



**7 March 2007**

## **“Chinese regulator approves Hunan’s participation in base metal joint ventures”**

The Chairman of Compass Resources NL (“CMR”), Gordon Toll, is pleased to announce that the Hunan Non Ferrous Metals Corp (“HNC”) have confirmed that the National Development and Reform Commission (“NDRC”) has approved HNC’s participation in the oxide, sulphide and exploration joint ventures as previously announced.

The approval allows HNC to participate in the various joint ventures by:

- ✓ Funding oxide plant expenditure to a cap of \$72 million;
- ✓ Reimbursing Compass \$11 million for historical exploration expenditure;
- ✓ Funding 70% of base metal exploration expenditure for the next 5 years;
- ✓ Funding a feasibility study to construct a sulphide plant.

Supplementary NDRC approval will be required subject to a positive definitive feasibility study of the major sulphide project and HNC’s election to sole fund a plant with an anticipated capacity of 4 million tonnes per annum.

As previously announced final joint venture documentation was scheduled to be signed in Darwin on 16 March, 2007. Final signing will be delayed a short time due to the complexity of the legal documentation involved however the Board of Compass does not believe that this represents a serious issue.

Mr. Toll commented “This represents the last major government or shareholder approval required under the agreement with HNC. The respect that has grown between Compass and Hunan during the negotiating process bodes extremely well for continued success; now we can focus on building not one but possibly two major mines over the next few years. We look forward to working closely with HNC for the next 20 years and beyond as we become a major base and speciality metals producer in the Northern Territory”.

The Board of Compass made the decision to commence construction of the oxide plant through the negotiating process to ensure that mining and production would commence at the earliest possible date. HNC will reimburse CMR for any expenditure incurred to date.

#### About Compass

The Company has a 100% interest in the Browns and associated Copper-Cobalt-Nickel deposits, with mining of the Oxide Project scheduled to commence in 2007. Projected production (with a mine life of 10 years) is 1.3 million tonnes per year (tpy), to produce 10,000tpy (22 million pounds) of Cu cathode and 2.2 million pounds (1,000tpy) of Co and 1.5 Mlbs (700tpy) of Ni as cobalt and nickel chemicals.

In addition to the Oxide deposit, Compass plans to mine the associated Lead-Copper-Cobalt-Nickel sulphide deposit, which has a projected mine life of 20+ years.

Compass is also a successful uranium exploration company with a JORC defined resource of 14.5 million lbs. Compass holds some of the most prospective uranium exploration ground in Australia. The Rum Jungle mineral field was the site of the first uranium mines in Australia, mines which operated from the 1950s to the 1970s.

Compass also has programs for gold and base metals exploration in New South Wales, (Australia), and Peru.

#### About HNC

HNC is headquartered in Changsha City, Hunan, Peoples Republic of China [PRC]. It is the largest integrated producer of nonferrous metals, excluding aluminium, in the PRC as measured by production volume. Major products are tungsten, zinc, antimony and lead, and compounds, alloys and other products derived from these metals. In particular, tungsten is considered an important resource because of its strategic value. HNC controls the largest tungsten and bismuth reserves in the world and also substantial reserves of antimony. HNC has a vertically integrated and centralized production chain that includes upstream exploration, mining and ore processing as well as midstream smelting and downstream refining and value adding. They are the largest producer of refined and value-added cemented carbides, zinc and antimony in the PRC, as measured by production volume, as well as a major producer of products containing lead, silver, indium, tantalum and niobium.

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