



30 August 2007

Browns Oxide Project

The Board of Compass Resources wishes to advise progress results from a review of the Browns Oxide Project that is still on going.

The work to date suggests that project commissioning will move from the fourth quarter of 2007 to the first quarter of 2008 and costs, last estimated at \$83 M for the process plant plus \$21 M for preproduction operating costs, will increase by between 20% and 30%. Increases in the process plant cost will be paid for 100% by Compass whereas all pre-production operating costs are shared 50/50 between Compass and Hunan Nonferrous Corporation.

Management emphasis is being placed on minimising both schedule and cost increases.

To achieve this, the Project Management team has been strengthened by the introduction of new and additional expertise to address and overcome some deficiencies particularly in project construction.

Contingency and corrective action has commenced. The detailed impacts on project schedule and capital cost are being finalised and will be released when available.

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