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REPORT FOR THE QUARTER ENDING 31 DECEMBER, 2003

Headlines

- Substantial base metal intercept recorded in Compass' November 2003 drill programme at Mt. Fitch South.
- Strong base metal prices have significantly enhanced the value of the Company's Browns Project resources and their development potential.
- The deep hole being drilled by Phelps Dodge Australasia Inc (Phelps Dodge) and Red Metal Limited (Red Metal) was on target at 793 metres at Christmas break. Drilling recommenced early January.
- Alkane Exploration Ltd. (Alkane) announces expanded resources and plans for a full feasibility study of the Wyoming gold deposit (Compass royalty interest).
- MBA Gold Inc completes the Stage 1 programme at World Beater and elects to proceed to the prefeasibility study stage.
- Compass submits five new Exploration Licence Applications in New South Wales covering gold and copper targets.

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2003 SUMMARY

The past year saw a substantial increase in activity on Compass' gold and base metal projects resulting in significant exploration success. Exploration expenditure exceeded \$5 million a large proportion of which was provided by others under joint venture and royalty agreements with Compass. The Company did however raise additional working capital to fund an acceleration of Compass managed projects. This was achieved through an SPP and placement last June raising approximately \$950,000, and a further placement in December of approximately \$1,000,000 with the issue of 3,250,000 shares at \$0.31 per share.

Projects where activity was highest include:

- Trewilga which incorporates Alkane's Wyoming gold discovery
- Alectown East, a joint venture with Newcrest Mining Limited
- Browns Project including the joint venture with Phelps Dodge
- Mt. Fitch South Prospect
- World Beater gold joint venture in California

Additionally Compass acquired during the year:

- Attractive gold projects in its own right in the emerging Tomingley-Parkes-Forbes gold belt. Drilling of these projects will commence early in 2004.
- More recently a number of copper projects based on a new target concept in northwest New South Wales.

2004 PLANS

The Company approaches 2004 well placed to capitalise on the improved demand for metals and the resulting higher prices. Two gold deposits Alkane's Wyoming discovery (Compass royalty interest) and the World Beater deposit in California (MBA Gold Inc earning 60%) have feasibility studies planned.

Compass will also commence detailed field exploration of its 100% owned gold projects in the Parkes-Forbes region with aircore drill programmes to get underway towards the end of January.

In 2003 the Company's Northern Territory (NT) base metal focus was exploration, with Phelps Dodge/Red Metal joint venture, to explore Browns "deeps" and surrounding areas and Compass' own drill programme at Mt. Fitch South. Higher metal prices have also enhanced the development prospects for Compass' major copper lead cobalt nickel resources in the NT. The Company therefore intends to seek a strategic partner to reactivate the Browns feasibility study.

DESCRIPTION OF FOURTH QUARTER 2003 ACTIVITIES

NEW SOUTH WALES

Trewilga Prospect EL 5675 (Compass royalty interest)

On 11 December, Alkane Exploration Limited (Alkane) announced plans for a full feasibility study of the Wyoming deposits commencing early 2004 and released a new resource estimate for the Wyoming Prospect significantly increasing the deposit's size from 1.9 million tonnes at 1.81 grams per tonne gold (approximately 110,000 ounces) to 6.38 million tonnes at 2.43 grams per tonne gold (at a cutoff of 0.75 grams per tonne gold) containing 498,000 ounces of gold

The feasibility study will be based on an initial start up concept of a 1 million tonne per annum throughput plant producing 60,000 to 70,000 ounces gold per year. Alkane also announced plans for drill programmes to further delineate the Wyoming One and Wyoming Three deposits and to determine their longer term underground development potential.

Wyoming Resource Update (refer Alkane 11 December, 2003)

WYOMING RESOURCES (>1.00 g/t Au cut off)									
Deposit	Measured		Indicated		Inferred		Total		Ounces
	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	
Wyoming One	3,365,000	2.52	770,000	3.36	380,000	4.45	4,515,000	2.83	410,225
Wyoming Three	730,000	2.35	15,000	2.37			745,000	2.35	56,304
Total	4,095,000	2.49	785,000	3.34	380,000	4.45	5,260,000	2.76	466,529
WYOMING RESOURCES (>0.75g/t Au cut off)									
Wyoming One	4,020,000	2.25	1,010,000	2.77	520,000	3.49	5,550,000	2.46	439,148
Wyoming Three	815,000	2.20	15,000	2.32			830,000	2.20	58,772
Total	4,835,000	2.24	1,025,000	2.76	520,000	3.49	6,380,000	2.43	497,920

Compass' royalty interest is attributable to the majority of these resources and to any other discoveries within EL 5675. It 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.

Compass believes the potential to further increase gold resources within EL 5675 is high and is pleased with Alkane's announcement to commence a regional exploration drill programme in January. The better understanding of mineralisation controls and of effective exploration techniques resulting from the extensive exploration conducted in this region will enhance the potential for additional discoveries being made in the Tomingley-Parkes-Forbes gold belt.

Compass is well exposed to this discovery potential through the royalty agreement over EL 5675, a joint venture with Newcrest Mining Limited (Newcrest) at the Alectown East Project and Compass' 100% owned projects.

Alectown East Project (Newcrest earning 75%)

Newcrest Mining Limited (Newcrest) report that three aircore/diamond tail holes totalling 2,300 metres were completed at the Alectown East joint venture during the quarter. These holes were planned to follow up the porphyry style stockwork vein mineralisation previously reported from hole RCDAT054 (196 metres at 0.16 g/t Au, 0.26% Cu, including 26 metres at 0.29 g/t Au, 0.52% Cu).

The new holes were 100 metre offsets to the north and south and also 200 metres down dip of the earlier intercept. Results were somewhat disappointing as vein density and copper content were weaker than that in hole RCDAT054. The best intercept from the latest drilling received to date is 17 metres at 0.21 g/t Au and 0.15% Cu from 349 metres in hole ACDAT059.

No further drilling is planned until the results of the recent programme have been fully interpreted.

Tomingley West/Idaho/Oregon Projects (Compass 100%)

These tenements occur to the west of the Wyoming prospect and north of the NorthParkes mine. They are characterised by an Ordovician andesitic volcanic and sediment sequence of the type that host the major gold/copper deposits of central New South Wales. Now that harvesting of cereal crops has been completed, and most surface compensation agreements required prior to programme start up are now to hand. A 5,000 metre aircore drill programme is ready to commence and is planned to both define the distribution of mineralisation at three known prospects as well as carry out reconnaissance drilling to delineate gold/copper anomalism beneath alluvial cover.

Ironbark Project (Compass 100%)

Aircore drilling is also scheduled for the Ironbark project south of Forbes. This drilling will initially target alluvial covered zones along strike from known mineralised intrusives associated with old gold workings. It is aimed at further defining and extending zones anomalous in both gold and arsenic delineated by previous explorers more than a decade ago. In particular potential extension beneath cover to the Croakers Prospect and the Styles Prospect will be evaluated ahead of an RC drill programme to test these prospects.

New Gold Projects in the Lachlan Fold Belt (Compass 100%)

The Company's belief in the exploration potential of this region led to an in depth review of the limited remaining open ground in areas with partly covered Ordovician volcanics. Two new Exploration Licence applications were submitted as a result in the Cootamundra-Forbes area. Although at an early stage of study, these ELs have similar general settings to those that host other Lachlan fold belt gold deposits. Exposure in the area is poor but should be amenable to a combination of geophysical interpretation followed by aircore drilling.

New Copper Projects in the Lachlan Fold Belt (Compass 80%)

The NSW Department of Mineral Resources has made significant contributions to exploration of the State. In particular the development of geochemical and geophysical data sets coupled with improved geological understanding has been made available to industry at low cost. Utilising recently released data Compass has applied for three new Exploration Licences in the northern portion of the Lachlan fold belt. One application covers geochemically anomalous areas in the Ordovician Girilambone Group sediments/volcanics located to the north of the Girilambone Copper Mine and new Tritton development.

Two other Exploration Licence applications were made in conjunction with Bohuon Resources Pty. Ltd. to the northwest of Cobar. Both these areas are interpreted as being along the edges of major Devonian (Cobar) aged sedimentary basins, and have an airborne magnetic expression consistent with zones of base metal mineralisation. As there is no outcrop, evaluation of the areas will be by ground based geophysics methods with computer modelling of results and drilling.

NORTHERN TERRITORY

The Company's principal base metal exploration activities are centred in the Batchelor region, 90 kilometres south of Darwin and comprise a separate joint venture with Phelps Dodge and a regional exploration programme comprising Compass 90% Guardian Resources Pty. Limited 10%.

Browns Development Project (Compass 90%)

Increased demand for base metals, coupled with higher prices highlight the importance of Compass' existing resource base at Browns. The Browns feasibility study, which was suspended in September 2002, was based on resources excluded from the Phelps Dodge agreement. The Company believes that these resources, exclusive of potential additions at prospects such as Mt. Fitch South, are sufficient to support long term mining operations.

The Company has received approximately \$4.5 million to date under a Federal Government R&D Start Grant to assist research and development of environmentally advanced technologies to efficiently treat Browns polymetallic ores. This project has been very successful in combining improvements to conventional treatment circuits with new process technology. The Browns feasibility study was based on a 1 million tonne per year operation applying the newly developed flowsheet with all facilities located at the mine site.

A recent review has highlighted potentially significant economic benefits may result by siting a portion of the treatment facility offshore. Compass plans to open discussions in the first quarter of 2004 with possible strategic partners to further evaluate offshore siting of some facilities and to fund the completion of the Browns feasibility study.

Browns-Area 55 Exploration (Phelps Dodge Australasia Inc's right to earn 70%)

The joint venture with Phelps Dodge covers an area of approximately 9.5 kilometres surrounding the Browns polymetallic deposit, but excludes substantial resources already delineated within that area.

Phelps Dodge and alliance partner Red Metal Limited's principal exploration target is the axis of the Browns syncline where potential exists to structurally thicken and enrich the depth extension of the Browns deposit. Deeper drilling by Compass has shown a tendency for copper grades to increase with depth. The potential for an increase in copper content is part of the attraction of this target to Phelps Dodge, the world's second largest copper producer.

Following geophysical surveys and computer modelling to refine the target, a deep hole commenced in November 2003 targeting the Browns deeps gravity anomaly. After initial drill difficulties good progress was made and the Browns "deeps" hole was on target at 793 metres when suspended for the Christmas break. Drilling recommenced early in January and it is expected that the hole will be completed by month end.

Prior to commencing the Browns deeps hole one precollared diamond drill hole was completed southwest of the Area 55 prospect by Phelps Dodge/Red Metal. Drilling passed through hanging wall grey-black shales before intersecting a 37 metre interval from 113 metres to 150 metres of pyritic carbonaceous shales showing traces of secondary cobalt mineralisation from 140 metres to 150 metres.

This zone was underlain from 170 metres to 207 metres by a laminated and sheared dolomitic siltstone horizon with variable biotite-chlorite alteration and weak to moderate disseminated pyrite. The hole was terminated at 267.1 metres after passing gradationally over 60 metres from the dolomitic siltstone into the massive footwall magnesite unit. Although there does not appear to be significant mineralisation in the hole, it has proved difficult to visually estimate the lead and cobalt grades at this location. Assay results are pending.

Mt Fitch South Prospect (Compass 90%)

Within Compass' regional exploration programme, three RC holes were completed to follow up an earlier intercept in drill hole 01MF02 (11 metres at 0.41% Cu, 6.26% Pb, 0.05% Co, 0.05% Ni and 8 metres at 0.41% Cu, 7.25% Pb, 0.07% Co and 0.07% Ni). The new hole 03MF01 intersected approximately 125 metres down dip from the previous intercepts recording a wider zone of mineralisation with higher grades. The new intercept is approximately 69 metres true width and contains distinct higher grade sub-zones dominated by lead, copper and cobalt/nickel. Peak grades over the 1 metre drill splits attained for various metals were 22.11% for lead, 2.54% for copper, 5.02% for cobalt and 1.97% for nickel. The table below provides details of the latest results:

Drill Results 03MF01 - Mt. Fitch South Prospect

	Interval	% Cu	% Pb	% Co	% Ni	Zones
61-130	69	0.41	4.69	0.22	0.16	
Including						
61-66	5	0.23	12.60	0.17	0.15	Lead 1
68-87	19	0.41	3.69	0.35	0.38	Cobalt Nickel 1
80-88	8	1.32	4.42	0.06	0.05	Copper 1
91-107	16	0.35	7.39	0.05	0.05	Lead 2
107-110	3	0.36	1.38	2.14	0.94	Cobalt Nickel 2
127-130	3	0.43	5.71	0.22	0.19	Lead 3

Final assays are pending for the interval 130-140 metres and the interval 40-60 metres.

The width of the drill intercept at the Mt. Fitch South Prospect, together with the presence of high grade zones is very encouraging. The mineralisation is similar to Compass' Browns deposit located 8 kilometres to the southwest, although cobalt and nickel values appear to be somewhat higher in this drill hole. It is assumed that if a significant deposit is outlined it could be processed at a similar treatment facility being considered for Browns.

At this stage it appears that the main lens of mineralisation at Mt Fitch South is continuing to the south and west of the discovery holes. An interpreted growth fault appears to have been active during sedimentation and associated mineralisation. This may have resulted in the upper northern block having scattered mineralisation deposited in restricted shallow water sub basins, whilst the downthrown southern block contains lead, copper, cobalt and nickel mineralisation deposited in a thickened black shale sub basin. The setting is similar to that hosting a number of large base metal deposits around the world.

A second drill hole (03MF02) drilled to test an horizon stratigraphically higher than the 03MF01 intersected anomalous zinc mineralisation including 2 metres at 2.20% zinc from 71 metres and 1 metre at 2.68% zinc from 74 metres. Further evaluation of this horizon is warranted. The third hole (03MF03) is interpreted to have been drilled to the north of the reactivated fault intersecting dominantly pyrite mineralisation. The onset of the wet season means follow up of these latest intercepts cannot commence until late April May 2004.

WORLD BEATER PROJECT - USA (*Compass Minerals Ltd - MBA Gold Corp earning 60%*)

MBA Gold Corp (MBA), the operator of the World Beater joint venture project in California USA, advised of the completion of a programme of 8,000 feet (2,440 metres) drilling in 29 holes at World Beater. The principal purpose of this drilling was to establish potential extensions to the stratabound exhalite gold mineralisation. In addition, and importantly in Compass' view, it was also intended follow up the potential for deeper high grade gold mineralisation beneath the stratabound resource. MBA reports that the step out holes did intersect extensions to the eastern mineralised stratabound exhalite zone which forms the southern portion of a still open higher grade gold resource lens that was the focus of the infill drilling. A second exhalite zone 490 metres to the west has also been infill drilled and extended.

Hole M-20V was planned to test stratabound mineralisation and the interpreted feeder zone target in World Beater complex rocks. This hole did record 1.52 metres at 20.16 grams per tonne gold just into the World Beater complex at a depth of 79 metres. However, due to drill conditions it did not go deep enough to test the level of other high grade intercepts previously recorded by Compass (e.g. 7.6 metres at 60.6 grams per tonne gold).

A revised resource estimate now being prepared by Mine Development Associates of Reno Nevada will be used by MBA along with other exploration results to determine the parameters for the prefeasibility.

MBA have notified Compass of expenditure of US\$677,000 on the World Beater project, which exceeds the US\$500,000 minimum required to secure their 30% equity interest.

Due to delays in completion of the initial programme beyond MBA's control, Compass and MBA have agreed to an extension of time to 30 September 2004 for completion of the prefeasibility study that will earn MBA a further 30% interest in this project. MBA are also considering a further drill programme at World Beater ahead of the prefeasibility study including testing extensions of the deeper high grade mineralisation.

Information in this report accurately reflects the information compiled/reviewed by Dr. M. Humphreys, 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.