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REPORT FOR THE QUARTER ENDING 31 DECEMBER, 2004

Highlights

- Browns Oxide Strategy announced, targeting:
 - Go ahead decision mid 2005
 - Annual production 10,000 tonnes Cu, 1,000 tonnes Co and 700 tonnes Ni
 - Start-up early 2006
- Browns Oxide Project achievements during the Quarter:
 - Sample drilling programme completed at Browns, Mt. Fitch and Area 55
 - Definitive metallurgical work commenced
 - Notice of Intent submitted to NT Government
 - New Browns oxide resource announced
- \$3.5 million capital raised to fund oxide evaluation, engineering studies and other programmes.
- R. D. Elvish appointed to the Board as Technical Director. He will lead the Browns Oxide Project development.
- New resource estimates for Browns announced incorporating additional drilling
- New gold-uranium prospect EL application includes Mt. Minza, NT
- Agreement with Territory Iron Pty. Ltd. for evaluation of NT iron ore near Batchelor
- Encouraging drill intercepts reported at Alectown East and Tomingley NSW
- Gold mineralisation at Croakers NSW, extended after re-assaying drill cuttings

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BROWNS OXIDE PROJECT (90% Compass, 10% Guardian)

The Company announced the Browns Oxide Project in October. This targets production of 10,000 tonnes per annum (tpa) of copper, 1000 tpa cobalt and 700 tpa of nickel to begin in early 2006, taking Compass from a pure exploration company to a significant copper and major cobalt producer.

The top 15 to 20 metres of the Browns deposit is a highly weathered oxide zone. Metals will be dissolved quickly in sulphuric acid and recovered by solvent extraction and electrowinning or precipitation. At a mining rate of 1 million tpa, present resources at Browns, Mt Fitch and Area 55 give an oxide project life in excess of 5 years.

Immediately the oxide strategy was announced, a fast track program began by drilling to obtain samples for metallurgical definition work. A new Browns oxide resource was announced (Table 1) in December.

Table 1: Browns Oxide Copper Resource

December 2004	Mt	% Cu	% Co	% Ni
Measured	2.2	1.14	0.12	0.11
Indicated	0.4	0.77	0.14	0.11
Inferred	0.2	0.78	0.12	0.11
Total	2.8	1.06	0.13	0.11
Contained Metal (t)		29,680	3,640	3,080

(cut-off grades used were 0.5% for copper and 0.10% for cobalt)

Contained metals were significantly increased from the 2001 resource, with copper increasing by 38% and cobalt and nickel increasing by approximately 60%. These increases are attributed to additional drilling and by improved geological and domain modelling of the oxide zone. An additional tonnage of oxidised lead ore is also present, mainly as lead carbonate.

The Company's other defined oxide resources in the Batchelor area were not re-estimated. Area 55 remains at 2.6 million tonnes at 1.0% copper, 0.17% cobalt and 0.18% nickel and Mt Fitch at 1.3 million tonnes at 0.6% copper, 0.21% cobalt and 0.20% nickel. Total oxide copper resources now total 6.6 million tonnes versus 5.8 million tonnes previously reported. A further drilling program is scheduled early in the coming dry season with further increases in oxide resources anticipated.

Definitive metallurgical work is underway to finalise treatment plant design.

A "Notice of Intent" for the Browns Oxide Project was submitted to the Northern Territory Government on 1 December, 2004. Most environmental baseline work has already been completed and the NT Office of Environment and Heritage will issue its assessment guidelines in February. Wet season studies will be completed in April.

Engineering work is planned to enable a "go ahead" decision to be made mid 2005. Secondhand equipment will be incorporated in the design, allowing the tight timetable to be achieved. A financially robust project is forecast, allowing innovative financing to reduce the lead-time normally required for a bankable feasibility study. Production is thus forecast for early 2006.

CAPITAL RAISING

In December, the Company successfully completed a capital raising totalling \$3.63 million less costs and underwriting fees of \$0.13 million. A total of 12,078,530 shares were issued at 30 cents per share. Shareholders were issued 4,298,531 shares under the Share Purchase Plan and a further 7,779,999 shares were placed with investors complying under Section 708 of the Corporations Act.

NT IRON ORE AGREEMENT (90% Compass, 10% Guardian)

An agreement was concluded with Perth based Territory Iron Pty. Ltd. over areas within MLA N1163 and sections of ERL 125 and ERL 146. A 1970 report quoted a pre-JORC figure of 10.5 million tonnes of 40% to 60% iron in this area. There is potential to expand.

Territory Iron will explore, test, and if feasible, develop the project area for mining and beneficiation giving Territory Iron the right to purchase iron ore at a price of \$1 per tonne of 60% Fe iron ore equivalent. Territory Iron made a non-refundable advance payment of \$150,000.

NORTHERN TERRITORY RESOURCES

Resource Estimates

Resource consultants, Hellman and Schofield Pty. Ltd., completed a new estimate for both oxide (see above) and sulphide ore at the Company's Browns Project in the Northern Territory. The new estimate includes additional drill data and shows a significant improvement in the lead and copper grades in the Browns sulphides. Separate copper and lead lenses were also calculated.

Total mineral resources in the Batchelor area (Browns, Browns East, Area 55 and Mt Fitch) now stand at 84.2 million tonnes at an average grade of 2.69% lead, 0.78% copper, 0.12% cobalt and 0.11% nickel. Using long term metal prices (US\$/lb) of 1.10 for copper, 0.38 for lead, 12.50 for cobalt and 5.50 for nickel, this equates to a contained copper equivalent of three million tonnes of copper in situ.

Browns Global Resource

The contained metal in the Browns deposit global resource has increased by 29% for lead, 17% for copper, and 3% for cobalt and nickel over the resource reported in 2001. The majority of this increase is contributed by grade improvements with the total resource tonnage increasing by only 3%. The new measured and indicated categories primarily reflect the significantly smaller search ellipses being used in the new estimation.

Table 2: Browns Global Resources

December 2004	Mt	% Cu	% Pb	% Co	% Ni	g/t Ag
Measured	11.9	0.55	3.80	0.12	0.10	11
Indicated	10.2	0.34	4.73	0.11	0.09	14
Inferred	17.9	0.55	4.87	0.10	0.08	14
Total	40.0	0.50	4.52	0.11	0.09	13

(cut-off grades used were 3% for lead, 0.5% for copper and 0.10% for cobalt)

Resources at Browns East and Area 55 were not re-estimated. They remain at 30.5 million tonnes at 1.29% copper, 1.28% lead, 0.13% cobalt, 0.13% nickel and 11 g/t silver for Browns East and 12.4 million tonnes at 0.49% copper, 0.56% lead, 0.14% cobalt and 0.14% nickel for the Area 55 deposit (as reported in the Company's 2001 Annual Report).

Browns Sulphide – Copper and Lead Lenses

Separate copper and lead lenses have now been defined in modelling of the Browns sulphide mineralisation. Both copper and lead lenses are higher in grade than previously estimated, with this new understanding expected to result in higher mill feed grades than previously predicted.

Table 3: Browns Sulphide Copper and Lead Lenses

Copper Lens	Mt	% Cu	% Pb	% Co	% Ni	g/t Ag
Measured	3.2	0.95	2.43	0.15	0.12	12
Indicated	2.8	0.82	2.42	0.13	0.11	12
Inferred	8.3	1.01	3.41	0.12	0.10	14
Total	14.3	0.96	2.99	0.13	0.11	13

(cut-off grades used were 0.5% for copper and 0.10% for cobalt)

Lead Lens	Mt	% Cu	% Pb	% Co	% Ni	g/t Ag
Measured	6.0	0.20	5.30	0.11	0.09	13
Indicated	6.9	0.20	5.94	0.10	0.08	15
Inferred	9.4	0.19	6.23	0.08	0.07	15
Total	22.3	0.20	5.89	0.10	0.08	14
Total Sulphide	36.7	0.46	4.76	0.11	0.09	14

(cut-off grade used was 3% for lead)

NORTHERN TERRITORY EXPLORATION

Oxide Drilling

During the quarter, twenty two shallow vertical and angled drill holes was completed at three copper-cobalt prospects to obtain variability ore samples for metallurgical testwork. Assaying of five metre composite samples from all holes has confirmed the presence of thick copper ± cobalt oxide zones overlying a variety of host rocks at all three locations. Higher grade zones are shown in Table 4.

Table 4: Oxide Drill Intersections

Hole	Prospect	From (m)	To (m)	Int (m)	% Cu	% Co
A55.1	Area 55	5	20	15	1.15	0.29
A55.3	Area 55	30	55	25	2.50	0.07
MF.2	Mt. Fitch	20	35	15	0.70	0.14
MF.6	Mt. Fitch	0	15	15	0.85	0.18
MF.8	Mt. Fitch	0	15	15	1.02	0.03
BD.2	Browns	0	16	16	1.06	0.07
BD.4	Browns	5	22	17	1.84	0.22
BD.5	Browns	15	27	12	1.08	0.01
BD.6	Browns	0	11	11	2.50	0.16

New Tenement Applications – Base Metals, Gold, PGM and Uranium Potential

With increasing understanding of the local geology, applications were made over three areas south and west of Batchelor, covering ground with reported occurrences of base metal, gold, platinum, palladium and uranium. They contain the Kylie, Kylie South, Waterhouse and Mt Minza uranium prospects. The present land surface is interpreted as being located just below a major Proterozoic unconformity, having many similarities with the uranium provinces in the East Alligator region and the Athabasca region of Saskatchewan, Canada.

Mt. Minza (ELA 24455) and Mt. Mabel (ELA 24464) applications are 31.0 and 60.2 square kilometres respectively. They cover the same rock units which host the Company's polymetallic resources, and also cover very similar, but slightly younger lithologies. This younger repetition of rock types also contains haematite breccias and several known mineral occurrences. A 1976 drill hole at the Mt Minza prospect assayed 3.55g/t gold and 0.34% uranium over 0.5 metres.

The application to the west of Browns and northwest of Area 55 (West Finnis, of 3.3 square kilometres) covers strategic ground prospective for base and precious metals.

Mt. Fitch North

A reverse circulation percussion hole, located 50 metres north of drill hole MFN 4 (14 metres at 1.94% copper) was abandoned at 40 metres depth due to loss of air return. This hole will be completed by diamond drilling using the 40 metres section drilled to date as a pre-collar.

An additional exploration hole, located near where a cross fault displaces the prospective shale/carbonate contact intersected a 10 metre zone (from 35 metres) assaying 0.27% copper

NEW SOUTH WALES EXPLORATION

Trewilga Project EL 5675 (Compass Royalty interest)

Alkane continued to release results from the deep drilling programme aimed at increasing the gold resource and depth extent of known mineralisation at the Wyoming prospects. The intercept in drill hole WY811D extended the hanging wall zone of mineralisation to a depth of 450 metres below surface, 200 metres below the previous deepest intersection of 17m grading 4.72g/t gold in hole WY812. Drill hole WY821D has likewise extended the mineralisation in the "376" structure a further 75 metres deeper than previously known. Additional gold intersections in holes which targeted both porphyry and "376" style mineralisation intercepts include:

Table 5: Wyoming Intersections

Hole	Interval (m)	g/t Gold	From (m)
WY811D	17	3.42	521
WY812	17	4.72	297
including	9	6.70	300

It is noted that hole WY812 was drilled to a depth of 314 metres and apparently ended in mineralisation.

WY821D	22	2.34	247
	18.4	5.74	292.8
	4.1	4.59	336.9

This hole intersected porphyry mineralisation in two zones as well as intersecting the "376" structure lower in the hole.

The Compass royalty interest in the Trewilga tenement (that covers the Wyoming and Tomingley prospects and a substantial surrounding area) comprises "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 are produced, thence 5% of gold and other minerals recovered."

Alectown East JV ELs 4752, 5563, 6265 (Compass 25%, Newcrest 75%)

Deep diamond drill hole ACDAT061 was completed at 810.1metres. This hole tested an area to the west of previous drilling, targeting the eastern margins of a relatively deep magnetic low and a significant fault zone. Most of the rocks intersected are non-magnetic unbedded volcanoclastics conglomerate and sandstone, with narrow intrusive dykes of diorite and pyroxene porphyry.

Intrusive breccias occur in the intervals 547-553 metres and 601.5-710 metres. Alteration consists of weak to moderate propylitic with a variety of mineral assemblages present. Assay results have now been received and appear to differ in form from those of other drill holes at this prospect. These new results include a series of isolated narrow higher grade gold zones with lower copper values, where previous holes showed wider zones with lower gold values associated with anomalous copper.

Higher gold grade intervals include:

Table 6: Assays from Drill Hole ACDAT061

From	To	Interval	g/t gold	% copper
48	82	34	0.18	0.17
including				
58	66	8	0.41	0.33
449	454	5	2.0	<0.01
including				
449	450	1	5.8	<0.01
465	466	1	1.34	0.01
468	478	10	0.20	0.03
including				
476	478	2	0.5	0.04
497	506	9	0.20	0.05
including				
504	506	2	0.44	0.06
530	535	5	0.47	0.09
556	558	2	0.65	0.23
763	765	2	4.4	0.03
including				
763	764	1	8.4	0.05

Ironbark EL 6090 (Compass 80%)

Additional assaying of drill samples from the Croakers prospect confirmed that all three RC holes had intersected multiple gold bearing zones in highly weathered zones. This information, together with the aircore results, show that multiple parallel zones of gold/arsenic mineralisation are present, not a single mineralised structure as previously believed. Assay results now include the following:

Table 7: Croakers Drill Hole Assays

Hole	From	To	Interval	g/t gold
CRC01 (Southern RC hole)	16	21	5	0.22
	72	79	7	0.45
	82	88	6	0.25
	93	95	2	0.12
	132	133	1	0.22
CRC02 (Central RC hole)	0	2	1	8.72
	20	23	3	0.15
	65	85	20	0.52
	98	108	10	0.11
CRC03 (Northern RC hole)	0	20	20	0.46
	56	66	10	0.20
	88	92	4	0.20
	96	109	13	0.37

Trial geophysical surveys are being planned to test for the effectiveness in locating this style of mineralisation at depth.

Tomingley West EL 6080 (Compass 100%)

The presence of relatively shallow sulphide bearing rocks in the Bogan East geochemical anomaly is to be followed up by ground IP surveying to further define percussion drill targets.

Yancannia EL 6225 and Cuttaburra EL 6224 (compass 80%)

Planning continues ahead of ground geophysical surveying of the magnetic anomalies on both tenements.

The information in this report relating to exploration results, mineral resources, or ore reserves is based on information compiled by Dr. M. K. Boots, a full time employee of the Company, who is a Member of Aus. I.M.M. and who consents to the inclusion in this report of the information as presented. Dr. M. K. Boots has sufficient experience relevant to the style of mineralisation/type of deposit under consideration and to the relevant activity to qualify as a Competent Person as defined in JORC Code 2004 edition.