



20 August 2008

Mr Neil Guest
Company Secretary & Chief Financial Officer
Compass Resources Limited
Level 5
384 Eastern Valley Way
Roseville NSW 2069

By email: neil.guest@compassnl.com.au

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Australia Square
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Dear Neil

Compass Resources Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from a close of 92.5 cents on 19 August 2008 to a low of 61 cents at the time of writing today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating profit before abnormal items and income tax so that the figure for the current financial year would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Company may record any material abnormal or extraordinary profit for the current financial year? If so, please provide details.
5. Is there any other explanation that the Company may have for the price change in the securities of the Company?

6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at ben.wacher@asx.com.au or by facsimile on **facsimile number (02) 9241 7620**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the commencement of trading (ie **before 9.30 a.m. A.E.S.T) on Thursday, 21 August 2008**).

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please call me on (02) 9227 0409.

Yours sincerely

[sent electronically without signature]

Ben Wachter

Advisor, Issuers (Sydney)



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ASX Release

20 August 2008

Ben Wachter
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ASX Limited
Exchange Centre
Level 1, 20 Bridge Street
SYDNEY NSW 2000

Via email : ben.wachter@asx.com.au

Dear Mr Wachter

Compass Resources Limited (ASX:CMR) - Response to ASX Query

We refer to your letter of today's date and to the questions listed therein. Set out below are our responses to those questions, adopting your numbering.

- 1 Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?**

The Company is not aware of any information concerning it that has not been announced which could be an explanation for recent trading in the securities of the Company.

- 2 If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?**

Not applicable.



- 3 Is there any reason to think that there may be a change in the operating profit before abnormal items and income tax so that the figure for the current financial year would vary from the previous corresponding period by more than 15%. If so, please provide details as to the extent of the likely variation.**

The Company recorded an operating loss before abnormal items and income tax for the 2007 financial year. We are transitioning from an explorer to an operational mining and exploration company and expect to generate revenue from metal sales in the 4th quarter of the current financial year. Consistent with previous announcements we expect the introduction of ore into the circuit in August 2008. We expect the operating loss before abnormal items and income tax for 2008 will remain at the previously forecast 90 – 95% higher than 2007.

- 4 Is there any reason to think that the company may record any material abnormal or extraordinary profit for the current financial year? If so, please provide details.**

The Company expects to record a write down on the carrying value of the Oxide Project of approximately \$13 million in the half year accounts.

- 5 Is there any other explanation that the Company may have for the price change in the securities of the Company?**

The Company can offer no explanation for the price change.

- 6 Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.**

We confirm that the company is in compliance with the listing rules including 3.1.

Yours sincerely
COMPASS RESOURCES LIMITED



NEIL GUEST
Company Secretary