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REPORT FOR THE QUARTER ENDING 30 SEPTEMBER, 2004

HEADLINES

- Conclusions from Browns start-up project study:
 - a low capital cost oxide leach project feasible
 - financially attractive
 - within Compass' capability to deliver
 - the preferred early development option.
- Oxide resource estimate released for the Company's Batchelor region projects.
- In-ground value of oxide resource over A\$1 billion
- Oxide project development study underway targeting a construction decision mid 2005.
- New Director Appointed
 - Rodney Elvish appointed Technical Director responsible for the Browns development programme

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NORTHERN TERRITORY

Batchelor Region Projects (Compass 90%)

Activities in the quarter focussed on assessing the early development of Browns and the Company's other Batchelor region resources.

As outlined in Compass' half yearly report to 30 June, 2004, a new development strategy was adopted for the Company's increasing significant and valuable resources of copper, lead, cobalt and nickel in the Batchelor region. This low capital cost start-up project is expected to be largely within the Company's own financial capabilities.

At current prices (7 October, 2004) and an exchange rate of A\$1.00 = US\$0.70 the in ground value of resources in this area has increased to A\$14.6 billion (Compass 90%). More than 90% of this is sulphide mineralisation. Oxide resources exceed A\$1 billion of this value. Table 1 provides a summary of the Company's copper-cobalt-nickel oxide resources in the Batchelor region. The conversion of cobalt and nickel to copper equivalent is based on multiplying cobalt values by 11 and nickel values by 5 and reflects the longer term prices the Company uses in assessing the Project - Copper US\$1.10/pound, Cobalt US\$12.50/pound, Nickel US\$5.50/pound.

Table 1: Compass Batchelor Region Oxide Copper/Cobalt Resources

	Mt	% Cu	% Co	% Ni	% Cu Equiv
Browns - measured	2.0	1.1	0.12	0.09	2.9
Area 55 - indicated	2.6	1.0	0.17	0.18	3.9
Mt. Fitch - indicated	1.3	0.6	0.21	0.20	4.0
Total	5.8	0.9	0.16	0.12	3.3
Tonnes contained metal		55,000	9,300	7,200	

Early Start-up Project

Based on the extensive and detailed technical and cost data available for Browns the Company was able to efficiently evaluate a number of lower capital cost start-up sulphide and oxide projects. The assessment concluded that a potentially very profitable, low capital cost project could be established based on the Company's existing oxide ores at Browns and surrounding areas. This supports an oxide project for at least three years whilst good potential exists to further expand the oxide resource base in this area.

Evaluation of both heap leaching and agitated leaching of the oxide ore was investigated. The assessment concluded that an agitated leach was likely to be preferred over heap leaching. Though higher in capital cost an agitated leach in tanks provides better control of the leaching environment compared to heap leaching and produces the best financial returns because of higher metal recoveries and lower acid consumption.

In view of the encouraging results the Board decided to proceed immediately with detailed development planning which is expected to be concluded by mid 2005 allowing a construction decision immediately thereafter. Because considerable environmental and other work has already been completed for the Browns sulphide project it is anticipated that the oxide operation can be fast tracked with a likely production start up in the first half of 2006.

The evaluation will include an initial cost benefit analyses of both heap and agitated leaching at a range of annual throughputs (350,000 to 1 million tonnes per annum) of oxide ores in order to fully define the development plan.

A small drill programme is planned for November to provide additional material for leach variability tests from Mt. Fitch, Area 55 and Browns. Two main types of oxide ore will be sampled, the malchite rich oxidised black shale type, and a secondary ferruginous type which overlies the footwall dolomite and typically has higher cobalt and nickel values.

At the larger throughput annual production of metals would be approximately 9,700 tonnes of copper and 1,000 tonnes of cobalt plus nickel credits. This would make Compass a substantial supplier of cobalt on a world scale during the initial oxide project phase.

It is anticipated that early production from the oxide leaching circuit will enable Compass to expedite the initial project largely within its own financial resources. This early cashflow is expected to place Compass in a significantly better position in negotiations for a new strategic partner for the major sulphide project. Negotiations with potential new participants will continue in parallel with the oxide project.

Browns Sulphide Project

The low cost oxide project is synergistic to a future sulphide development leaving these resources intact adjacent to an existing operation. Having established itself from the oxide resource development as a significant cobalt producer with supplementary copper and nickel it is envisaged that the start-up of the sulphide project will increase overall production, including new lead production.

The large sulphide resources of copper, lead, cobalt and nickel controlled by Compass in the Batchelor region are an important asset of the Company. The complex mixture of metals requires newer technologies to separate the metal components and recover them in a high value form. The Company's work over the past 5 years has demonstrated that a number of processes can be applied to this end. Compass has in the past favoured the Engitec fluoboric leach process to achieve this and is licensee of this technology for application in Australia. However discussion with potential new strategic partners has confirmed that high pressure acid leaching and chloride leaching are potential alternatives. A decision on Flubor® versus other alternatives will need to be made in conjunction with any new strategic partner before the major sulphide project bankable feasibility study is resumed.

The Company is also proceeding with an updated sulphide resource estimate taking into account drill holes completed since the last estimate by Snowdens Mining Consultants. A number of these holes had improved drill intersections when compared to the resource model. The new resource model will form the basis for new open cut and underground sulphide mining schedules. It is anticipated that the new estimate will provide better flexibility to evaluate high grading options and production scenarios with more defined copper or lead emphasis.

The likely withdrawal of Phelps Dodge Australasia Inc. (PDAI) from the Browns Deeps joint venture will assist the introduction of any new participant in the Browns Project. PDAI have indicated that they intend to withdraw in the near future following negative results from their very deep (1,214 metre) drill hole.

A review of drill data including the PDAI deep hole and Compass' deepest hole at Browns (01BD02 which intersected 68 metres at 11.3% lead, 0.4% copper, 0.11% cobalt and 0.10% nickel from 392 metres depth), clearly shows considerable potential existing to significantly expand sulphide resources at depth beneath the existing Browns deposit.

A start-up oxide operation at Browns will likely improve the potential for early sulphide follow on developments.

Browns Iron Ore

The Company is in discussion with representatives of Chinese groups for assessment and possible exploitation of a number of small iron ore deposits with Compass' Batchelor region tenements.

Technical Director Appointed to Implement Project Development

Reflecting the progress of Browns towards development, the Company is pleased to announce that Mr. Rodney Elvish has accepted its invitation to join the Compass Board as Technical Director. Mr. Elvish is an experienced metallurgist who has specialised in hydrometallurgical processes including oxide copper leaching. He has had a close involvement with Browns over the past 5 years and will be responsible for progressing the oxide project to a construction decision and integration of the Browns sulphide project. He is a Past President of the Australasian Institute of Mining and Metallurgy. The Board looks forward to his contribution as the Company progresses towards project development and operations.

NORTHERN TERRITORY EXPLORATION

Platinum-Palladium-Gold Prospect - EL 23436 (Compass 100%)

Platinum and palladium (\pm gold) mineralisation is generally associated with magmatic bodies of mafic/ultramafic composition. In the Pine Creek Oregon of the Northern Territory it is associated with uranium deposits and occurrences located in sedimentary host rocks below the Middle Proterozoic unconformity. In that regard the occurrences are similar to major uranium deposits with similar credits in Canada's Athabasca Basin.

Ten kilometres south of Batchelor Compass' EL 23436 contains the Sargents North Prospect which is also close to the Middle Proterozoic unconformity. Previous drilling recorded the following intercepts at this prospect.

- 8 metres at 1.26 g/t gold, 1.97 g/t platinum, 0.06 g/t palladium including 2 metres at 1.32 g/t gold, 5.01 g/t platinum and 0.14-g/t palladium in hole SNRC04.
- 8 metres at 4.76 g/t gold, 1.45 g/t platinum, 1.25 g/t palladium in hole SNRC07
- 4 metres at 13.00 g/t gold, 2.42 g/t platinum, 2.66 g/t palladium in hole SNRC10
- 3 metres at 5.90 g/t gold, 1.07 g/t platinum, 1.59 g/t palladium in hole SNRC20

A diamond drill hole is planned to commence at the Sargents North Prospect mid October. The hole is planned to collect core samples of the geological sequence including any gold-platinum-palladium mineralisation at this prospect for mineralogical/petrological examination.

Work to date has failed to establish significant continuity and extent to the Sargents North mineralisation. It is expected that the latest core hole will help in the interpretation of the origin of this style of mineralisation and may also assist in identifying vectors to extensions of this mineralisation. A better understanding of mineralisation controls will also assist in the identification of additional prospects of this type within the Company's tenements, and help in planning follow up programmes.

NEW SOUTH WALES

Trewilga Project EL 5675 (Compass Royalty Interest)

Alkane Exploration Limited announced on 12 October, additional high grade intercepts at the Wyoming 1 deposit from resource development drilling.

These include the following intercepts from holes aimed at the "376" structure.

WY816	39 metres grading 4.36 g/t gold from 45 metres
and	6 metres grading 5.93 g/t. gold from 183 metres
WY817	6 metres grading 5.12 g/t gold from 165 metres
and	3 metres grading 7.54 g/t gold from 270 metres.

The above holes also intersected long intervals of lower grade material.

WY816	27 metres grading 1.15 g/t gold from 93 metres
and	9 metres grading 1.07 g/t gold from 159 metres
WY 817	9 metres grading 1.42 g/t gold from 96 metres
and	54 metres grading 1.47 g/t gold from 156 metres.

Alkane advised that resource modelling aimed at improving open pitable grades and to determine the continuity of higher grade structures for possible underground mining continued as part of the pre-feasibility study.

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 EL 6080 (Compass 100%)

The encouraging geological and geochemical results from the Bogan South and Bulgadramine drill programmes and their proximity to the Trewilga Project (Compass Royalty Interest) have made them a prime target for additional drilling.

The presence beneath transported cover of an altered Ordovician sequence of andesitic volcanics and sediments, with good copper and gold anomalies is very encouraging. The Bogan South Prospect is located on a major northwest lineament trending through the Peak Hill gold deposit approximately 6 kilometres to the southeast.

An aircore drill programme tracing the Bogan South geochemical anomaly to the south and west where it is still open is planned when access is possible following harvesting of crops. It is expected that this work will sufficiently define the prospects geochemical signature so that a deeper reverse circulation drill programme can be undertaken as the subsequent target testing phase. Further evaluation of the Bulgadramine prospect, where 1 of 2 scout reconnaissance holes intersected 5 metres of 1.7 g/t gold will also be scheduled.

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

During the quarter, Newcrest Mining Limited, completed a detailed gravity survey of the area over and surrounding the Buryan copper-gold porphyry system, with the aim of helping to interpret the geology of the area and delineating possible drill targets. The survey was successful in aiding the interpretation of the geology, but did not generate any gravity drill targets.

Since then, a further deep drill hole has been completed to a depth of 810.1 metres at the Buryan Prospect. Assay results for this hole are pending. Visual logging confirms that the hole intersected porphyry style mineralisation and may have also intersected a "hydrothermal breccia", a favourable feature not uncommon in many mineralised porphyry systems. All results, including petrology studies of this drill core will be analysed and used to determine the next phases of evaluation which could include additional drilling.

The presence of mineralised porphyries continues to underscore the potential of the Tomingley-Parkes-Forbes Ordovician sequence for gold and gold-copper deposits.

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

This previously unexplored area is interpreted to be part of a rift trough of equivalent age to the Cobar basin. The ELs cover a series of magnetic anomalies along a main boundary fault that forms the southern margin of the rift. The magnetic anomalies have been modelled to sources at a depth of 100-180 metres beneath a cover of Tertiary and Quaternary sediments. Through necessity, exploration will involve a combination of geophysical surveys and drilling.

Given the Cobar region association of ore deposits and magnetic anomalies (as well as other sedimentary stratabound (sedex) deposits) the anomalies within Cuttaburra and Yancannia ELs constitute attractive targets.

Drilling of buried magnetic anomalies must be considered to have higher exploration risk. However if the geological/geophysical concept proves correct, the potential for multiple discoveries is greatly enhanced.

Compass has obtained quotes for a ground geophysical survey over both tenements. The Company is also holding discussions with potential joint venture parties to fund an extensive exploration programme.

Ironbark EL 6090 (Compass 100%)

Compilation of aircore and R/C lithological and assay drill data for Styles and Croakers was undertaken during the quarter. The drill programme has clearly shown that the syenite composition dykes intrude predominantly shale host rocks in this region.

The extent and geometry of the dykes suggest they are sourced from an underlying intrusive and are more extensive than previously thought. The deformation of the intrusive suggests that they are of the gold prone Ordovician age. It is clear that brecciation and quartz veining introduced by these intrusives are associated with gold mineralisation at Styles and Croakers. The sodic nature of these intrusives and the nature of the mineralisation has parallels to the mineralisation at Wyoming.

To date drilling has intersected broad zones of moderate grade (22 metres 0.4 g/t gold, 26 metres 0.6 g/t gold) and more restricted higher grade zones (6 metres 5.8 g/t gold, 4 metres 3.6g/t gold). However continuity of higher grade has not been established as yet.

Our current interpretation suggests the area of main gold deposition, if present, is at greater depth beneath the Styles deposit.

Regional data compilation shows that a number of other gold workings occur along the general trend of the syenitic intrusives. Poor exposure and a transported soil cover inhibit surface evaluation of this trend. The intrusives themselves are non-magnetic which prevents magnetic mapping. Nevertheless the shallow nature of the cover rocks will allow cheaper drill methods to be employed cost effectively.

The anomalous gold trend with associated intrusives has a currently defined strike length of approximately 12 kilometres. Prospects with anomalous drill results from limited programmes completed to date from north to south along this trend are:

Kirkpatricks	1 metre 2.1g/t gold
Pinnacles	1 metre 4.4 g/t gold
German Hill	1 metre 4.2 g/t gold
Ironbark	2 metres 2.2 g/t gold
Styles	6 metres 5.8 g/t gold
Croakers	7 metres 1.3 g/t gold

Further evaluation of these prospects trend is planned.

Trangie EL 6067

Two shallow vertical R/C holes totalling 127 metres were completed at this prospect to determine the presence of an interpreted carbonatite pipe associated with a discrete magnetic anomaly. The holes intersected highly magnetic mafic intrusives explaining the anomaly. These intrusives were unmineralised and no further work is planned.

AMERICAS PROGRAMME

Nangali Gold Project, Peru (Compass 70%, AKD Ltd 30%)

The Company had concluded agreement with Newmont Peru for the acquisition by Compass and AKD Ltd of the Nangali gold project and transfer of title to Compass/AKD's Peruvian agent is now in place.

Formal documentation has now been completed with Newmont's Peruvian corporation, Compania Minera LJB Normandy Peru, and initial contract payments of US\$30,000 paid. Acquisition terms require the balance of US\$200,000 to be paid to Newmont once title is formally registered in Compass/AKD name by government decree. This process is anticipated to take approximately 6 months due to normal administration procedures. Newmont will also receive a 2% royalty on any commercial production.

Nangali is a highly prospective epithermal gold vein system with a number of established but undrilled prospects.

World Beater Project - Cal. USA (Compass Minerals Ltd - MBA Gold Corp earning 60%)

No field activities were undertaken during this quarter.

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.