
At cost	1,845	1,845
Accumulated depreciation	-	-
Accumulated impairment losses	(345)	(345)
Total land	1,500	1,500
Office equipment		
At cost	7	1
Accumulated depreciation	(1)	-
Total office equipment	6	1
Mining and processing equipment		
At cost	147,631	147,594
Accumulated depreciation	(3,649)	(3,649)
Accumulated impairment losses	(71,325)	(71,325)
Adjustment due to re-instatement in JV's*	(29,284)	(29,284)
Total mining and processing equipment	43,373	43,336
Total property, plant and equipment	44,879	44,837

* 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. Currently the Plant is under care and maintenance and no depreciation is calculated.

	Consolidated Group	
	30 June 2013	31 December 2012
	$'000's	$'000's
12. Exploration and evaluation expenditure		
Mining development – mining reserves acquired	**28,661**	27,625
Mining development – capitalised exploration	**15,499**	17,676
Write-off of tenements relinquished	**(1,113)**	(712)
Care and maintenance expenditure transferred to P&L	**(4,208)**	(3,548)
Provision for impairment of mining development	**(6,368)**	(8,460)
	32,471	32,581
13. Trade and other payables		
Trade creditors and accruals	**323**	465
Employee benefits	**137**	127
Other payables	**162**	136
	622	728
14. Loans and borrowings		
Current liabilities		
Borrowing - Hunan Nonferrous Metals Corporation Limited*	**11,401**	10,869
Borrowing - HNC (Australia) Resources Pty Limited†	**14,556**	13,034
Borrowing - Yorkville Advisors Global Investments L.P.^	**35,527**	31,805
Borrowing - Trustee Bond#	**2,341**	2,341
	63,825	58,049

*The loan from HNC is secured by a bond over the Company's Browns Project JV interests 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.

†The loan from HAR is secured by a bond over the Company's Browns Project JV interests 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.

The loan from HNC and the loan from HAR also include a standstill fee of $578,350 for the instalments due and payable on 1 April 2013 and a fee of $84,239 for the instalments due and payable for the period between 1 April 2013 and 30 June 2013. Interest at the rate of 10% per annum continues to accrue on the amounts owing by the Company to HNC and HAR.

^The loan from YA 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 HNC and HAR) 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 bond was issued to the Trustee of the CMR Creditors Trust, for the benefit of the creditors of the Company. The bond is unsecured. The current interest rate is 10% per annum with a term of 3 years.

In view of the matters referred to in "Corporate" in the Directors' Report, the Directors have determined that it is appropriate that all of the Loans and Borrowings Liabilities should be categorised as Current Liabilities.

15. Earnings per share

The calculation of basic and diluted earnings per share at 30 June 2013 was based on the loss attributable to ordinary shareholders of $6.1 million (30 June 2012: loss of $4.0 million).

	Consolidated Group Half Year Ended	
	30 June 2013	30 June 2012
	$'000's	$'000's
Profit/(loss) attributable to ordinary shareholders		
Loss for the period	**(6,091)**	(3,966)
Profit/(Loss) per share		
Basic earnings/(loss) per share	**(0.43 cents)**	(0.28 cents)
Weighted average number of shares ('000)	**1,401,008**	1,401,008
Fully diluted earnings/(loss) per share	**(0.43 cents)**	(0.28 cents)
Weighted average number of shares ('000)	**1,401,008**	1,401,008

16. Segment reporting

After the Deed of Company Administration finalised on 15 November 2011, the Group's Internal Reporting for the half year ended 30 June 2013 has still been continued on a receipts and payment basis. The Group has only one material segment being mineral exploration in Australia.

17. Subsequent events

Events subsequent to Balance Date

There are no significant events after the reporting date.

Compass Resources Limited

ABN 51 010 536 820

Directors' Declaration

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

(a) The consolidated financial statements and notes of the Company, set out on pages 4 to 13, are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the financial position as at 30 June 2013 and of their performance, for the half 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 and Executive Director for the financial half year ended 30 June 2013 required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors:

Philip R. Wood

Philip R. Wood
Chief Executive Officer
& Executive Director

Sydney
23 September 2013

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

We have reviewed the accompanying half-year financial report of Compass Resources Limited (the 'Company'), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2013, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Compass Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Compass Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Basis for Qualified Conclusion

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

The Company's operations include interests in the Browns Project Joint Ventures, which comprises the Sulphide, Oxide and Regional Exploration Joint Ventures. 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 (the "Plant") is shared between the Joint Venture parties. Initial discussions between each of 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 review report, the Joint Venture parties are yet to enter into a formal agreement as to the specific proportion of Plant ownership applicable to each of them. Should the final agreement not be based on the proportions of cash contributions made, but some other basis, then the carrying value of the Plant may either decrease or increase to represent the new proportion of ownership. We therefore do not have sufficient review evidence to determine whether the $43,373,000 carrying value of the Plant is fairly stated.

Qualified Conclusion

Based on our review, which is not an audit, with the exception of the matter described in the preceding paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Compass Resources Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding going concern

Without qualification to the conclusion expressed above, we draw attention to Note 2(b) in the financial report, the consolidated entity incurred a net loss of $6,091,000 for the period ended 30 June 2013 and cash outflow from operating activities of $1,213,000, and as of that date, the consolidated entity's current liabilities exceed current assets by $66,555,000. Therefore the ability of the consolidated entity to pay its debts as and when they fall due is dependent upon the continued support of its majority shareholder and lender and upon its successful re-capitalisation. Because of these matters, there exists a material uncertainty which may cast significant doubt about the Group's ability to realise its assets and extinguish its liabilities in the normal course of business, at the amounts stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner – Audit & Assurance

Perth, 23 September 2013