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## COMPASS RE-EVALUATES NT BASE METAL SULPHIDE DEVELOPMENT

The Company's immediate focus is on production of copper, cobalt and nickel from the Browns Oxide Project and on an accelerated uranium and base metal exploration program for the 2006 field season. Excellent progress is being made in this respect with options having just been placed over key pieces of grinding equipment and with financing efforts proceeding on schedule.

Notwithstanding the intense focus on the Oxide Project, the Board, driven by the continued and forecast high base metals demand and prices, requested a new in-house financial model of the potential development of the Company's major base metals sulphide resources near Batchelor in the Northern Territory.

This model has been completed based mostly on previous feasibility level engineering. It is based on a conceptual mine plan producing 2 million tonne per year of base metals sulphide feed to a conventional concentrator. The high recovery, bulk concentrate would then be refined to saleable metal products in a series of mostly standard hydrometallurgical steps. Approximate product output from such a 2 million tonne per year conceptual project at full initial production would be:

78,000 tpy of refined lead  
18,000 tpy of copper cathode  
3,150 tpy of cobalt and  
2,250 tpy of nickel

This equates to A\$355 million of annual revenue at current metal prices. Additional mineralization currently being explored could potentially support an expansion of production to 3 million tpy or beyond. Any production from sulphide resources would be in addition to the 10,000 tpy of copper, 1,000 tpy cobalt and 750 tpy nickel to be produced from the Browns Oxide Project which is currently under development.

The in-house sulphides financial model indicates the potential for very attractive project economics at long run prices as illustrated in the following table, which shows NPV at 8% discount rate and Internal Rate of Return [IRR] for three selected metal price scenarios. These scenarios range from current prices down to prices that would appear very low against current prices. Total Capital for this development is estimated as A\$350 million but development could be staged to limit peak capital outflow.

	<b>Copper</b>	<b>Nickel</b>	<b>Cobalt</b>	<b>Lead</b>	<b>NPVs</b>	<b>IRR</b>
<b>Current Price Scenario</b>	US\$2.20	6.60	12.50	0.55	A\$957 million	50%
<b>Long Run Scenario [CMR]</b>	US\$1.50	6.00	12.50	0.50	A\$698 million	39%
<b>Low Price Scenario</b>	US\$1.00	4.00	6.50	0.30	A\$83 million	12%

The current JORC compliant global resource (Compass 90%) in the Batchelor region is summarized in the table below. Oxide resources already reported for Browns, Area 55 and Mt Fitch comprise 6.6 million tonnes of the total. Additional oxide mineralization was drilled in 2005 but has not yet been converted to JORC resources. Browns East has not yet been separately categorized into an oxide and sulphide resource although it is known that the majority of the current resource at this location is sulphide. Resource updates for Mt Fitch, Area 55 and Browns East are planned later this year following the integration of results from the 2005 drill program into the database.

### GLOBAL & SULPHIDE BASE METAL RESOURCES

December 2004	Mt	% Cu	% Pb	% Co	%Ni	g/t Ag
<b>Browns Global</b>						
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
<b>Total</b>	40.0	0.50	4.52	0.11	0.09	13
<b>Browns Sulphide</b>						
Copper Lens	14.3	0.96	2.99	0.13	0.11	13
Lead Lens	22.3	0.20	5.89	0.13	0.10	17
<b>Total</b>	36.7	0.50	4.76	0.11	0.09	14
<b>Browns East</b>						
Inferred	30.5	1.29	1.28	0.13	0.13	11
<b>Area 55</b>						
Indicated	12.4	0.49	0.56	0.14	0.14	N/A
<b>Mt Fitch</b>						
Indicated	1.3	0.57	N/A	0.21	0.20	N/A
<b>Total Global</b>						
	84.2	0.78	2.69	0.12	0.11	3.0
Contained Metal	K tonnes	662	1971	105	97	

Many of the JORC resources listed above remain open at depth and are expected to be increased with continued drilling and by the testing of other prospects such as the Mt. Fitch South Base Metal Sulphide discovery.

Clearly, the sulphide resources represent a very significant asset of the Company warranting immediate attention once production from the oxide project is commissioned. The oxide project, fortuitously, also achieves the initial pre-stripping step for the underlying sulphides. Furthermore, cash flow from oxide project production will limit the amount of new funding to be raised for sulphide development.

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