

Compass on course with project portfolio

Compass Resources NL has built up a portfolio of gold and base metal resources and exploration projects which managing director Malcolm Humphreys says will deliver significantly enhanced shareholder value over the coming years.

"Our recent successes have been the discovery and build up of several gold and base metal resources, which we believe have the potential to become mining operations leading to a re-rating of Compass as a potential near-term producer," Dr. Humphreys said.

He said like other junior resource companies, Compass' ability to progress a number of its exciting gold and base metal projects over the past five years has been limited by weak domestic and international resource capital markets.

"This capital problem has been amplified by the consolidation and take over of mid-sized mining companies in Australia and internationally.

"These companies previously provided early risk capital for junior explorers' exploration programs. The capital problem has in part been overcome by taking exploration projects to more advanced stages which have encouraged companies to farm in, whereas they were not prepared to take the risk at earlier exploration stages."

Dr. Humphreys said in order to ensure that projects with good potential were progressed in this period, Compass completed a number of joint ventures resulting in substantial expenditures on these projects. This has continued, and this year more than \$5m will be spent on Compass projects - of which approximately 80 per cent will be provided by co-venturers,

"The company also undertook to increase emphasis on gold exploration, with a particular focus on the Lachlan Fold Belt in NSW

"We believe this area has tremendous potential for new discoveries and will be the main focus of our gold program." Compass has a strong land position in its own right and through joint venture and royalty interests in the Parkes area of Central West NSW.

"Newcrest Mining is following up Compass' initial encouraging results at Alectown East Project.

"Copper gold style porphyry mineralisation has been intersected on this property and further drilling is now under way."

Compass will be drilling its own gold and gold-copper projects located just 15km north of Rio's large Northparkes mine, as well as following up gold intercepts at its Ironbark project near Forbes.

"This work commences next month and will continue through the first quarter of 2004.

"Our gold program supplements an active base metal program." Dr Humphreys said Compass has outlined base metal resources in the Northern Territory - exceeding \$8 billion in terms of in-ground value,

"Phelps Dodge will be drilling a plus 1,000m hole to test beneath Compass' 40mt Browns deposit in the Northern Territory to test for a deposit extension at depths of 600 to 800m vertically below surface in November 2003.

"In California USA, a Canadian coventurer is spending in excess of US\$0,5m on Compass' wholly-owned US subsidiary's World Beater deposit in California.

"Currently, this deposit has a resource of 200,000oz gold which remains open. A decision on a bankable feasibility study is expected in April next year after extensions to this deposit have been tested."

Dr Humphreys said the company's success has come from its philosophy of selecting exploration areas where potential for major company making discoveries occur (the right areas are a necessary first step) and then making strong commitments to those areas rather than having a patchwork of projects throughout large regions.

"Finally, we have persistence in exploring those areas based on innovative thinking."

Compass has also received strong support from the Commonwealth with a substantial Commonwealth R&D Start Grant, which has exceeded \$4m, allowing the company to successfully demonstrate the technology for its Browns base metal project.

Dr Humphreys said Compass Resources offers investors and shareholders a somewhat unique exposure involving gold and base metal resources at feasibility stages, while still being rated as an explorer by the market.

"This near-term development potential is coupled with good exposure through Compass' own and joint venture projects in the Parkes-Forbes region of NSW, offering excellent potential for additional major gold and gold copper discoveries.

"The company's driving force is based on the widespread international exploration experience of its staff and consultants and the goal to significantly convert exploration discovery in to shareholder value."

Dr Humphreys said Compass' short term goal is to maintain a high level of exploration funding and to ensure that the expenditure is effectively used with a high percentage into drilling targets.

"Either this year or next, Compass expects decisions on bankable feasibility studies to be taken on a number of projects where Compass holds significant interests. These include Alkane's Wyoming gold discovery, Compass' World Beater gold discovery, and the company's major Browns polymetallic deposit.

"The long-term goal is to convert the inherent value of these assets into tangible benefits for shareholders."

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