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## REPORT FOR THE QUARTER ENDING 30 SEPTEMBER, 2003

### HEADLINES

- Due to positive results expenditure on projects in which Compass holds an interest is expected to exceed \$5 million in 2003
- Alkane Exploration Ltd. (Alkane) announced additional gold drill intercepts at Wyoming and the likely release of a new resource estimate and conceptual mine study by end October.
- Newcrest Mining Limited (Newcrest) report encouraging drill results from the Alectown East joint venture.
- Key landowner access agreements were signed over Compass' Ironbark EL prospects near Forbes.
- MBA Gold Inc (MBA) advised that drilling is underway at the Worldbeater gold joint venture project in California.
- Phelps Dodge Australasia Inc (PDA) and new IPO associate Red Metal Limited (Red Metal) prepare to commence drill testing the combined structural and gravity target beneath Browns.
- Follow up drilling of EM anomaly along strike from the Mt. Fitch South Prospect copper lead drill intersection ready to commence.

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## GENERAL

Exploration activity including that of coventurers continued at a high level during the quarter. We now estimate that exploration expenditure on projects in which Compass holds a beneficial interest will reach over \$5 million in 2003, an increase of \$1 million over our earlier estimate. The majority of this increase is for drilling and targets gold discoveries.

## GOLD PROGRAMME - NSW

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

Results from the Wyoming gold discovery continue to impress with this prospect having real potential to progress to a mining operation of some significance.

Alkane have previously announced their intention to complete a revised resource estimate and conceptual mine study for Wyoming, targeting a late October release. Compass expects these studies will provide the basis for a full feasibility decision.

Additional drill intercepts from the Wyoming gold discovery released by Alkane this quarter were mainly from the Wyoming Three Prospect. Results included the following higher grade zones:

10 meters from 48 metres averaging 8.35 grams per tonne gold in hole WY 572D,  
and 15 metres from 120 metres averaging 13.28 grams per tonne gold in hole WY 574.

Wide lower grade intersections were also reported, including 60 metres from 18 metres averaging 1.83 grams per tonne gold in hole WY 563, within this wide intersection the 6 metres from 45 metres averaging 6.02 grams per tonne gold. Table 1 tabulates results released during the quarter.

Overall the drilling results have confirmed the presence of substantial zones of mineralisation at Wyoming, with obvious potential for additional mineralisation below the currently defined shoots. Alkane have indicated further aircore and R/C drilling is being considered, including drilling at Wyoming Two, the eastern extension of Wyoming Three and the structural link to the Wyoming Four target. Additional drilling has also been flagged to test the interval between 150 metres and 200 metres below surface at the Wyoming Three deposit.

The mineralisation at Wyoming has some differences from the more typical porphyry style gold-copper deposits such as Cadia/Ridgeway and NorthParkes. These differences may be largely due to composition and mode of emplacement of the intrusive rocks, however in Compass' view the association between the intrusive and the Wyoming deposits may reflect a later stage and higher level emplacement of porphyry from similar magmatic sources that host the major NSW gold and gold-copper deposits.

Table 1 Wyoming Drill Results Received this Quarter

Hole No	East	North	Az °	Int (m)	Grade g/t Au	Interval (m)		EOH (m)	Target Zone
WY 560D and	614075	6393030	5	19	0.88	405	424	675	Wyoming 1
				36	0.64	443	479		
WY 578D and	614071	6393190	360	4	4.06	354	358	472	Wyoming 1
				5	3.29	406	411		
WY 558D and and	614200	6394210	180	7	5.17	47	54	186	Wyoming 3
				11	1.96	60	71		
				9	2.34	123	132		
WY 563 including	614225	6394170	180	60	1.83	18	78	150	Wyoming 3
				6	6.02	45	51		
WY 564 and	614175	6394205	180	15	1.17	21	36	150	Wyoming 3
				21	2.63	102	123		
WY 565 and and	614150	6394200	180	15	1.41	9	24	186	Wyoming 3
				3	1.81	96	99		
				3	2.86	174	177		
WY 566 and	614150	6394225	180	15	2.88	39	54	210	Wyoming 3
				12	2.32	117	129		
WY 567 and	614125	6394200	180	6	2.40	21	27	120	Wyoming 3
				3	3.66	81	84		
WY 568 and	614125	6394221	180	18	2.99	42	60	150	Wyoming 3
				15	1.60	102	117		
WY 569	614100	6394220	180	6	1.98	66	72	168	Wyoming 3
WY 570 and	614075	6394160	180	3	1.00	12	15	96	Wyoming 3
				3	1.05	78	81		
WY 572D and and	614078	6394200	180	10	8.35	48	58	198	Wyoming 3
				7	1.94	96	103		
				12	1.05	125	137		
WY 573 including and and	614075	6394220	180	69	1.26	72	141	204	Wyoming 3
				9	3.27	129	138		
				12	1.19	156	168		
				9	1.90	180	189		
WY 574	614050	6394210	180	15	13.28	120	135	156	Wyoming 3
WY 575	614050	6394230	180	3	1.30	114	117	174	Wyoming 3
WY 576	614050	6394190	180	3	1.58	102	105	132	Wyoming 3
WY 578D and	614071	6393190	360	4	4.06	354	358	472	Wyoming 3
				5	3.29	406	411		
All holes drilled at a nominal inclination of 60°									

The Wyoming gold discovery over which Compass holds a significant royalty interest (set out below) is a high priority project and is seen as a potential mine development in the near future.

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

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/Idaho Project (Compass 100%)***

This project involves two granted Exploration Licences, 6080 and 6100, totalling approximately 364 square kilometres. Following further review of available exploration data the adjoining Exploration Licence application (ELA 2065) was not pursued.

The granted tenements cover a large area of Ordovician andesites interpreted from airborne magnetic surveys because of limited surface exposure but whose presence has also been confirmed by previous explorers reconnaissance drilling. This sequence is more likely to host major gold and gold copper deposits as in other locations in the Lachlan Fold Belt.

The three gold copper prospects so far identified have been given priority. Field checks of the tenements have confirmed the presence of altered coarse grained Ordovician andesitic volcanics to the south of these prospects, similar in appearance to those outcropping near the NorthParkes minesite. All prospects occur near the Bogan River and are located on the north western extension of a structural lineament that passes through the Peak Hill mine. Additional field work, including proposed aircore drilling at the identified prospects and reconnaissance drilling in other zones of andesites will be commenced when seasonal crops are harvested, late this year and early 2004.

### ***Ironbark Project (Compass 100%)***

Access and compensation agreements were finalized with landowners of the high priority areas allowing field investigations to commence. Field work located several zones of gold workings in timbered country not shown on previous maps, suggesting additional targets will be developed as exploration proceeds. Most of the existing old gold workings are restricted to small zones cropping out in a region of poor exposure dominated by soil and transported cover. Clearly good potential exists to locate additional prospects along the defined mineralised trends as exploration continues beneath cover along strike of existing workings and prospects.

Petrology reports of samples collected from the Styles West Prospect describe intrusive rocks as quartz monzodiorite composition, displaying intense selective and partly pervasive alteration. Field evidence suggests that the shallow intrusives are themselves mineralised and altered, with zones of quartz rich gold mineralisation also being present at the contacts within the enclosing metasediments. It is at this prospect where encouraging gold intersections including 6 metres averaging 5.8 grams per tonne gold and 4 metres averaging 3.6 grams per tonne gold still remain to be followed up. The similarity between this setting and the Wyoming mineralisation makes this an exciting prospect.

The presence of similar intrusives at the Ironbark South, German Hill and Young Australian prospects indicate a strong correlation exists between these intrusives and gold mineralisation throughout the tenement.

### ***Kaiser Project (Compass 92%)***

Newcrest have advised of their withdrawal from their option agreement over this project. Newcrest and Rio Tinto before them have undertaken extensive drill oriented exploration programmes and spent in excess of \$1,500,000 over the past 11 years.

Despite a number of encouraging results that demonstrated the presence of gold copper porphyry style mineralisation it is apparent that the system has been tested to a vertical depth of approximately 600 metres.

Potential for commercial grade mineralisation is therefore likely to be concentrated in the sub 600 metres zone. Results do not provide sufficient encouragement for Compass (like Newcrest) to pursue this deep target any further.

***Alectown East Project (Newcrest earning 75%)***

The project comprises EL 4752 and EL 5563 where Newcrest is earning a 75% interest by spending \$1 million. When Newcrest has earned its interest Compass will hold 15% in EL 4752 (Metallic Resources 10%) and 25% in EL 5563 where the recent encouraging drill intercept is located.

Final assay results for the drilling completed by Newcrest at the Buryan prospect in the previous quarter were received and have resulted in a significant upgrading of the porphyry copper-gold discovery potential of this area.

During the previous year a total of six deep R/C holes were completed (1,667.5 metres), five of these being part of an EW traverse across the eastern extension of the copper-gold aircore anomaly in EL 5563. These inclined holes intersected zones of quartz ± carbonate veining in volcanoclastics, with finely disseminated chalcopyrite associated with silica alteration; and occasional potassium feldspar alteration; this was assumed to be the source of the copper-gold anomaly outlined by the aircore drilling.

Following interpretation of the results, two of the R/C drill holes were deepened using diamond drill coring. This additional drilling was successful, with drill hole RCDAT54 returning an intersection of 196 metres (from 212 m downhole) averaging 0.26% copper and 0.16 grams per tonne gold including 26 metres from 289m averaging 0.52% Cu and 0.29 grams per tonne gold. The current interpretation is that the main mineralising intrusive has not yet been intersected.

The latest results from this area where surface geology and geochemistry is obscured by transported cover are encouraging. Although early follow up drilling at this prospect failed to intersect significant porphyry style gold copper mineralisation, this latest drilling by Newcrest has rewarded persistence, locating a zone of the style of mineralisation sought. The alteration associated with it is referred to as propylitic and is known to occur at the outer margins of porphyry deposits. The next phase of drilling will be directed toward locating the central portions of the mineralised system. As there appears to be an easterly dip to the mineralised zones, the area down dip and to the east will be evaluated next. This follow up deep drilling programme has commenced, targeting the area near hole RCDAT54, located in EL 5563.

As a result of the gold copper assays obtained from the mineralised diamond drill tails, an additional Exploration Licence application, ELA 2145 (mostly surrounding the existing tenements and extending to the south) has been applied for by Newcrest and will be included in the Compass Joint Venture when granted.

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

Additional mapping and sampling of the large geochemical and alteration anomaly was undertaken during the quarter. This sampling confirmed the large area of gold/arsenic anomalism in a variety of rock types, and the presence of a several additional zones of intense brecciation, veining and silicification. Additional mapping and sampling are proposed to further delineate target. In decreasing order, gold results include 0.55, 0.38, 0.37, 0.28, 0.23, 0.22, 0.20, 0.19 and 0.17grams per tonne gold. Arsenic values included 1890, 1400, 1290, 1020 and 750 ppm.

Detectable gold was recorded in all 32 rock composite samples collected over the target zone that covers an area of 500 by 250 metres. However this sampling has failed as yet to identify a clear higher grade target to drill. Additional evaluation is planned.

## **BASE METALS PROGRAMME - NT**

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

A term of the Browns Exploration Joint Venture Agreement (BEJV) between Compass/Guardian Resources Pty. Ltd. and Phelps Dodge allowed Phelps Dodge to assign part of its joint venture interest to a publicly listed company with which it has a strategic alliance.

Red Metal Limited, which is staffed by former Phelps Dodge Australian based management is expected to list on the ASX in mid October following a fully underwritten IPO capital raising of \$12 million. Phelps Dodge will have a 15% equity holding in and a strategic alliance agreement with Red Metal. Under the alliance agreement Phelps Dodge may assign Red Metal 30% of Phelps Dodge's interest in the BEJV (i.e. up to a 21% interest in the joint venture if Phelps Dodge earns its full entitlement of 70%). The agreements between Phelps Dodge and Red Metal Ltd. are subject to certain conditions precedent, notably the listing of Red Metal Ltd. and quotation of its shares, as well as any consents and approvals required under State Mining Acts.

Red Metal will assume management and operate the BEJV on behalf of Phelps Dodge. Compass believes that the strategic relationship agreement between Phelps Dodge and Red Metal is positive for the joint venture. It has the potential to more rapidly evaluate the deep mineralisation at Browns and to follow up on additional targets adjacent to the existing mineralisation which is excluded from the BEJV.

Due to this continuity in management there has been no disruption to the exploration programme. Geophysical modelling during the quarter confirmed the gravity target beneath the existing Browns deposit at a depth of approximately 800 metres. A drill site for a deep hole to test this anomaly and the inferred structural thickening of mineralisation that is its potential cause, is currently being prepared. It is hoped that drilling will commence in October but this is dependent on rig availability and a start up could be as late as early November.

**Mt. Fitch South Prospect** (Compass 90%, Guardian Resources Pty. Ltd 10%)

Despite interest being shown in a joint venture over this prospective ground, it became clear that the farm-in terms that could be achieved did not provide sufficient value for Compass shareholders. Consequently it was decided that the Company would itself mount a drill programme to follow up the encouraging copper and lead drill intercepts previously recorded at Mt. Fitch South which included 4 metres at 1% copper, 10 metres at 7% lead and 7 metres of 8% lead is scheduled to commence end October 2003.

Additional field evaluation and data compilation during the quarter to plan this drill programme further upgraded the target to be tested. The main target zone, although poorly exposed, appears to be represented at surface by a ferruginous breccia within the Whites Formation shales. This breccia is coincident with the EM anomaly which is along trend to the north of Compass' two base metal drill intercepts. Footwall to the target horizon is an area of strong silicification and tourmalinisation.

Three holes have been planned to test the down dip extension of the existing drill intercepts, the EM anomaly approximately 200 metres north of these drill holes and a distinct copper lead zinc anomaly approximately 100 metres up sequence in the Whites Formation. Drilling will commence as soon as a drill rig is available.

## **Browns R&D Programme**

The Browns R&D programme is in the final stages of documentation and report writing. This project would not have been possible without a Commonwealth Government R&D Start Grant. It has resulted in the identification and successful prototyping of a combination of technically and environmentally advanced process circuits.

The Company believes that the results of this programme can be successfully applied to a Browns Project development and to development of other relatively fine grained polymetallic sulphide deposits.

The emerging improvement in demand for base metals and rising commodity prices are enhancing the potential for development of Compass' large polymetallic resource inventory at Browns which is excluded from the Phelps Dodge/Red Metal joint venture.

The Company will seek a strategic partner to progress development at Browns following this year's drill programmes described above.

## **GOLD PLATINUM PALLADIUM PROSPECTS**

### **Gold Platinum Group Metals**

It was decided to reduce the Exploration Licence applications for gold/PGM targets to an area that covers the main Sargents and Sargents North Prospects, where the most encouraging results to date have been obtained. Evaluation during the quarter failed to clearly identify a source for the secondary gold/PGM mineralisation at these prospects although additional information obtained suggests that this secondary mineralisation may be derived from primary mineralisation in a mafic intrusive source.

### **WORLDBEATER PROJECT - USA** (*Compass Minerals Ltd - MBA Gold Corp earning 60%*)

Our Vancouver based coventurer, Manele Bay Resources Inc., completed a capital raising on 30 June, 2003 to fund the Worldbeater gold exploration programme. The company also changed its name to MBA Gold Corp (MBA) a title consistent with its priority on gold exploration and development.

Drilling commenced at Worldbeater on 20 August with first results expected towards the end of October. The following extracts from MBA's news releases of 20 August and 29 September, 2003 describe the objectives of the current joint venture programme.

"The Worldbeater property has an extensive exploration history. The previous operator, Compass Minerals, was in the process of permitting the property for production, prior to the collapse of the gold market in 1997. The current exploration program is aimed at expanding the size of the existing Worldbeater gold resource, as well as upgrading the resource from an indicated and inferred category to a measured category.

MBA's 2003 exploration program is designed to confirm and expand the most recent gold resource estimate by Mine Development Associates (MDA).

Indicated			
Cutoff (ounces per ton)	Tons	Grade (ounces per ton) *	Ounces
0.02	2,129,000	0.094	200,900
0.05	949,000	0.169	160,800
0.07	620,000	0.228	141,600

Inferred			
Cutoff (ounces per ton)	Tons	Grade (ounces per ton) *	Ounces
0.02	263,000	0.103	27,100
0.05	113,000	0.195	22,100
0.07	75,000	0.264	19,800

Reverse circulation (RC) drilling will be concentrated in areas where hydrothermal mineralized structures have been found to contain significant gold mineralization. This mineralization, characterized by the association of chlorite and pyrite of hydrothermal origin is found within altered meta-rhyodacites of the Worldbeater Complex and are thought to represent the structural channel-ways for hydrothermal fluids that precipitated the exhalite gold mineralization. The distribution of this mineralization is not fully understood and many of the extremely high grade assays (everything over 1.0 ounce per ton) have been excluded from the MDA gold resource calculation. The drill program will provide additional understanding of the modes of gold occurrences in the Worldbeater Complex and consequently has good potential for expansion of the gold resource in these rocks.

Significant drill hole intercepts of this type of mineralization (i.e. in the Worldbeater rocks) include the following:

- C-34 4.6 metres @ 45.03 grams per tonne gold (15 feet @ 1.31 ounces per ton)
- C-34A 13.71 metres @ 12.58 grams per tonne gold (44.6 feet @ 0.37 ounces per ton)
- RRC-150-193 7.6 metres @ 60.6 grams per tonne gold, including 1.5 metres @ 256.8 grams per tonne gold (24.7 feet @ 1.77 ounces per ton, including 4.9 feet @ 7.49 ounces per ton).

Further, a series of nine drill holes completed by Compass Minerals in 1997 intersected mineralized exhalite horizons immediately above the Worldbeater Complex and indicated both a thickening and an increase in gold grade in the down dip extension of this horizon. The up-dip portion of the exhalite is approximately 1.5 metres thick with an average gold grade of 3 grams per tonne (4.9 feet @ 0.09 ounces per ton). The down-dip portion of the exhalite is approximately 6 metres thick with an average gold grade of 10 grams per tonne (19.5 feet @ 0.29 ounces per ton). MBA's 2003 drill program is expected to establish the structural continuity and openness both down dip and laterally of this mineralized area.

*The TSX Venture Exchange has not reviewed and does not accept responsibility for the accuracy or the adequacy of this press release.* "

\* 1 ounce per ton = 34.28 grams/tonne

*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.*