Strachan Corporate

September 4th 2006

AFSL 259730

Compass Resources NL

Emerging Base Metals & Uranium Producer

KEY INVESTMENT DRIVERS

- Strachan Corporate calculates a target valuation of $707m or $5.52 per share for Compass, based on the sum of its parts. A proposed funding arrangement with Hunan Nonferrous Metals Corporation (HNC) places a value of about $650 million on the company's base metal interests alone, lifting valuation to $6.72/share, while LOM Cu and Ni prices of $2.2 & $6/lb lifts target valuation to $7.04/share.
- A 50% owned, Cu/Co/Ni oxide leach project will be commissioned by mid 2007. Earnings should rise to about $20m or 15.5 cps in CY 2008.
- Subject to a positive feasibility study, Strachan Corporate estimates that processing of sulphide mineralisation will commission by late 2009, boosting earnings towards 60 cps by 2012.
- The company has $80 million of cash and no debt. Under a proposed agreement, all start-up capital costs associated with development of polymetallic mineral resources at Batchelor in Australia's Northern Territory will be met by Chinese partner, HNC as it earns a 50% interest in base metals.
- Uranium resources containing 6,500 tonnes of U_3O_8 form the basis of a potentially commercial development.
- The company plans to spend up to $10 million pa on exploration, aimed at boosting resources of both base metals and uranium at Batchelor. HNC proposes to support 70% of Compass' base metal exploration budget.

CAPITAL STRUCTURE

Code	**CMR**
Shares m.	123.4
Partly paid Shares	1.73
Options m.	2.95
Price $/share	$ 4.34
Market Cap $m.	$ 536
Cash $m.	$ 90
EV $m.	$ 446

SUBSTANTIAL SHAREHOLDERS

	m.	%
HMC Investors	14.5	11.8%
HNMC	12.0	9.7%
Citadel	10.2	8.3%
Wythenshave	10.0	8.1%
Board Members	9.4	7.6%
Cairnglen	6.8	5.5%

OPINION*

Compass has assembled a management team capable of taking the company forward to become a significant metals producer, while maintaining a strong exploration focus. The company's Batchelor permit areas hold significant exploration appeal both for additional base metal, as well as uranium discoveries.

The company is well financed and a proposed strategic relationship with Hunan Nonferrous Metals Corporation (HNC) would provide additional financial and marketing strengths.

Compass will maintain 100% ownership of its uranium resources and has additional exploration appeal outside of the Batchelor region.

Peter Strachan

VALUATION SUMMARY

	$m.	$/share
Oxide Project	73	$0.57
Sulphide Project	423	$3.30
Cash	90	$0.70
Unissued equity	2	$0.02
Uranium	72	$0.56
Wyoming Royalty	13	$0.10
Exploration	50	$0.39
Corporate	(16)	-$0.12
Total	707	$5.52

Valuation Scenarios	$/share
Base Case	$5.52
Hunan Funding value	$6.72
Cu US$2.2, Ni US$6 *	$7.04

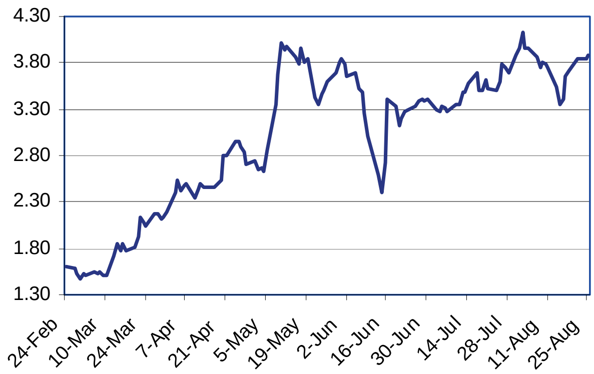
* Other items unchanged but higher life of mine Cu & Ni prices with Co @ US12/lb

Source: Strachan Corporate Pty Ltd

BOARD MEMBERS

Gordon L. Toll	Non- exec Chairman
Richard Swann	Managing Director
Malcolm Humphreys	Exec Director
Philip Cohen	Exec Director
John Chappell	Non- exec Director
Rodney D. Elvish	Exec Director

SHARE PRICE



INTRODUCTION

Emerging base metals mining house...

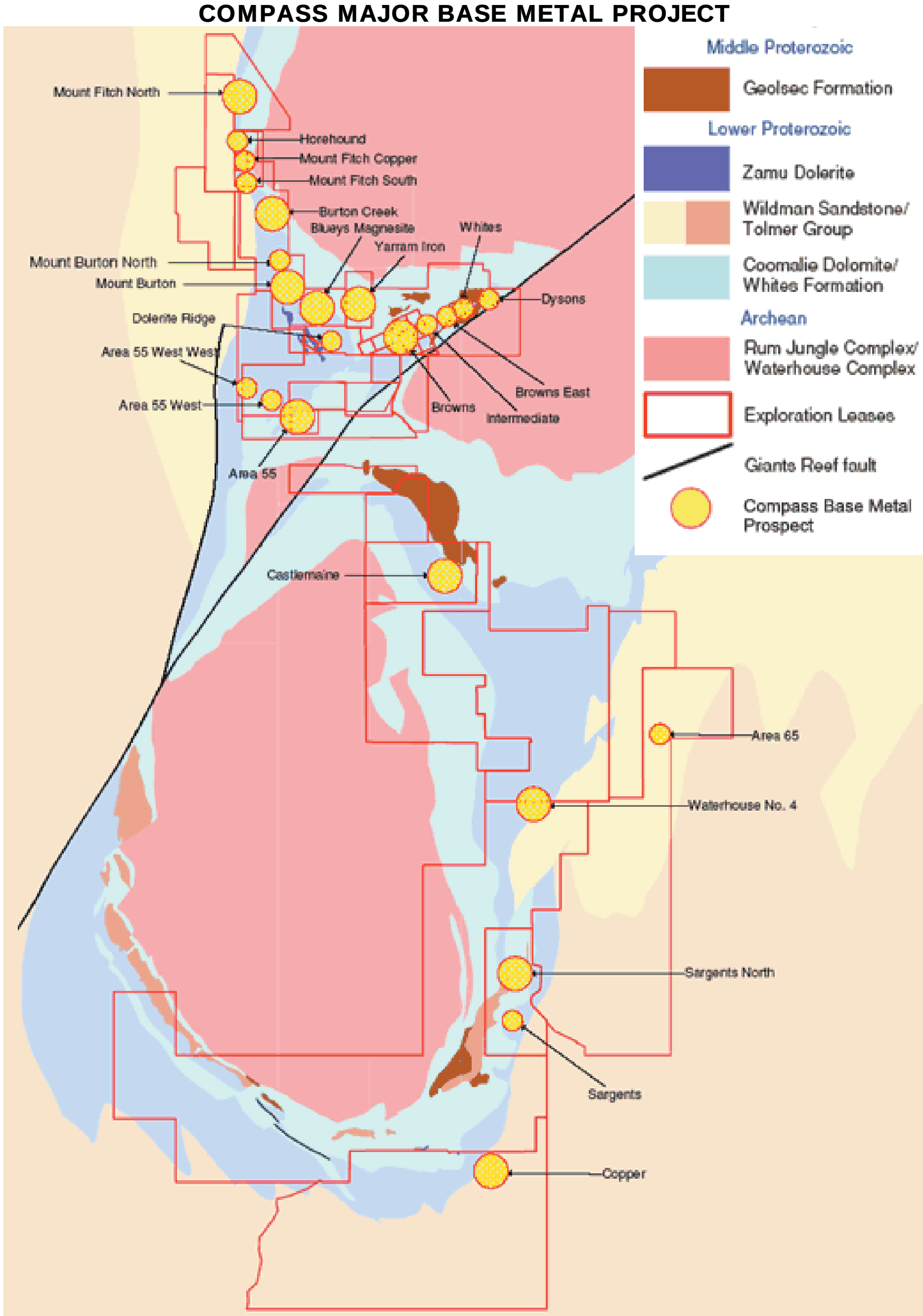
Compass is an emerging, multi commodity mining house with a target valuation of A$707 million. The company controls a large permit area near the historic copper/uranium mining centre of Batchelor, 85 kilometres south of Darwin, where significant polymetalic and uranium oxide resources have been outlined. Batchelor is well serviced with infrastructure, having power, water, gas, sealed road and access to a rail network between Darwin and Adelaide.

...Funded for growth by relationship with HNC

Following a series of transactions and fund raising events, the company has A$80 million of cash, no debt and subject to final agreement, a 50% interest in the ongoing development of its base metal assets. Funding of both oxide and sulphide ore processing facilities will be provided by its JV partner, Hunan Nonferrous Metals Corporation (HNC), which has also agreed to market the nickel and cobalt production.

Substantial permit holdings around Batchelor in the NT

COMPASS MAJOR BASE METAL PROJECT



Source: Compass Resources NL

50% owned, leach plant to begin copper production mid 2007

The company is constructing a leaching plant, designed to process 1.3 mt pa of oxide mineralisation. The mine and processing plant are scheduled to commission in mid-2007, producing copper metal at a rate of 10,000 tpa plus a carbonate concentrate, containing just over 1,200 tonnes of cobalt and about 1,000 tonnes of nickel each year. Development of a project, designed to process up to 4 million tonnes pa of sulphide ore is likely to be sanctioned by mid 2007, with commissioning likely by late 2009. This plant will produce up to 135,000 tpa of lead and 30,000 tpa of copper metal, plus a concentrate containing around 4,000 tonnes of cobalt and 3,000 tonnes of nickel each year.

14.5 m lb U_3O_8 resource

The company has outlined resources containing 14.5 million pounds of U_3O_8 at grades of around 0.05% U_3O_8 on its permits in the Northern Territory. Compass maintains an active exploration programme in New South Wales, where it holds a valuable royalty position over about 606,000 oz of gold resources and has a greenfields gold exploration project in Peru.

OXIDE ORE TREATMENT

After exhaustive studies and testing, the company has commenced construction of an A$69 million plant to process 1.3 mt pa of near surface oxide mineralisation, producing copper metal and a Ni/Co carbonate concentrate.

Initial 7 year project . . .

Oxide resources at three locations currently total just over 9 million tonnes. A high proportion of this material is expected to translate into reserves, since the mineralisation is shallow and reasonably well defined. Ongoing exploration is expected to add to this mineralisation tally by the end of Q4 2006.

. . . resources expected to expand

OXIDE ORE RESOURCES

Copper Oxide Resources	Mt	Cu %	Co %	Ni %
Browns	2.6	1.02	0.12	0.1
Area 55	5.5	0.78	0.14	0.15
Mt Fitch	1.3	0.60	0.21	0.2
Total	9.4	0.82	0.14	0.14
Contained Metal Kt		77.2	13.6	13.5

Source: Compass Resources NL

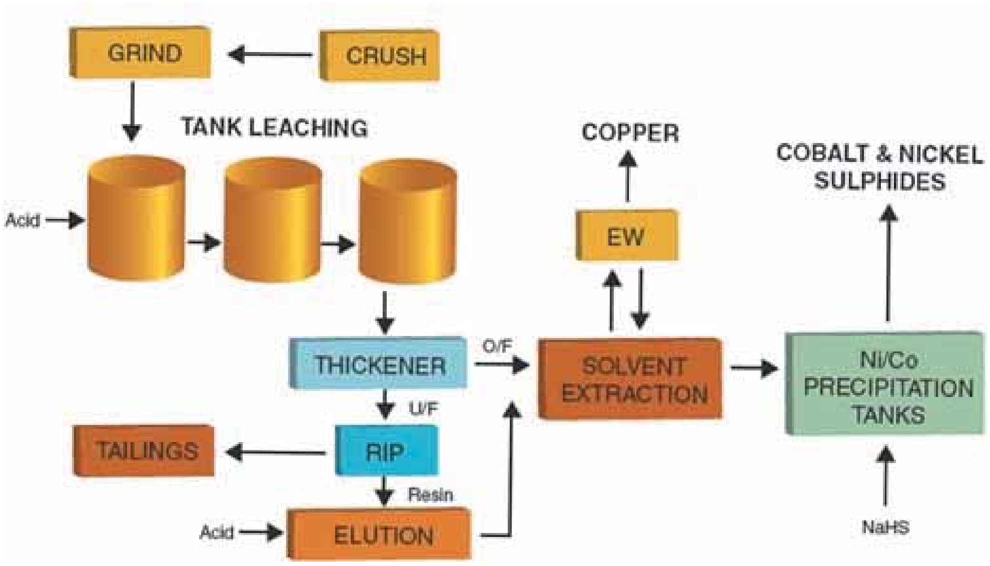
Second hand leaching, solvent extraction and electrowinning equipment (SX/EW) has been purchased and is being moved to site, while foundations are being laid ahead of the onset of the wet season in November 2006.

Equipment being assembled on site

Mining will be low cost with a low waste to ore ratio down to a depth of less than 30 metres in most locations. Metallurgical processing is standard and Strachan Corporate sees few risks in either mining or processing. The operations will need to be weather proofed to cope with tropical rains and possible cyclone conditions, while providing sufficient water for the long dry winter months.

Standard metallurgy . .

OXIDE PLANT PROCESS ROUTE



Source: Compass Resources NL

Processing involved crushing and coarse grinding followed by acid leach and solid liquid separation. Remnant metal values in the thickener sludge will be extracted by employing SX resin so as to ensure high recovery. Pregnant liquor is then processed via solvent extraction and onto an EW circuit where copper metal is plated out leaving the nickel and copper to be precipitated as a carbonate compound for sale, and not as shown above as a sulphide product.

Conservative metal price forecasts applied

STRACHAN CORPORATE - METAL PRICE FORECASTS

Y/E 31 Dec	2006	2007	2008	2009	2010	2011	2012	2013
Metal Price								
Cu US$/lb	2.6	2.2	1.6	1.6	1.6	1.6	1.6	
Co US$/lb	14.0	13.0	12.0	12.0	12.0	12.0	12.0	
Ni US$/lb	9.00	6.80	5.00	4.65	4.65	4.65	4.65	
AUD:USD	0.75	0.75	0.75	0.75	0.75	0.75	0.75	

Source: Strachan Corporate Pty Ltd

Metal prices are assumed to gravitate towards their long term real price averages by 2010.

10 Kt pa Cu metal plus 1.4 Kt Co and 1 Kt Ni chemicals pa

STRACHAN CORPORATE - OXIDE PLANT PRODUCTION ESTIMATES

Y/E 31 Dec	2006	2007	2008	2009	2010	2011	2012	2013
Production								
Ore Milled Ktpa	250	1200	1300	1300	1300	1300	900	
Head Grade								
Cu%	0.95%	0.95%	0.90%	0.78%	0.70%	0.70%	0.68%	
Co%	0.10%	0.11%	0.11%	0.12%	0.13%	0.13%	0.13%	
Ni%	0.10%	0.10%	0.11%	0.11%	0.13%	0.13%	0.13%	
Recovery								
Cu%	85%	90%	90%	90%	90%	90%	90%	
Co%	80%	90%	90%	90%	90%	90%	90%	
Ni%	65%	70%	70%	70%	70%	70%	70%	
Metal Recovery								
Cu t	2,019	10,260	10,530	9,126	8,190	8,190	5,508	
Co t	200	1,188	1,287	1,404	1,521	1,521	1,053	
Ni t	163	840	1,001	1,001	1,183	1,183	819	
Cu mmlbs	4,451	22,619	23,215	20,119	18,056	18,056	12,143	
Co mmlbs	441	2,619	2,837	3,095	3,353	3,353	2,321	
Ni mmlbs	358	1,852	2,207	2,207	2,608	2,608	1,806	
Payable Metal								
Cu%	100%	100%	100%	100%	100%	100%	100%	
Co%	70%	70%	70%	70%	70%	70%	70%	
Ni%	70%	70%	70%	70%	70%	70%	70%	
Cu mmlbs	4,451	22,619	23,215	20,119	18,056	18,056	12,143	
Co mmlbs	309	1,833	1,986	2,167	2,347	2,347	1,625	
Ni mmlbs	251	1,296	1,545	1,545	1,826	1,826	1,264	

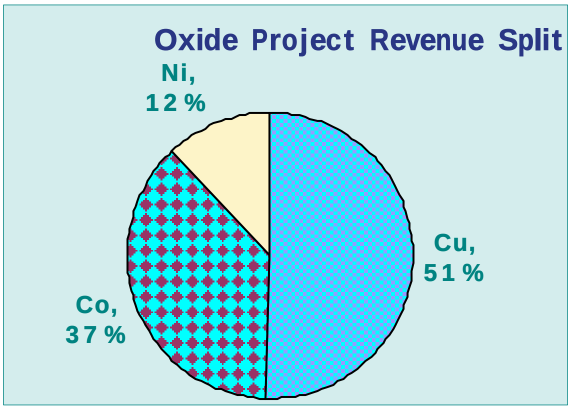
Source: Strachan Corporate Pty Ltd

Exploration to expand known oxide resource

Strachan Corporate assumes that the oxide processing project will access higher grade copper ore in early years and that the grade of minor metals will improve slightly as time progresses. Regional exploration success, especially around Mt Finch, 7 km to the north of the plant site, shows strong potential to extend oxide plant operation beyond 2013 and possibly until 2015, processing about 10 mt of oxide mineralisation.

Half revenue from copper

The oxide project should generate about half its revenue from the sale of copper metal while the sale of cobalt compound makes up an estimates 37% of total revenue.



Source: Strachan Corporate Pty Ltd.

STRACHAN CORPORATE - OXIDE PLANT CASH FLOW ESTIMATES

Y/E 31 Dec		2006	2007	2008	2009	2010	2011	2012	2013
Revenue A$m.									
Cu			15.4	66.4	49.5	42.9	38.5	38.5	25.9
Co			5.8	31.8	31.8	34.7	37.6	37.6	26.0
Ni			3.0	11.8	10.3	9.6	11.3	11.3	7.8
Total			24.2	109.9	91.6	87.2	87.4	87.4	59.7
Operating Cost									
A$/t	32		(8.0)	(38.4)	(41.6)	(41.6)	(41.6)	(41.6)	(28.8)
T'port & marketing	2.5%		(0.6)	(2.7)	(2.3)	(2.2)	(2.2)	(2.2)	(1.5)
Royalty	2.5%		(0.6)	(2.7)	(2.3)	(2.2)	(2.2)	(2.2)	(1.5)
Operating Margin			15.0	66.0	45.4	41.2	41.4	41.4	28.0
D & A			(2.5)	(11.8)	(12.8)	(12.8)	(12.8)	(12.8)	(8.9)
PBT			12.5	54.1	32.6	28.4	28.6	28.6	19.1
Taxation	30%		(3.8)	(16.2)	(9.8)	(8.5)	(8.6)	(8.6)	(5.7)
Net Profit			8.8	37.9	22.8	19.9	20.0	20.0	13.4
Capex		(10.0)	(60.0)	(2.0)	(1.0)	(0.5)	(0.5)	(0.5)	
Cash Flow		(10.0)	(48.8)	47.7	34.6	32.2	32.3	32.3	22.2
CMR Cash Flow		(1.0)	5.6	23.9	17.3	16.1	16.2	16.2	11.1

Source: Strachan Corporate Pty Ltd

EBITDA of $40-$60 million pa

Subject to final agreement, HNC will market all the Ni/Co concentrate, while Compass should achieve a premium price for copper metal sold into the Australian market.

SULPHIDE ORE PROCESSING

Development of plant to process fresh ore by late 2009

In the late 1990's, Compass carried out detailed technical and financial studies to establish a favoured process route for its extensive, polymetallic mineralisation at Batchelor. The feasibility study was designed around a plant to process 2 mt per annum, at an estimated capital cost of A$350 million. Low metal prices during the late 1990's and a lack of access to funding inhibited progress. Improved metal prices, especially for lead, have lifted the outlook for this project, making it more financially appealing while the company's new relationship with HNC, provides it with access to both the development capital required and markets for the minor metals, cobalt and nickel.

Compass is now reviewing feasibility work with a view to establishing a processing plant to treat up to 4 million tonnes of ore per annum from an initial, open pit operation, with ore then augmented by underground mining at a rate of up to 2 mt pa from the Browns area.

SULPHIDE ORE RESOURCES

Sulphide Resources					
Browns	**Mt**	**Cu%**	**Co%**	**Ni%**	**Pb%**
Cu/Co	14.4	0.97	0.129	0.105	3.02
Pb	22.3	0.14	0.097	0.08	5.89
Browns East	30.5	1.29	0.13	0.13	1.29
Area 55	1.2	1.08	0.14	0.24	0.49
Average Grades		0.84%	0.12%	0.11%	3.14%
Contained Metal Kt		**577**	**82**	**75**	**2148**

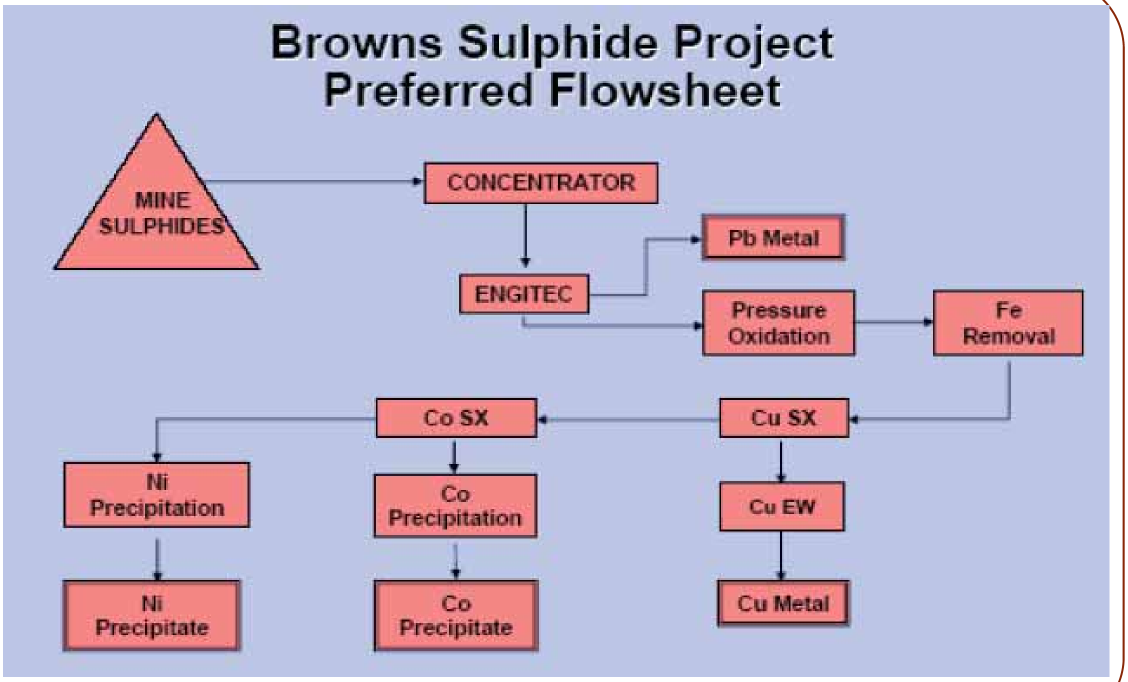
Source: Compass Resources NL

Proposed HNC deal to pay all capex would protect Compass from rising capital costs

Capital costs are likely to rise substantially, in line with increased costs for raw materials and labour. Strachan Corporate forecasts that a plant to process 4 mt pa could now cost around A$620 million while development of an underground mine might add over $40 million at year six of operation, to allow underground mining to overlap with open pit mining. Under the proposed arrangement, Compass will not be significantly exposed to capital costs since HNC would fund project development in order to earn a 50% interest. HNC may have access to lower cost, prefabricated equipment which could reduce both time and cost associated with development.

The process route envisaged involves crushing and grinding followed by a bulk floatation to recover all sulphides into a concentrate. Lead metal is then recovered using the hydrometallurgical, Engitec^{tm} process and the remaining concentrate is then subject to high pressure oxidation/leach and iron removal, followed by standard copper, cobalt and nickel removal, in a similar process route to that employed on the oxide plant. Processing of sulphides may involve synergies with the oxide circuit with reduced costs on both sides.

Sulphide process route established



Source:Compass Resources NL

Acid produced by the pressure oxidation circuit will sustain leaching and could partially replace imported sulphuric acid which will be required for the oxide circuit. There may also be potential to combine the "back-end" processing of metals for both circuits. Additional power will be required, so a gas fired, merchant power plant will most likely be established by a third party. Transport of consumables and product can use either the nearby rail line to Darwin or road, whichever proves to be most cost effective.

30 Kt pa Cu
133 Kt pa Pb
Significant global Co producer

High metal recovery at high market prices

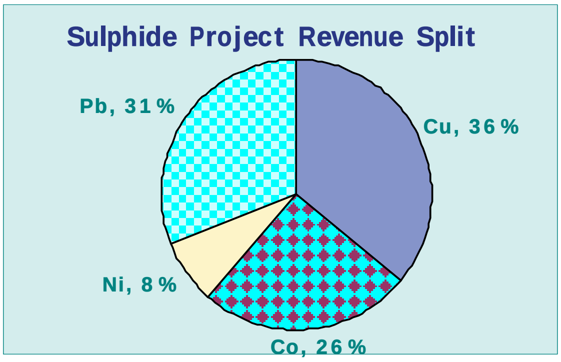
STRACHAN CORPORATE - SULPHIDE PLANT PRODUCTION ESTIMATES

	2010	2011	2012	2013-25
Production				
Ore Milled Ktpa	1,900	2,000	4,000	52,000
Head Grade				
Cu%	0.85%	0.85%	0.85%	0.832%
Co%	0.12%	0.14%	0.14%	0.112%
Ni%	0.10%	0.10%	0.10%	0.096%
Pb%	3.2%	3.7%	3.7%	3.185%
Recovery				
Cu%	93%	93%	93%	93%
Co%	90%	90%	90%	90%
Ni%	86%	86%	86%	86%
Pb%	90%	90%	90%	90%
Metal Recovery				
Cu t	15020	15810	31620	402,132
Co t	2052	2520	5040	52,560
Ni t	1552	1720	3440	42,828
Pb t	54720	66600	133200	1,490,400
Payable Metal				
Cu mmlbs	33,112	34,855	69,710	886,548
Co mmlbs	3,167	3,889	7,778	81,112
Ni mmlbs	2,396	2,654	5,309	66,094
Pb mmlbs	120,637	146,828	293,655	3,285,766

Source:Strachan Corporate Pty Ltd

Synergy with oxide circuit

A larger sulphide project presently under consideration would produce up to 135,000 tpa of lead, 30,000 tpa of copper, 5,000 tpa of cobalt and 3,400 tpa of nickel. By 2012, the Browns plant could establish itself as a supplier of between 6-8% of the estimated global cobalt market at that time. Demand for cobalt has risen at between 3% and 11% pa over the past six years as the metal finds increased use in batteries, super alloys and hardened steel.



Source: Strachan Corporate Pty Ltd.

EBITDA of ~$200 million pa

STRACHAN CORPORATE - SULPHIDE PLANT CASH FLOW ESTIMATES

		2008	2009	2010	2011	2012	2013-25
Revenue A$m.							
Cu				70.6	74.4	148.7	1,891
Co				50.7	62.2	124.4	1,298
Ni				14.9	16.5	32.9	410
Pb				56.3	68.5	137.0	1,533
Total				192.5	221.6	443.1	5,132
Operating Cost							
A$/t				*45.0*	*45.0*	*45.0*	*54*
A$ m.				(85.5)	(90.0)	(180.0)	(2,828.0)
T'port & marketing	2%			(3.8)	(4.4)	(8.9)	(102.6)
Royalty	2.5%			(4.8)	(5.5)	(11.1)	(128.3)
Operating Margin				98.3	121.6	243.2	2,073
D & A				(21.2)	(22.3)	(44.6)	(579.9)
PBT				77.1	99.3	198.6	1,493.4
Taxation	30%			(23.1)	(29.8)	(59.6)	(448.0)
Net Profit				54.0	69.5	139.0	1,045.4
Capex			(400)	(200)	(2)	(2)	(64)
Cash Flow			(400)	(125)	90	182	1,561
Compass Cash Flow			(5)	38	45	91	781

Source: Strachan Corporate Pty Ltd

Strachan Corporate forecasts that a 4 mt sulphide plant would produce an operating surplus of around $2,536 million over an initial 15 year project life, assuming long term real average metal prices per pound of US$1.60 for copper, US$4.65 for nickel, US$0.35 and US$12 for cobalt.

Ore grades may be under called

There is good evidence to illustrate that insitu grades are higher than represented by the vintage drilling work on the field. Recent drilling by Compass, aimed at checking vintage drilling results on the field by previous operators, which have been incorporated to determine reserve grades and tonnes, indicates that the overall grade of mineralisation may be significantly under-called. Modern drilling is better able to gather a larger sample, ensuring more reliable recovery from some difficult drilling conditions within a black shale unit. A recent test hole at Area 55, twinned a previous hole which had intersected 23 m grading 1.75% Cu, 0.15% Co and 0.24% Ni from 17 m depth. The new hole recorded an intersection of 26 m grading 3.46% Cu, 0.74% Co and 0.53% Ni, almost tripling the in-ground value of this mineralisation.

URANIUM POTENTIAL

A total of 4,700 tonnes of U_3O_8 has been produced from mines in the Batchelor region at relatively high grades averaging from 0.27% to 0.39% U_3O_8. Today, this ore would have a recovered value of around A$420 per tonne, well above cash operating costs, which might be expected to run at less than A$40/tonne.

14.5 m lbs of uranium oxide resource

Some of the better recent drilling at **Mt Fitch** uranium prospect includes:

75 m grading 0.05% U_3O_8 from 9 m depth

61 m grading 0.10% U_3O_8 from 19 m and

7 m grading 0.14% U_3O_8 from 23 m

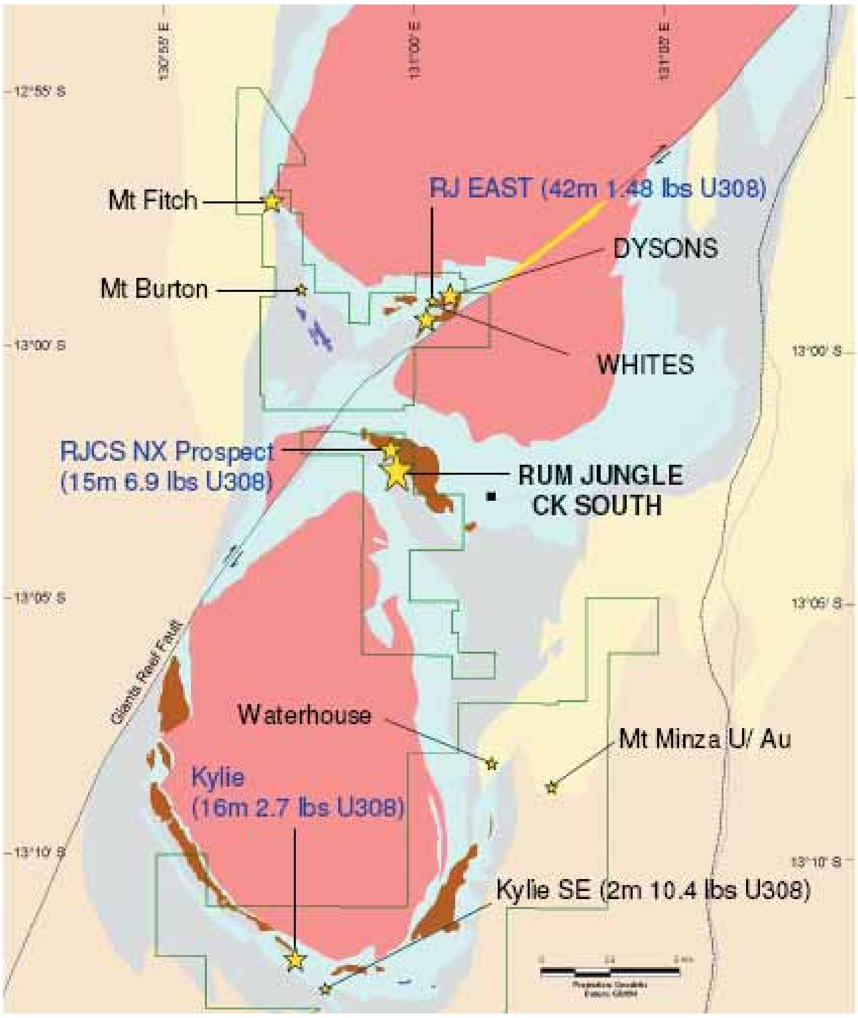
At **Rum Jungle East**, several high-grade intercepts ranging from 0.07% up to 0.48% U_3O_8 have been recorded and follow up drilling is planned for H2 2006.

Further south, at the **Kylie** and **NX** prospects, drilling has shown intercepts such as 15 m from 44 m grading 0.31% U_3O_8 at NX and 6 m grading 0.4% U_3O_8 from 63 m at Kylie.

History of uranium mining

Several uranium prospects expected to be drilled H2 2006

URANIUM PROSPECTS



Source: Compass Resources NL

High grade intersections

The company has released an Indicated and Inferred uranium resource at its Mt Fitch prospect of **18.3 mt grading 0.036% (0.79 lb/t) U_3O_8 containing 14.5 million pounds of uranium oxide**. This resource is open in several directions and new drilling is planned for the September and December quarters. Re-assaying of a 1998 vintage hole in the area which was drilled for copper/cobalt provided the following assays:

	40 m @ 0.12% U_3O_8 from 11 m
Including	19 m @ 0.21% U_3O_8 from 24 m
and	2 m @ 0.87% U_3O_8 from 29 m

At a uranium price of US$46/lb, the Mt Fitch resource has an insitu value of about A$47/tonne, but Compass has identified several additional prospects and drilling to date has identified areas within known mineralised zones which carry much higher grades of uranium oxide.

REGIONAL EXPLORATION

$10 million exploration budget

HNC funding 70% of base metal work

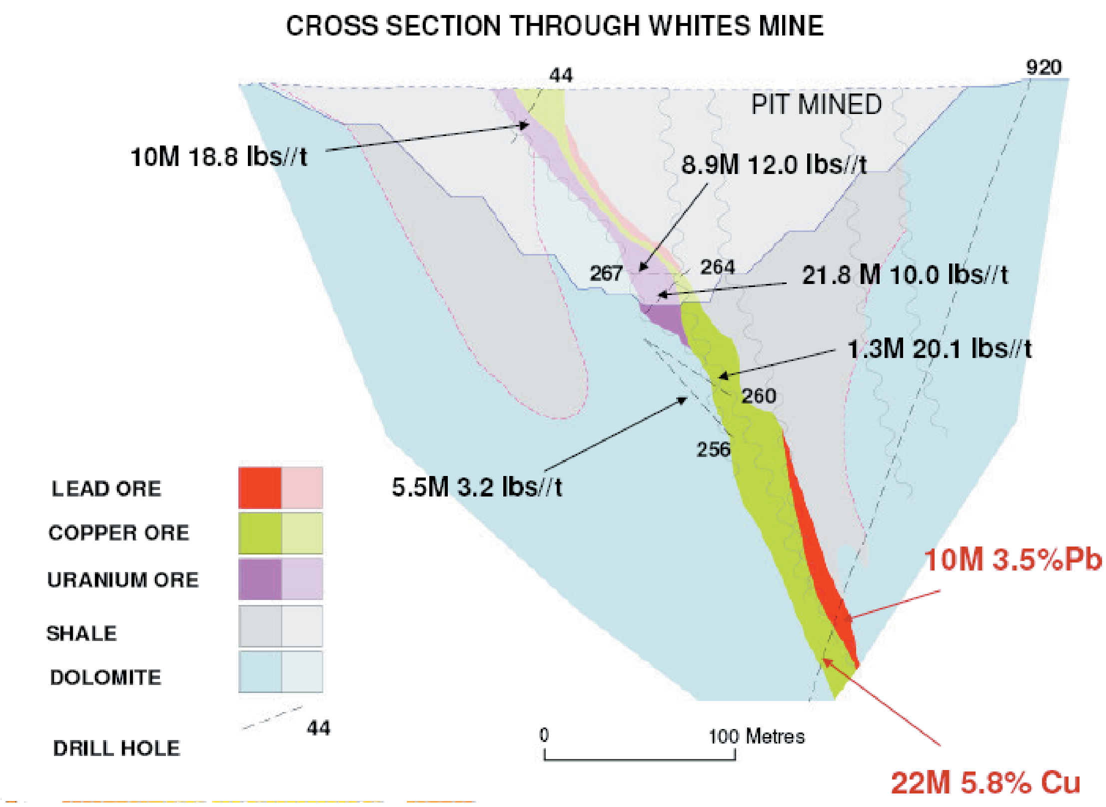
Deep drilling below and to the east of the Browns deposit at Browns East, Whites and Rum Jungle East, has shown good potential for high grade extensions to copper and lead mineralisation. Deep drilling at Browns intersected 63 m grading 0.37% Cu, 11.95% Pb, 0.11% Co and 0.09% Ni, including 21 m grading 19.96% Pb. The company plans to drill below this intercept during H2 2006 in an attempt to extend the zone of known mineralisation.

Drilling to the west of Browns has outlined a zone of low grade Pb/Zn mineralisation which may form the basis for future production of a separate, bulk concentrate product.

Ongoing work at Mt Fitch and Mt Fitch South is expanding resources of Cu/Co oxide mineralisation

Deep drilling below old workings shows potential of the field

Ore grades may be under called



Source: Compass Resources NL

OTHER EXPLORATION

Focus on NSW gold copper exploration

Compass maintains interests in several permits with potential for discovery of copper and gold mineralisation in **NSW**. The permits are located in a region, surrounding Parkes and near the Ridgeway gold/copper project.

Compass holds a royalty over Alkane's 606,000 oz **Wyoming** gold project, which has potential to generate revenue of about $20 million for Compass over the life of that project.

Compass has purchased a 70% interest in the **Nangali** gold project in northern Peru. Scout sampling has identified a zone of low-sulphidation epithermal quartz-carbonate veins with anomalous gold over a strike length of approximately 2 kilometres. The company is quietly optimistic about this project, which has been in abeyance because of anti mining sentiment in northern Peru. Recent political changes in that country point to a more favourable political climate for the mining industry.

VALUATION

Uranium valued at $5 per lb

Since Compass does not yet have any earnings, Strachan Corporate has chosen to value the company based on the net present values of its component projects and the assessed value of other assets. Strachan Corporate estimates that the company is presently trading on a projected EV/EBIT of approximately 5.5-6.4 times its estimated 2010 and 2011 earnings.

The scale of a proposed strategic and funding relationship with HNC values the company's base metals projects at around $650 million on their own, so another view of valuation would have a total value target of $855 million or more than $6.60 per share.

A base case sum of the parts valuation of $5.52 for Compass as detailed below, while applying copper and nickel prices of US$2.2 and US$6/lb respectively, produces a SOP value of $7.04/share:

Sum of the parts valuation is $5.52 per share ...

...Upside to $7.04/ share

	$m.	$/share
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Cu US$2.2, Ni US$6 *	$7.04

* Other items unchanged but higher life of mine Cu & Ni prices with Co @ US12/lb

Source:Strachan Corporate Pty Ltd

The oxide project is assessed with an NPV of $73 million for Compass while the sulphide circuit has an NPV of $423 million for Compass at a 10% discount rate.

Compass Oxide	Disc	A$m.	US$m.
NPV	10%	$73	$56
	12%	$68	$52
IRR	764%		

Compass Sulphide	Disc	A$m.
NPV	10%	$423
	12%	$370
IRR	780%	

Source: Strachan Corporate Pty Ltd.

The oxide project produces improved NPV estimates if the resource is extended and/or higher prices are applied. Lifting the average copper price received from US$1.83 to US$2.26/lb, while raising the average nickel price from US$5.63 to US$5.83/lb, produces an NPV of $90 million, while extending the mine life by two years boosts the result by $12 million to $85 million.

Similar adjustments to metal prices for the sulphide project, based on processing 60 mt of ore over a 15 year project life, lifts the NPV to $596 million for Compass's 50% interest, using higher prices for copper, nickel and lead as shown below.

SENSITIVITY ANALYSIS

	Project NPV $m	Ore mt	Average LOM Price US$/lb Cu	Co	Ni	Pb
Oxide						
Base Case	$73	7.6	1.83	12.43	5.63	
Extended	$85	10.2	1.83	12.43	5.63	
High Price	$95	7.6	2.31	12.43	6.54	
Sulphide						
Base Case	$423	59.9	1.60	12.00	4.65	0.35
High Price	$596	59.9	2.20	12.00	6.00	0.40

Source:Strachan Corporate Pty Ltd

EARNINGS ESTIMATE

Earnings estimate depends heavily on commodity price outcome

Compass should achieve its first operating revenue during the second half of 2007. The full year result for 2008 should see pre-tax earning of around $20 million if the copper price falls to US$2.20/lb and nickel is US$6.80/lb. If metal prices are near today's levels, a result closer to $40 million could be expected. Corporate taxation will be reduced as the company currently has over $18m of tax losses to offset against its initial earnings.

Assuming long term average metal prices, Compass should be producing an after tax profit approaching $70 million by 2012 from the combined output of both its oxide and sulphide ore processing plants. Development of a uranium oxide project is possible within the next 5 years, based on the company's existing mineralisation resources and exploration drilling which is planned to target extensions of this known mineralisation.

STRACHAN CORPORATE EARNINGS ESTIMATES

Estimates		2006	2007	2008	2009	2010	2011	2012
Segment Pre Tax Earnings								
Oxide Project		6.3	27.1	16.3	14.2	14.3	14.3	
Sulphide Project				0.0	38.6	49.6	99.3	
Administration		(2.0)	(2.1)	(2.2)	(2.3)	(2.4)	(2.6)	
Total		4.3	25.0	14.1	50.4	61.5	111.0	
Taxation			(5.4)	(4.2)	(15.1)	(18.5)	(33.3)	
Net Profit		4.3	19.6	9.9	35.3	43.1	77.7	
EPS	cts	3.4	15.5	7.8	27.9	34.1	61.5	
EV/EBIT			17.8	31.6	8.8	7.2	4.0	

Source:Strachan Corporate Pty Ltd

S W O T Analysis

Strengths

Strong Financial Position: Compass has $80 million of cash and no debt. Its partner, HNC is carrying the cost of both oxide and sulphide project development while paying for 70% of the ongoing base metal exploration budget.

Marketing Partner: HNC has agreed to market cobalt and nickel produced by the oxide ore project.

Muti-Commodity: Compass has interests in base metals, uranium, gold and iron ore.

Location: Batchelor is well located with respect to infrastructure and also its jurisdiction allowing uranium to be mined and marketed.

Commodity Prices: The outlook for base metal and uranium prices remains strong.

Strong Strategic Partner: Compass' major shareholder and strategic partner HNC, is China's largest integrated producer of base metals and alloy products, representing a natural market for nickel and cobalt production from Batchelor.

Weaknesses

Paralysis by Analysis: Compass has a reputation for making cautious progress sees it now in a position to emerge as a significant mid-tier producer in the near future.

Opportunities

Uranium: Compass has potential to build on its 100% held uranium oxide resources and move into production by the end of the decade.

Exploration: Compass has an active exploration budget and access to the funds required to push ahead with any success.

Value Adding: Compass has the opportunity to move down the value chain in many of its commodities.

Magnesium: Permits around Batchelor hold dolomite deposits which could support production of magnesium metal.

Threats

Rising Capital Costs: The current climate in Australia sees large increases in capital costs for mining projects.

Commodity Prices: The company is a price taker on global commodity markets, though its relationship with HNC provides some protection.

BOARD & MANAGEMENT

Non-executive Chairman, Gordon L. Toll is an engineer with over 30 years of industry experience. He is a Director of Fortescue Metals and Chairman of LIC, Linq Investment Fund.

Executive Director and company founder Dr Malcolm Humphries is a geologist with extensive experience in exploration and mine development.

Technical Director, Rod Elvish is a metallurgist with over 30 years of experience in global mining operations.

Executive Director, Phil Cohen is a lawyer with extensive experience in the mining industry. He is the company secretary and Manager of Corporate and Legal Services.

Non-Executive Director, Dr John Chappell is a geologist with extensive global experience in the mining industry.

The company has established a Darwin office from where it will control exploration and development of its NT projects.

Richard Swann is the newly appointed Managing Director. He is an engineer with extensive experience working on gold and copper mines worldwide.

Tim Major is a senior geologist who overseeing the company's Northern Territory exploration programme

Dr Max Boots is a founder of the company and is presently its **Exploration Manager.**

Andrew Mooney is the newly appointed **Chief Financial Officer**

Leonard Spencer is **General Manager Development, NT Operations.**