



ASX Release

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"HNC Funding NT Oxide Project"

The Chairman of Compass Resources NL ("CMR"), Gordon Toll, is pleased to announce that the first \$15M of the \$72M oxide project funding facility has now been received by Compass from Hunan Nonferrous Metals Corporation ("HNC"). The next tranche of \$15M is due at end of May followed by \$10M at end of June.

As announced following the signing of the joint venture documentation on 26 April, commencement of the joint ventures is now only subject to stamp duty assessment by the Northern Territory Treasury pending which HNC have agreed to provide a \$72M funding facility to allow CMR to complete construction of the oxide plant. HNC will also contribute 50% of the operating expenditure in return for 50% of the production in the unlikely event that the stamp duty assessment has not been completed before the forecast commissioning of the plant in September/October.

The Board of Compass acknowledges this positive support by HNC in this interim period thus avoiding potential project delays due to any capital shortfall pending joint venture commencement.

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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