



21 August 2006

Level 5, 384 Eastern Valley Way  
Roseville NSW 2069  
Telephone: 02 9417 3588  
Facsimile: 02 9417 8750  
email: [admin@compassnl.com.au](mailto:admin@compassnl.com.au)  
website: [www.compassnl.com.au](http://www.compassnl.com.au)

## **Increased Throughput for Compass' Base Metals Oxide Plant**

The Chairman, Mr. Gordon Toll, is pleased to announce that as a result of detailed engineering and optimisation studies just completed the process plant capacity for the treatment of base metals oxide ore has been increased from 1.0 million tonnes per year to 1.3 million tonnes per year. The final estimated construction cost of this higher capacity plant is now \$69 million.

These capital estimates have a +/- 10% accuracy and compare well with the earlier estimates of \$55 million for a one million tonne per annum throughput. These new estimates, which are part of the detailed project construction control estimate, are particularly gratifying given the level of cost increases being reported in the financial press for other developments. Plant operating strategy will be to maximise early cash flow by always feeding the highest sustainable mine grade to the plant month by month.

Construction momentum is now building up. Site clearing operations are almost complete. Critical site civil construction will be completed ahead of the wet season to allow construction to continue through the wet. Work is also underway on the relocation of major items of equipment purchased previously. Start-up and commissioning to full production is now scheduled to be complete by mid 2007. This schedule was dictated by the time to engineer the increased throughput and the long delivery time of critical equipment, in particular CCD thickeners. Expediting efforts are now focused on these time critical deliveries.

A new Company office has been opened in Darwin and our new Managing Director, Richard Swann will be recruiting additional key members for his Darwin and Bachelor based management, construction and operations team. Management, financial and accounting control systems appropriate to a rapidly growing mid-tier mining company have also been implemented.

Documentation of our relationship with Hunan Non Ferrous (HNC) as outlined in the Letter of Intent announced on May 8<sup>th</sup> 2006 is proceeding rapidly. This now provides for HNC to fund up to \$72 million of the Capital cost of the base metal oxide development in exchange for a 50% participating interest; all subject to finalisation and execution of detailed documentation.

Including the A\$30 million HNC equity contribution which was received on 1 August 2006, the Company now has A\$80 million cash on hand. This strong financial position allows the company to continue its multi track growth strategy and ensures funding issues will not impede construction progress while documentation of the Joint Venture Agreements with HNC are finalised. The company CFO, Andrew Mooney, is continuing to develop additional global support for our shareholder wealth building plans.

As reported previously, work has also begun on a Preliminary Development Study and Cost Estimate for the Mt. Fitch Uranium Resource.

### **For further information contact:**

**Gordon Toll**

**Phone: 02 9417 3588**

**Fax: 02 9417 8750**

**Email: [admin@compassnl.com.au](mailto:admin@compassnl.com.au)**