

ASX ANNOUNCEMENT

3 September 2012

HALF-YEARLY REPORT AND ACCOUNTS FOR HALF-YEAR ENDED 30 JUNE 2009

Attached are the audited Half-Yearly Report and Accounts of Compass Resources Limited (ASX code: CMR) for the period ended 30 June 2009.

Yours faithfully,

A handwritten signature in blue ink that reads "Philip R. Wood".

Philip R. Wood
Chief Executive Officer
& Executive Director

Phone: 0438 675 501

Email: philip.wood@compassresources.com.au

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.

ASX Code: CMR

ASX Listed: 15 August 1991

COMPASS RESOURCES LIMITED

ABN 51 010 536 820

P
A
G
E
1
o
f
1

REGISTERED OFFICE

Level 5, 384 Eastern Valley Way

Roseville NSW 2069

Tel: +61 (0)2 9417 3588

Fax: +61 (0)2 9417 8750

info@compassresources.com.au

www.compassresources.com.au

Compass Resources Limited

AND ITS CONTROLLED ENTITIES

A.B.N 51 010 536 820

INTERIM FINANCIAL STATEMENTS

AND

AUDIT REPORT

FOR THE HALF-YEAR ENDED

30 JUNE 2009

CONTENTS

Directors' Report	1
Auditor's Independence Declaration	5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Directors' Declaration	17
Independent Auditor's review report	18

DIRECTORS' REPORT

The Directors present their report together with the financial report for the half-year ended 30 June 2009 and the review report thereon.

Directors

The Directors of Compass Resources Limited ("Company") at any time during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Gordon Toll BE Mining (Hons), MSc, MAusIMM	Non-executive Chairman	Resigned June 2010
James Carr	Director (Yorkville Advisors)	Appointed November 2011
	Managing Director (Yorkville Advisors)	Appointed July 2012
Richard Swann BE, MBA, FAusIMM	Managing Director	Appointed October 2006 Resigned June 2012
John Allen	Non-executive Director	Appointed June 2012
Philip Wood B.A, LL.B, ASIA, Dipl.L.C.F(Sorbonne)	Non-executive Independent Director	Appointed June 2007 Resigned June 2010 Re-appointed June 2012
	CEO / Executive Director	Appointed August 2012
David Gonzalez	Director (Yorkville Advisors)	Appointed November 2011
Gerald Eicke	Director (Yorkville Advisors)	Appointed November 2011
Mark Angelo	Chairman (Yorkville Advisors)	Appointed November 2011
Neil Guest BB, CPA, FAICD, JP (NSW)	Company Secretary (and CFO)	Resigned January 2012
Thomas Bloomfield BA (Hons) ACIS MAICD	Company Secretary	Appointed January 2012

REVIEW OF OPERATIONS AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Principal Activities

As of 29 January 2009, the Company entered into voluntary administration. Refer to Significant Changes in the State of Affairs below for further description.

Half Year Result

The net loss for the entity was \$22,609,000 (December 2008: loss of \$126,732,000).

Rounding of Amounts

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the Directors' report have been rounded off to the nearest \$1,000.

Dividends, Options and Indemnities

- No dividends were paid or declared by the Company during or since the end of the reporting period.
- No options were issued during or since the end of the reporting period.
- No indemnities have been given or insurance payments paid, during or since the end of the reporting period, for any person who is or has been an officer or auditor of the Company.

Significant Changes in the State of Affairs

Voluntary Administrators

Voluntary Administrators were appointed to the Company on 29 January 2009. On 17 February 2009, HNC (Australia) Resources Pty Ltd ("HAR") appointed Receivers and Managers to the Company and Compass Mining Pty Ltd (a subsidiary of the Company) pursuant to the joint venture documentation between HNC, Compass Mining Pty Limited and the Company.

On 21 May 2009 the creditors of the Company agreed to a 12 month Deed of the Company Arrangement (DOCA) (subsequently extended).

As a result of the appointment of the voluntary administrators and the receivers and managers, the Company became a 'Defaulting Member' under the three joint venture agreements between the Company and HAR. As a result, the Company ceased to be a voting member under the three joint ventures.

While HAR was sole voting member of the three joint ventures, the operating committees of the joint ventures determined to transfer operatorship of each of the joint ventures to HAR.

Also during this time, the operating committee of the oxide joint venture determined to place the oxide plant into a mothballed state.

An additional result of voluntary administration was the loan with Coffee House, HNC and Cornell went into default.

Events Subsequent to Reporting Date

YA Global Investments L.P. ("YA") and HNC (Australia) Resources Pty Ltd ("HAR") sought to negotiate terms on which the Company could be reconstructed and return to being a voting member under the three joint ventures.

Ultimately these negotiations were successful, and the DOCA and joint venture agreements were amended to reflect the negotiated outcome.

Completion of the DOCA occurred on 15 November 2011 and included the following key events:

- \$13.25M was loaned to the Company by YA, pursuant to a new fixed and floating charge in favour of YA, which also secured further funding to be provided by YA;
- \$7.5M was paid by the Company to HAR in partial satisfaction of debts due to it;
- \$5.75M was paid to the Trustee of the Company's Creditors Trust to be split as follows:
 - \$2.5M to CMPL; and
 - \$3.25M to Company unsecured creditor debts;
- Shares were issued to both YA (1,083,618,669 shares) and Coffee House Group Limited (172,722,511 shares) in exchange for release of the admitted debts owing to them by the Company;
- A new charge was granted in favour of HNC Ltd in respect of the approx. \$15.6M owed by the Company;
- A bond was issued to the Trustee of the Company's Creditors Trust, for the benefit of the creditors of the Company;
- The appointments of the Deed Administrators and Receivers and Managers ceased;

- Control of the Company passed to its new Board of Directors; and
- The Company ceased to be a 'Defaulting Member' under the joint venture agreements and again became a voting member.

As a consequence of Completion occurring, the DOCA terminated. Occurring simultaneously with the termination of the DOCA was the creation of the Company's Creditor's Trust, a mechanism used to accelerate Company's exit from external administration by transferring the relevant creditors' claims from the Company to the Trust.

As a result of the administration and for other strategic reasons, the Group's present operations as at the date of this report are:

- NT Joint Ventures

The Company's primary focus continues to be the progression of its three joint ventures with HNC.

The operating committees for the joint ventures (consisting of 3 Company representative and 3 HNC representatives) are meeting periodically to assess progress and determine budgets.

Of these joint ventures:

- Sulphide Joint Venture: The present goal of the joint venture is to determine the economic feasibility of pursuing the Sulphide project by acquiring new samples and performing test-work with the goal of initiating a feasibility study.

New drilling is currently taking place to acquire additional samples for testing. The operator, 50% funded by the Company, has drilled fifteen additional holes to obtain samples for assay and test work. Additional drilling is on-going.

Subject to being able to obtain the necessary funding and both JV parties agreement, the Company intends to accelerate development, exploration, and testing with the goal of the joint venture beginning a feasibility study on the Sulphide resource in 2013.

- Oxide Joint Venture: The plant at Browns East that is part of the Oxide JV is currently in a mothballed state and is being maintained by the joint venture operator.
- Regional Exploration JV: the regional exploration JV will continue to explore the JV tenements and continues to spend money on exploration. The company has commissioned a FALCON Airborne Gravity Gradiometry, Magnetism and DTM Survey that, in conjunction with the EM/magnetic survey that was done in 2010, will help identify locations for possible drilling. Additional testing is being done in 2012.
- Other Operations
- NT Non-JV Tenements: The Company is exploring the non-JV tenements near Batchelor in the Northern Territory. The FALCON Airborne Gravity Gradiometry, Magnetism and DTM Survey will also include the non-JV tenements. The Company has been approached by parties interested in the iron and uranium ore and intends to further investigate the possibility of forming joint ventures to exploit these areas with interested parties or the sale of the non-JV assets.
- NSW Tenements: The Company has joint ventures with Platsearch and Thomson Resources for tenements in NSW, some of which have been released due to new government regulations. The Company will continue to deal with these tenements in accordance with the terms of the joint ventures.
- Peru Tenement: The Company also has a 70% owned tenement in Peru and is considering its options with respect to this.

In February 2012, the Company received a Statement of Claim filed in the Supreme Court of NSW on 25 January 2012 on behalf of a number of shareholder plaintiffs. The claim related to the rejection of the proofs of debt that certain shareholders submitted to the trustees of the Creditors' Trust. On 10 April 2012, Registrar Musgrave ordered that the company be removed as a party to the proceedings and the plaintiffs are to pay the Company's costs of the notice of motion and the proceeding to 10 April 2012, as agreed or assessed.

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

In March 2012 it became apparent that the Company would not be able to comply with the reporting requirements under the facilities provided by YA. The Company sought and obtained a verbal waiver of this requirement from YA. In July 2012, the Company sought and obtained a written waiver from YA as confirmation of the previous verbal waiver.

In Apr 2012:

- The Company reached agreement with Alkane Resources Ltd for Alkane to fully acquire a production royalty held by the Company, related to the Tomingley Gold Project.
- The royalty was surrendered by the Company for the acquisition of 6 million Alkane shares and 4 million options exercisable at \$1.50 within 12 months.

Richard Swann resigned as Managing Director with effect from 29 June 2012. Mr James Carr was appointed by the Board as Managing Director on 9 July 2012. The Board appointed Mr Philip Wood and Mr John Allen as Non-executive Directors of the company effective 28 June 2012. Mr Philip Wood was appointed Chief Executive Officer on 22 August 2012.

FUTURE DEVELOPMENTS

Subsequent to the completion of the DOCA on the 15th November 2011, the Company is working toward a re-listing in the last quarter of 2012 with a view to eventually repositioning the Company as a significant exploration and mining company in Australia.

The Company has been informed by ASX that in order for the Company's shares to be re-instated to trading on ASX, ASX will require (among other things) the Company to demonstrate that it has cash of at least \$1,000,000 net of all debt. This is to demonstrate to ASX that the Company meets the requirements of listing rule 12.2.

The Company does not presently meet this requirement.

The Company has submitted to ASX that this requirement is not appropriate in the Company's case, and that ASX should apply a different requirement in determining whether the Company meets the requirements of listing rule 12.2.

The Company is awaiting a response from ASX.

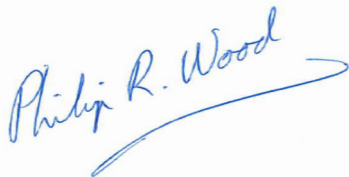
If ASX does not agree with the Company's submission, and continues to require as a condition of reinstatement that the Company has cash of at least \$1,000,000 net of all debt, then if the Company is to meet the reinstatement requirement it will need to raise additional capital.

The Company has the support of YA by way of the deeds of facility between the Company and YA Global Investments.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of the Board of Directors.



Philip Wood

Chief Executive Officer

Executive Director

Dated at Sydney, this 31 August 2012



Grant Thornton

Grant Thornton Audit Pty Ltd
ABN 91 130 913 594
ACN 130 913 594

10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

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 2009, 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 AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 31 August 2012

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD TO 30 JUNE 2009**

	Note	Consolidated Group	
		30 June 2009 \$'000's	30 June 2008 \$'000's
Trading Income		19	475
Miscellaneous Income		4,543	-
GST Received		262	-
Income Tax Refund		349	-
Cost of Goods Sold		(2,108)	-
Employee Benefits		(2,916)	(2,757)
Consultancy, Legal and Professional fee		(475)	(947)
Costs of Administration		(903)	-
Tenement Expenditure		(70)	(2)
Other Corporate, finance and Administration Expense		(2,033)	(1,025)
JV Operating Expense		(9,643)	-
Miscellaneous Expense		(41)	-
		(13,016)	(4,256)
Depreciation		-	(81)
Impairment	8	(3,595)	(12,848)
Operating Loss		(16,611)	(17,185)
Finance Income		54	1,186
Finance Expenditure		(6,052)	(2,741)
Net finance (expense)		(5,998)	(1,555)
Operating Loss before Tax		(22,609)	(18,740)
Income tax benefit		-	5,245
Operating Loss after income tax		(22,609)	(13,495)
Other comprehensive income / (loss) for the period, net of tax		-	-
Total comprehensive (loss) for the period		(22,609)	(13,495)
Overall Operations			
Basic/diluted (loss) per share		(15.63 cents)	(10.50 cents)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 30 JUNE 2009**

	Note	Consolidated Group 30 June 2009 \$'000's	31 Dec 2008 \$'000's
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		8,645	12,034
Restricted Cash		-	6,301
Receivables	2	-	3,497
Prepayments		-	910
Total Current Assets		8,645	22,742
NON CURRENT ASSETS			
Receivables	2	783	783
Deferred Tax Assets	3	-	-
Property, Plant and Equipment	4	73,430	75,477
Intangible – Exploration and evaluation expenditure	5	27,394	27,394
Total Non-Current Assets		101,607	103,654
TOTAL ASSETS		110,252	126,396
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	6	35,100	29,364
Employee Benefits	7	1,459	101
Loans and Borrowings		88,933	91,025
Scheme Administration Fees		576	-
Total Current Liabilities		126,068	120,490
NON CURRENT LIABILITIES			
Restoration Provision		1,364	1,364
Total Non-current liabilities		1,364	1,364
TOTAL LIABILITIES		127,432	121,854
NET ASSETS		(17,180)	4,542
EQUITY			
Issued Capital		152,171	152,171
Reserves		15,273	14,386
Accumulated losses		(184,624)	(162,015)
TOTAL EQUITY		(17,180)	4,542

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Translation Reserve	Share option Reserve	Retained Earnings	Total
Balance as at 1 Jan 2008	141,059	1	9,395	(35,284)	115,171
Total comprehensive loss for the period	-	-	-	(126,732)	(126,732)
Share options exercised	127	-	-	-	127
Transfer to Retained Earnings	-	(1)	-	1	-
	10,9				
Equity settled transactions	85	-	-	-	10,985
Transaction costs associated with issue of shares or options	-	-	4,991	-	4,991
Balance as at 31 December 2008	152,171	-	14,386	(162,015)	4,542

	Share Capital	Translation Reserve	Share option Reserve	Retained Earnings	Total
Balance as at 1 Jan 2009	152,171	-	14,386	(162,015)	4,542
Total comprehensive loss for the period	-	-	-	(22,609)	(22,609)
Transaction costs associated with issue of shares or options	-	-	887	-	887
Balance as at 30 June 2009	152,171	-	15,273	(184,624)	(17,180)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2009**

	30 June 2009 \$'000's	30 June 2008 \$'000's
Cash Flows from Operating Activities		
Cash received from customers	3,720	(1,567)
Cash paid to suppliers and employees	(10,391)	-
Interest Paid	-	(1,423)
Interest Received	-	374
Net cash flows (used in) operating activities	(6,671)	(2,616)
Acquisition of property, plant and equipment	(193)	(38,332)
Proceeds/(Payment) from Security Deposits	6,301	(14)
Proceeds from Royalty	54	-
Refund of exploration and evaluation expenditure	-	11,000
Payments for Exploration and Evaluation	-	(4,116)
Net cash from/(used in) investing activities	6,162	(31,462)
Proceeds from issue of shares	-	127
Drawdown of finance lease liability	4,168	3
Repayments of Borrowings	(7,048)	8,610
Net cash from/(used in) financing activities	(2,880)	8,740
Net (decrease) in Cash and Cash Equivalents	(3,389)	(25,338)
Cash and Cash Equivalents at 1 January	12,034	35,898
Effect of exchange rate fluctuations on cash held	-	1,060
Cash and Cash Equivalents at 30 June	8,645	11,620

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

1. BASIS OF PREPARATION OF INTERIM REPORT

These general purpose financial statements for the interim half-year reporting period ended 30 June 2009, have been prepared in accordance with requirements of the Corporations Act 2001 and the Australian Accounting Standards including AASB 134 *Interim Financial Reporting*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with the International Financial Reporting Standards (IFRS).

This interim financial report is intended to provide users with an update on the latest annual financial statements of Compass Resources Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. Given that Compass Resources Ltd was placed into Administration on 29 January 2009 it is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2008, the reports of the Deed Administrators and any other public announcements made by the Company since that date made in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The condensed interim financial statements have been approved for issue by the Board of Directors on 31 August 2012.

Going Concern

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

The Administrators were appointed to the Company pursuant to Section 436A of the Act on 29 January 2009 and became Deed Administrators of the Company pursuant to a Deed of Company Arrangement executed on 21 May 2009. It was, in turn, replaced by DOCA variations submitted by YA Global that were approved by meetings of Compass creditors on 6 January, 5 July, 23 December 2010 and 21 June 2011. An Extraordinary General Meeting (EGM) of Company shareholders was held on 18 August 2011, where shareholders were asked to consider YA Global's (major Company creditor) proposal to reconstruct the Company. All resolutions set out in the Notice of Meeting dated 19 July 2011 were passed at the EGM.

Under the terms of the Further Revised DOCA which was approved at the EGA held on 18 August 2012, upon implementation of the Proposal, the Company would, amongst other things:

- be released from all Creditors' claims. Thereafter, such claims will simply give rise to rights as a beneficiary in a Creditors' Trust;
- issue new shares to YA Global (1,083,618,669) and Coffee House (172,722,511) in exchange for release of the admitted debts owed to them at 29 January 2009; (note this resolution was passed at the EGM held 18 August 2011)
- borrow funds from YA Global under three loan agreements which will enable the Company to meet its payment obligations under the Further Revised DOCA including:
 - (a) payments to the Creditor's Trust;
 - (b) dealing with Compass's debts to HNC and HAR; and
 - (c) to fund the Company's immediate future working capital requirements;

- grant security to YA Global to secure the repayment of the Loan Funds; (note this resolution was passed at the EGM held 18 August 2011)
- issue a secured Bond to HNC in satisfaction of Compass's existing debt to HNC, estimated to be \$16M at Completion, the principal amount of which will be convertible (if HNC so elect)
- into 10.4% of the Company's Shares; (note this resolution was passed at the EGM held 18th August 2011)
- pay HAR \$7,500,000 and issue a secured Bond to HAR in satisfaction of Compass's existing debt to HAR, estimated to be \$29M at Completion;
- retain all its mining assets for the benefit of post-recapitalisation Compass Shareholders;
- issue unsecured Bonds to the Trustees of the Creditors' Trust for distribution to certain classes of creditors, which Bonds are payable three (3) years from implementation of the Proposal;
- release its claim against CMPL;
- following re-quotation of the Company's shares on the ASX, issue the New Options to Shareholders; and
- operate with a board composed of the Nominee Directors, nominated by YA Global and Coffee House, together with a further suitably qualified person from among nominees put forward by other shareholders.

In addition, when the Creditors' Trust Deed is executed, CMPL will release its security over Compass (and HAR) at the same time as the Loan Funds are advanced by YA Global to Compass in exchange for a fixed and floating charge over all of Compass's assets that will rank:

- third in relation to Compass's interest in the JV (behind the HAR and HNC security, other than the existing featherweight charge in favour of HAR); and
- first in relation to all other Compass assets.

Given the successful completion of all conditions precedent, the Company DOCA effectuated on 15 November 2011 and control of the Company's day to day affairs was handed to the new Company board of Directors.

All of the above matters have been completed.

As the DOCA has been concluded, the company is in the process of seeking re-quotation of its shares to the ASX. The Company has been informed by ASX that in order for the Company's shares to be re-instated to trading on ASX, ASX will require (among other things) the Company to demonstrate that it has cash of at least \$1,000,000 net of all debt. This is to demonstrate to ASX that the company meets the requirements of listing rule 12.2. The Company does not presently meet this requirement.

The Company has submitted to ASX that this requirement is not appropriate in the Company's case, and that ASX should apply a different requirement in determining whether the Company meets the requirements of listing rule 12.2. The Company is awaiting a response from ASX.

If ASX does not agree with the Company's submission, and continues to require as a condition of reinstatement that the Company has cash of at least \$1,000,000 net of all debt, then if the Company is to meet the reinstatement requirement it will need to raise additional capital. The Company has obtained funding from YA Global and has the support of YA Global Investments L.P. by way of the deeds of facility between the company and YA Global Investments, L.P.

The consolidated entity has reported a net loss for the period of \$22,609,000 (June 2008: \$13,495,000) and a cash outflow from operating activities of \$6,671,000 (June 2008:

\$2,616,000). The current liabilities exceed current assets by \$117,423,000 (December 2008 \$97,748,000).

The Directors are confident that the consolidated entity 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 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.

Adoption of new and revised accounting standards

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current interim reporting period. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

Significant effect on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts are described in the following notes.

Initial application of the following Standard will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the company.

AASB 101: Presentation of Financial Statements (revised September 2007)

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statement. Below is an overview of the key changes and the impact on the Company's financial statements.

Disclosure Impact

Terminology changes – the revised version of AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owners changes in equity. Owners' changes in equity are to be presented in the statement of changes in equity, with non-owners changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owners changes in equity and other comprehensive income to be presented in the statement of changes in equity.

Statement of comprehensive income – the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Company's financial statements now contain a statement of comprehensive income.

Other comprehensive income – the revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

The Directors have considered new pronouncements and amendments to the Accounting Standards which are issued, but not yet effective and are not aware of any that will have a material impact on the Company's financial statements.

Management anticipate that all new pronouncements and amendments will be adopted by the company in the preparation of the interim financial report. The accounting policies have been consistently applied, unless otherwise stated.

2. RECEIVABLES

<i>In AUD (thousands)</i>	Consolidated Group	
	30 June 2009	31 Dec 2008
Current		
Receivables	1,817	4,969
Provision for impairment	(1,817)	(1,472)
	<u>-</u>	<u>3,497</u>
Non-Current		
Loans to related entities	2,984	-
Provision for impairment of		
Loans to related entities	(2,984)	-
Security deposit	1,201	1,201
Provision for impairment of		
Security deposit	(418)	(418)
	<u>783</u>	<u>783</u>

3. DEFERRED TAX ASSETS

A potential deferred tax asset may be available to Compass. Compass will need to consider professional taxation advice in the future as to the availability of such losses having regard to the pertinent issues.

4. PROPERTY, PLANT & EQUIPMENT

<i>In AUD (thousands)</i>	Consolidated Group	
	30 June 2009	31 Dec 2008
Plant and equipment	3,111	5,027
Accumulated Impairment losses	(1,585)	(1,454)
Fixtures and Fittings	31	31
Accumulated Impairment losses	(31)	(31)
Mining and processing		
equipment	143,229	143,229
Accumulated Impairment losses	(71,325)	(71,325)
	<u>73,430</u>	<u>75,477</u>

5. INTANGIBLE - EXPLORATION AND EVALUATION EXPENDITURE

<i>In AUD (thousands)</i>	Consolidated Group	
	30 June 2009	31 Dec 2008
Mining Development – Mining	35,854	35,854
Reserves and Capitalised		
exploration		
Provision for impairment of	(8,460)	(8,460)
Mining development		
	<u>27,394</u>	<u>27,394</u>

6. TRADE AND OTHER PAYABLES

<i>In AUD (thousands)</i>	Consolidated Group	
	30 June 2009	31 Dec 2008
Trade payables	41,859	7,310
Forgiveness of Debt	(6,358)	(1,961)
Non-trade payables and accrued expenses	574	22,003
Provision for impairment of trade and other payables	(458)	2,012
	35,100	29,364

7. EMPLOYEE BENEFITS

Outstanding employee entitlements as at the date of the Administrators appointment were paid during August 2009. The amounts distributed to employees are presented below:

<i>In AUD (thousands)</i>	Consolidated Group	
	30 June 2009	31 Dec 2008
Liability for superannuation	215	-
Liability for leave of absence	447	-
Liability for retrenchment	693	-
Liability for other entitlements	15	-
Liability for employee wage accruals	97	-
Liability for annual leave	-	654
Liability for long service leave	-	233
No longer due	(8)	(786)
	1,459	101

8. IMPAIRMENT

<i>In AUD (thousands)</i>	Consolidated Group	
	30 June 2009	30 June 2008
Receivables – current (i)	3,326	-
Prepayment (i)	93	-
Receivables – non current (i)	15	-
Property, plant and equipment(ii)	161	-
	3,595	-

(i) No recoverable amounts were identified as a result of the administrators work.

- (ii) On 29 January 2009, the Group went into Administration. The ultimate effect of the administration on the value of the assets was that 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 and Alkane royalty originally obtained during April 2010 and subsequently updated during June 2011. The Alkane Royalty (Tomingley Gold Project) was subsequently sold in April 2012 at an amount in excess of its current carrying value. Refer to note 34. The Browns Oxide Plant was originally valued by Beevis & Co auctioneers & valuers in June 2009 and was subsequently updated by Grays asset Services in June 2012.

9. SEGMENT REPORTING

The group operates predominately in the exploration and evaluation and development of base energy and process metals in Australia.

The Group has only one material segment being mineral exploration and development in Australia.

10. EVENTS AFTER BALANCE DATE

YA and HAR sought to negotiate terms on which the Company could be reconstructed and return to being a voting member under the three joint ventures.

Ultimately these negotiations were successful, and the DOCA and joint venture agreements were amended to reflect the negotiated outcome.

Completion of the DOCA occurred on 15 November 2011 and included the following key events:

- \$13.25M was loaned to the Company by YA, pursuant to a new fixed and floating charge in favour of YA, which also secured further funding to be provided by YA;
- \$7.5M was paid by the Company to HNC (Australia) Resources Pty Ltd (HAR) in partial satisfaction of debts due to it;
- \$5.75M was paid to the Trustee of the Company Creditors Trust to be split as follows:
 - \$2.5M to Compass Mining Pty Ltd; and
 - \$3.25M to Company unsecured creditor debts;
- Share were issued to both YA (1,083,618,669 shares) and Coffee House Group Limited (172,722,511 shares) in exchange for release of the admitted debts owing to them by the Company;
- A new charge was granted in favour of Hunan Nonferrous Metals Corp Ltd in respect of the approx. \$15.6M owed by the Company;
- A bond was issued to the Trustee of the Company Creditors Trust, for the benefit of the creditors of the Company;
- The appointments of the Deed Administrators and Receivers and Managers ceased;
- Control of the Company passed to its new Board of Directors; and
- The Company ceased to be a 'Defaulting Member' under the joint venture agreements and again became a voting member.

As a consequence of Completion occurring, the DOCA terminated. Occurring simultaneously with the termination of the DOCA was the creation of the Company Creditor's Trust, a mechanism used to accelerate Company's exit from external administration by transferring the relevant creditors' claims from the Company to the Trust.

As a result of the administration and for other strategic reasons, the Group's present operations as at the date of this report are:

• NT Joint Ventures

The Company's primary focus continues to be the progression of its three joint ventures with Hunan Non-ferrous Metals Corporation (HNC).

The operating committees for the joint ventures (consisting of 3 Company representative and 3 HNC representatives) are meeting periodically to assess progress and determine budgets.

Of these joint ventures:

- Sulphide Joint Venture: The present goal of the joint venture is to determine the economic feasibility of pursuing the Sulphide project by acquiring new samples and performing test-work with the goal of initiating a feasibility study.

New drilling is currently taking place to acquire additional samples for testing. The operator, 50% funded by the Company, has drilled fifteen additional holes to obtain samples for assay and testwork. Additional drilling is on-going.

Subject to being able to obtain the necessary funding and both JV parties agreement, the Company intends to accelerate development, exploration, and testing with the goal of the joint venture beginning a feasibility study on the Sulphide resource in 2013.
- Oxide Joint Venture: The plant at Browns East that is part of the Oxide JV is currently in a mothball state and is being maintained by the joint venture operator.
- Regional Exploration JV: the regional exploration JV will continue to explore the JV tenements and continues to spend money on exploration. Compass has commissioned a FALCON Airborne Gravity Gradiometry, Magnetism and DTM Survey that, in conjunction with the EM/magnetic survey that was done in 2010, will help identify locations for possible drilling. Additional testing is being done in 2012.
- **Other Operations**
- NT Non-JV Tenements: The Company is exploring the non-JV tenements near Bachelor in the Northern Territory. The FALCON Airborne Gravity Gradiometry, Magnetism and DTM Survey will also include the non-JV tenements. The Company has been approached by parties interested in the iron and uranium ore and intends to further investigate the possibility of forming joint ventures to exploit these areas with interested parties or the sale of the non-JV assets.
- NSW Tenements: Compass has joint ventures with Platsearch and Thomson Resources for tenements in NSW, some of which have been released due to new government regulations. The Company will continue to deal with these tenements in accordance with the terms of the joint ventures.
- Peru Tenement: Compass also has a 70% owned tenement in Peru and is considering its options with respect to this.

In February 2012, the company received a statement of Claim filed in the Supreme Court of NSW on 25 January 2012 on behalf of a number of shareholder plaintiffs. The claim related to the rejection of the proofs of debt that certain shareholders submitted to the trustees of the Creditors' Trust. On 10 April 2012, Registrar Musgrave ordered that the company be removed as a party to the proceedings and the plaintiffs are to pay the Company's costs of the notice of motion and the proceeding to 10 April 2012, as agreed or assessed.

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

In March 2012 it became apparent that the Company would not be able to comply with the reporting requirements under the facilities provided by YA. The Company sought and obtained a verbal waiver of this requirement from YA Global Investments, L.P. In July 2012, the Company sought and obtained a written waiver from YA Global Investments, L.P. as confirmation of the previous verbal waiver.

In Apr 2012:

- The Company reached agreement with Alkane Resources Ltd for Alkane to fully acquire a production royalty held by Compass, related to the Tomingley Gold Project.
- The royalty was surrendered by Compass for the acquisition of 6 million Alkane shares and 4 million options exercisable at \$1.50 within 12 months.

Richard Swann resigned as Managing Director with effect from 29 June 2012. Mr James Carr was appointed by the board as Managing Director on 09 July 2012. The board appointed Mr Philip Wood and Mr John Allen as Non-executive Directors of the company effective 28 June 2012.

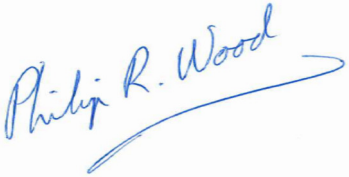
DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 16 are in accordance with the *Corporations Act 2001*, including:
 - complying with Accounting Standard AASB 134: Interim Financial Reporting;
 - and
 - giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the half-year ended on that date.

Given the successful completion of the Deed of Company Arrangement and subsequent recapitalisation of the Company, the Directors believe the company is able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Philip Wood

Chief Executive Officer and Executive Director

Dated at Sydney, this 31st day of August 2012



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

10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872
T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.granthornton.com.au

We have reviewed the accompanying half-year financial report of Compass Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2009, and the statement of 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 selected explanatory notes 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 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; selecting and applying appropriate accounting policies; and making accounting estimates that are responsible in the circumstances. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with Australian equivalents to International Financials Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 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 2009 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.

Grant Thornton Audit Pty Ltd ABN 91 130 913 594 ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd. Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

Liability limited by a scheme approved under Professional Standards Legislation

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.

Conclusion

Based on our review, which is not an audit, 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 2009 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.

Significant uncertainty regarding continuation as a going concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of \$22,609,000 during the year ended 30 June 2009 and, as of that date, the consolidated entity operating cash flows used were \$6,671,000. These conditions, along with other matters as set forth in Note 1, 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

Perth, 31 August 2012