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## REPORT FOR THE QUARTER ENDING 30 JUNE, 2003

### HEADLINES

- Shareholders at the Annual General Meeting support the Company's strategy to refocus on gold and copper exploration.
- The Company's Share Purchase Plan offer to shareholders and underwriters/investors raises a total of \$947,000.
- The Wyoming Prospect moves steadily forward to a development decision with Alkane Exploration Ltd announcing additional high grade gold drill intercepts. Compass retains a substantial royalty interest in this property and surrounding areas.
- Manele Bay Ventures Inc complete final equity raising to support the Worldbeater programme. Drilling commences in July.
- Phelps Dodge Australasia Inc. complete gravity surveying at Browns with drilling expected to commence in October.
- Tomingley West and Ironbark Exploration Licence applications have both been granted. Exploration work confirms drill targets exist in both ELs.

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## GENERAL

At the Company's AGM on 22 May shareholders were provided with a comprehensive review of activities that explained the reasons for suspension of the Browns feasibility study (DFS) and the Boards' decision to refocus on gold and copper exploration.

Progress since suspension of the DFS in September 2002 was described including the formation of significant joint ventures on advanced projects, and the securing of new gold exploration projects in New South Wales. A very positive response was received from members present to the Board's decision on these directional changes.

The Company's plan to raise approximately \$700,000 through a Share Purchase Plan (SPP) offer to existing shareholders, and by placements through underwriters was also reviewed at the meeting.

Due to an increased level of applications before the 30 May closing date, the Company accepted additional applications raising a total of \$947,000 less underwriting and fees of \$33,000. The funds will be principally used to progress exploration, particularly of gold projects in New South Wales.

## GOLD PROGRAMME - NSW

### *Trewilga Project (Alkane 100%, operator - Compass Royalty Interest)*

We continue to be encouraged by the results of Alkane Exploration Ltd's (Alkane) comprehensive resource definition programme at Trewilga.

During the quarter, Alkane completed the drilling programme which commenced in February, at both the Wyoming 1 and Wyoming 3 gold prospects. The purpose of this drilling was to acquire sufficient geological and assay data to allow for resource estimates and to begin formulation of a conceptual development scenario.

Excellent higher grade results from the northern end of the Wyoming 1 prospect include 9 metres at 10.19 g/t gold and 12 metres at 21.20 g/t gold in hole WY478 as well as 9 metres at 10.00 g/t gold and 6 metres at 18.20 g/t gold in hole WY497.

These and many other high grade results occur in a cross structure near the northern end of Wyoming 1, with wide intersections of lower grade gold being recorded in the adjacent porphyry intrusives. These wide zones include 156 metres at 1.71 grams per tonne gold in hole WY481, 65 metres at 1.94 grams per tonne gold in hole WY484D and 63 metres at 1.64 grams per tonne gold in hole WY476. It now appears that at Wyoming 1 the highest grades of gold occur at the eastern and northern boundaries of the main porphyry intrusive.

At the Wyoming 3 prospect, north-south oriented drilling returned many shallower encouraging results, the better ones being 21 metres at 5.40 grams per tonne gold and 21 metres at 1.29 grams per tonne gold in hole WY517 and 9 metres at 12.80 grams per tonne gold from hole WY 534.

Most of the gold intersections at Wyoming 3 are less than 100 metres below the surface, and have been recorded over a strike length of approximately 250 metres. The controls of mineralisation at Wyoming 3 are not as yet fully understood, however the style of mineralisation appears different to that at Wyoming 1. Deeper drilling will be required at the Wyoming 3 prospect to further evaluate its full potential.

Latest drill results from Wyoming prospect are shown in the following table.

Hole No		East	North	Az °	Int (m)	Grade g/t Au	Interval (m)	EOH (m)	Target Zone
WY 473		614080	6393275	270	27	2.94	42 69	99	Wyoming 1
WY 476		614210	6393275	270	3	1.75	102 105	207	Wyoming 1
	and				63	1.64	138 201		
	including				6	4.46	147 153		
WY 478		614145	6393350	270	120	3.85	48 168	201	Wyoming 1
	including				9	10.19	66 75		
	and				12	21.20	156 168		
WY 479		614180	6393353	270	6	2.50	123 129	261	Wyoming 1
	and				21	2.68	201 222		
WY 480		614150	6393300	270	9	3.52	33 42	219	Wyoming 1
	and				33	1.17	57 90		
WY 481		614100	6393285	360	156	1.71	63 219	237	Wyoming 1
	including				15	7.02	90 105		
WY 482		614075	6393265	360	39	3.47	153 192	231	Wyoming 1
	including				6	15.60	156 162		
WY 483		614075	6393269	360	42	1.00	156 198	279	Wyoming 1
	and				18	7.96	231 249		
	including				6	21.30	237 243		
WY 484D		614205	639398	270	5	2.67	103 108	226	Wyoming 1
	and				65	1.94	141 206		
	including				9	5.27	197 202		
WY 487		614275	6393150	270	15	2.29	114 129	153	Wyoming 1
	including				9	3.31	120 129		
WY 496		614208	6393353	270	6	3.29	132 138	297	Wyoming 1
	and				15	3.14	282 297		
	including				3	13.90	282 285		
WY 497		614225	6393353	270	99	4.30	258 357	363	Wyoming 1
	including				9	10.00	270 279		
	and				6	18.20	321 327		
WY 510		614250	6394162	180	18	1.81	21 39	93	Wyoming 3
	and				6	3.56	66 72		
	including				3	6.22	66 69		
WY 513		614225	6394150	180	12	2.76	18 30	93	Wyoming 3
WY 517		614200	6394178	180	21	5.40	30 51	93	Wyoming 3
	including				9	7.62	33 42		
	and				21	1.29	60 81		
WY 518		613975	6394150	90	9	4.50	126 135	192	Wyoming 3
	and				3	3.50	149 150		
WY 521		614200	6394200	180	12	2.26	30 42	129	Wyoming 3
	including				6	3.75	36 42		
	and				9	7.14	84 93		
	and				21	1.10	99 130		
WY 523		614200	6394162	180	15	2.30	27 42	87	Wyoming 3
WY 524		614275	6394190	180	3	2.43	15 18	111	Wyoming 3
	and				21	3.57	69 90		
	including				9	5.18	72 81		
	including				3	1.34	99 102		
WY 534		614100	6394182	180	9	12.80	42 51	96	Wyoming 3
WY 535		614100	6394205	180	18	1.12	36 54	126	Wyoming 3
	and				9	4.29	75 84		

All holes drilled at a nominal inclination of 60°.

### *Metallurgical Results*

Metallurgical testwork was reported in April for 14 composites from drill samples considered to be representative of ore types recognised from both the Wyoming 1 and Wyoming 3 prospects.

Standard grinding-cyanidation tests gave extractions of 93-99% of the gold for oxide ore types and 71-91% for transitional and sulphide ore types. Additional testwork on the residues indicate that additional gold would be recovered if the ore or the sulphide concentrate were subjected to finer grinding. Further testwork is planned.

Results from aircore drilling at the Tomingley North prospect, 3 kilometres north of Wyoming, were also received. These included 3 metres at 2.22 grams per tonne gold from 99-102 metres in drill hole TO 066, and 12 metres at 1.21 grams per tonne gold from 42-54 metres in drill hole TO 066. Both holes were inclined at 60°, confirming the prospectivity of other areas within the Exploration Licence away from the Wyoming system.

Compass holds a royalty interest in the Trewilga tenement that covers the Wyoming and Tomingley prospects and a substantial surrounding area comprising:

0.75 cents per dry tonne of ore treated for the first 500,000 tonnes, thence 3% of gold and other minerals recovered until 150,000 ounces of gold are produced, thence 5% of gold and other minerals recovered.

### ***Tomingley West Project (Compass 100%)***

Exploration Licence 6080, of approximately 270 square kilometres and located to the west of Peak Hill and Wyoming was granted to the Company in May 2003. Compilation of previous explorers' results continued, confirming the prospectivity of the area. A 1998 Annual Report to the NSW Mines Department for EL 4998 over the Licence area, reported that percussion drill hole BEP-1 intersected 2 metres at 0.31 g/t gold within a 12 metre zone of gold averaging 0.19 g/t gold mineralisation at the South Bogan prospect. The report states:

*"The mineralisation is accompanied by an intense alteration assemblage compatible with the outer zones of a porphyry hydrothermal system, and may represent leakage from a more substantial body of mineralisation at depth".*

Since that time no further evaluation has occurred, although the prospect demonstrably warrants further exploration and constitutes one of the priority areas for follow up by Compass.

### ***Ironbark Project***

Exploration Licence 6090 was granted to Compass in June, 2003. The Company is currently securing surface (compensation) agreements with landowners so that field work can commence shortly.

Compilation of previous data located a series of 55 vertical aircore drill holes, based on a 400 x 200 metre grid, near the Croakers gold prospect.

Better gold assays from the aircore drilling include:

Hole	From	To	ppm Au	ppm As
RA1	77	78	1.15	217
RA3	5	6	0.86	41
RA20	46	51 (EOH)	0.36	57
RA21	58	60	0.41	122
RA30	10	12	0.63	416
	32	36	0.51	416
RA31	60	64	0.47	233
RA49	52	53 (EOH)	0.28	186
RA53	20	26	0.30	359

Bearing in mind the wide grid spacing of the drill holes, these results are most encouraging, defining gold and arsenic anomalies over a strike length of 2,500 metres located approximately 100-200 metres to the east of the Croakers workings.

An early priority will be to further define the limits of this anomalous zone by additional aircore drilling so that RC drilling of this and other targets can be undertaken early in the Exploration Licence's term.

***Kaiser Project (Compass' 92% interest subject to Newcrest purchase option)***

The Annual Report for this prospect was received from Newcrest Operations Ltd. (Newcrest) during the quarter. The tenements cover the Kaiser copper-gold porphyry mineralisation which is in an Ordovician Andesitic volcanic sequence. Two very deep diamond drill holes were completed during the period, these holes aimed at a magnetic high zone associated with the known mineralised trend.

Both holes passed through an andesitic volcanic sequence with porphyry style alteration and mineralisation, with microdiorite porphyry, pyroxene porphyry and rare monzonite-syenite composition intrusives present. Both holes intersected wide zones of gold-copper mineralisation in hydrothermal breccias, with the following wider sub-economic intersections being amongst those reported:

Hole ID	Intercept		From	Averaging	
				g/t Au	% Cu
NKD 003		34	142	0.16	0.13
	and	114	220	0.21	0.17
	and	20	338	0.19	0.07
	and	25	517	0.19	0.09
	and	21	582	0.15	0.06
	and	22	609	0.35	0.16
	and	20	638	0.47	0.18
	and	13.9	687 to EOH	0.28	0.16
NKD 004		16	21	0.36	0.03
	and	45	57	0.29	0.03
	and	20	154	0.14	0.03
	and	17	204	0.16	0.02
	and	23	264	0.43	0.06
	and	22	334	0.24	0.07
	and	85	363	0.28	0.25
	and	29	479	0.51	0.49
	and	32	576	0.35	0.16
	and	20	673	0.12	0.14

These results are technically encouraging and close to although below economic grades. Potential for an increase in grades at greater depths remains untested. Newcrest have notified their intention of withdrawing from this venture. Compass may retain a 92% equity in the project upon Newcrest's withdrawal.

***Alectown East Project (Compass 10%-25%, Newcrest 70%)***

Two diamond core tails are being drilled by Newcrest at the Buryan prospect, where previous RC holes intersected encouraging copper-gold mineralisation. One of these tails at the end of hole RCAT054 (which had intersected 55 metres at 0.12 g/t gold and 0.14% copper) has been completed, the other is in progress. Assay results are expected late in August.

***Mt. Stromolo (Compass 100%)***

Compass is awaiting Mines Department authorisation to commence drilling its main target, a large area of strongly altered Ordovician Andesitic volcanics in close proximity to a major thrust structure.

***Idaho Project (ELA 2046) and Oregon (ELA 2065) (Compass 100%)***

These two licence applications, which adjoin the Tomingley West Exploration Licence are pending, and are expected to be offered during the next quarter.

**BASE METALS PROGRAMME - NT**

The base metals programme comprises the Browns Exploration joint venture managed by Phelps Dodge Australasia Inc (Phelps Dodge) covering areas immediately surrounding and below the currently defined Browns/Area 55 resources; the Browns Project covering the currently defined Browns/Area 55 resources; and other regional exploration projects.

***Browns Exploration Joint Venture (Compass 75%, Guardian Resources Pty. Ltd 25%, Phelps Dodge earning up to 70%)***

Modelling of the gravity survey data collected by Phelps Dodge last quarter indicates that the Browns synclinal keel is approximately 800 metres below surface in the vicinity of the trial pit-old shaft area.

The dense mass modelled in the keel zone is interpreted to be due to either an increased thickness of amphibolite, sulphide-rich shale, dolomite or base metal sulphides. The Browns trend shows a strong lateral metal zonation from copper in the east towards the synclinal keel to lead and zinc towards the west. Major intercepts of base metal in Compass' deepest hole show a general increase in copper grades at depth below the lead resource. A drilling programme scheduled for October will test the gravity target and the concept of a vertical zonation to increase copper grades at depth.

***Browns Project (Compass 90%, Guardian Resources Pty. Ltd 10%)***

Compass has continued discussions with the Doe Run Company (Doe Run) with a view to Doe Run carrying out additional metallurgical work on existing samples in storage.

As the programme supported by the R&D Start Grant draws to its conclusion, activities are centred on result integration and data compilation and plans for bulk sample pit reclamation. This Project is on target for completion in the fourth quarter of 2003.

### ***Other NT Exploration Projects***

Compass' granted tenements and Exploration Licence applications cover a large proportion of the available prospective horizons for base metals in the Batchelor-Woodcutters area. In order to further advance evaluation in a timely manner, a coventurer is being sought to support exploration of those areas not covered by the Phelps Dodge agreement.

Intercepts at the Mt. Fitch South prospect and at other base metal prospects within its tenements which have not yet been followed up present attractive drill targets.

Compilation of data from the Company's licence applications south of Batchelor show potential exists to locate significant gold-platinum-palladium mineralisation, of the style previously located at Coronation Hill, 150 kilometres to the east of this area.

The better results from the Sargents North prospect reported by the previous explorer are:

8 metres at 4.76g/t gold, 1.45 g/t platinum and 1.25 g/t palladium in hole SNRC07

8 metres at 1.26 g/t gold, 1.97 g/t platinum and 0.06 g/t palladium in hole SNRC04

4 metres at 13.00 g/t gold, 2.42 g/t platinum and 2.66 g/t palladium in hole SNRC10

This and at least another three prospects appear to be located just below a Middle Proterozoic unconformity, and may also be structurally controlled in highly altered carbonate rich rocks. Potential coventurers have recently been contacted and have received a summary of the geology and drill results from the areas of obvious potential.

### **WORLDBEATER PROJECT - USA** *(Compass Minerals Ltd 100% - Manele Bay earning 60%)*

Manele Bay Ventures Inc. completed their capital raising in support of the programme specified in the joint venture agreement with the Company's US subsidiary, Compass Minerals Limited (CML).

Considerable planning work has already been accomplished for this programme including regulatory approval for drill road access.

Roadworks have commenced and drilling will be underway shortly. This programme will include further definition drilling of the established stratabound resource and also evaluation of high grade gold intercepts recorded in CML's last drill programme. The latter has potential to significantly expand the current resource of approximately 200,000 ounces gold.

*Information in this report accurately reflects the information compiled/reviewed by Dr. M. K. Boots, a full time employee of the Company and a competent person as defined in ASX Listing Rules Appendix 5A, who consents to the inclusion in this Report of the information as presented.*