

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

COMPASS RESOURCES NL

ABN

51 010 536 820

Quarter ended ("current quarter")

30 September 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (9 months) \$A
1.1 Government Grants Received	-	-
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	- - - (280,828)	- - - (2,106,566)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	948,914	1,499,559
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	668,086	(607,007)
Cash flows related to investing activities		
1.8 Payment for : (a) exploration and evaluation expenditure (b) security & term deposits (c) other fixed assets	(1,471,812) (5,213,250) (1,300,397)	(3,778,948) (5,863,250) (5,166,557)
1.9 Proceeds from sale of: (a) prospects (b) equity investments & security deposits (c) other fixed assets	- - - -	- - - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(7,985,459)	(14,808,755)
1.13 Total operating and investing cash flows (carried forward)	(7,317,373)	(15,415,762)

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	(7,317,373)	(15,415,762)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	30,000,000	74,955,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(13,176)	(20,505)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		29,986,824	74,934,495
Net increase (decrease) in cash held		22,669,451	59,518,733
1.20	Cash at beginning of quarter/year to date	52,059,938	15,210,656
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	74,729,389	74,729,389

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.23	Aggregate amount of payments to the parties included in item 1.2	20,000
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The amount shown at item 1.23 is made up of cost of the remuneration paid to 2 executive and 3 non-executive directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

+ See chapter 19 for defined terms.

Add notes as necessary for an understanding of the position.

	Amount available \$A	Amount used \$A
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A
4.1 Exploration and evaluation	1,925,000
4.2 Development	15,000,000
Total	16,925,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A	Previous quarter \$A
5.1 Cash on hand and at bank	(380,550)	178,901
5.2 Deposits at call	69,064,241	51,881,037
5.3 Bank overdraft	-	-
5.4 Other – Short Term Deposits	6,045,698	-
Total: cash at end of quarter (item 1.22)	74,729,389	52,059,938

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2	EL 23722	West Finmiss North Project	Nil	Right to earn 70%
	EL 23677	West Finmiss South Project	Nil	Right to earn 70%

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents) (see note 3)	Amount paid up per security (cents) (see note 3)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	123,394,512	123,394,512		
	546,000	-	25.0	1
	1,180,000	-	37.5	1
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, cancellation	20,320,821	20,320,682146		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise Price (cents)</i>	<i>Expiry Date</i>
Unlisted	1,400,000	-	48.0	31.12.2007
	200,000	-	66.0	31.12.2008
	230,000	-	92.0	31.12.2007
	400,000	-	106.0	31.12.2007
	300,000	-	131.0	31.12.2007
	250,000	-	137.0	31.12.2007
	70,000	-	169.0	31.12.2008
	100,000	-	326.0	30.06.2008
	150,000	-	314.0	31.12.2009
7.8 Issued during quarter Unlisted	150,000	-	314.0	31.12.2009
7.9 Exercised during quarter Unlisted				
7.10 Expired during quarter Unlisted				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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Compliance statement

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Philip Cohen
(Company Secretary)

Date: 12 October, 2006

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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