

HEAD OFFICE

Level 5
384 Eastern Valley Way
Roseville NSW 2069
Telephone: 02 9417 3588
Facsimile: 02 9417 8750
email: admin@compassnl.com.au
website: www.compassnl.com.au

EL 24464 – Mt. Mabel

**First Annual Report
for the Year ended**

10 April, 2007

M. K. Boots
May 2007

CONTENTS

Introduction
Tenement Details
Access
Geological Setting
Previous Exploration
Work Completed
Plans for Next Year
References and Previous Reports
Expenditure Report

Figure 1: Location Map

Appendix 1 Drill logs and assays, 2006 drilling

INTRODUCTION

This tenement is considered prospective for uranium, gold and base metal sulphide mineralisation. During the first year of tenure, two reverse circulation drill hole were completed at the Kylie Prospect. A large proportion of time and expenditure was devoted to compilation of all locatable exploration data into a GIS format.

TENEMENT DETAILS

An application for 21 blocks (60 square kilometres) was made on 17 November, 2004. This area was granted as EL 24464, effective 2nd April 2006. Ownership was originally Compass Resources NL 90% and Guardian Resources Pty. Ltd. 10%. Compass now owns Guardian Resources Pty Ltd, so has effective 100% ownership of the tenement.

The tenement is located on the Pine Creek 1:250,000 map sheet (5270), Batchelor 1:50,000 and Rum Jungle 1:50,000 topographic maps (5171-4 and 5071-1 respectively).

ACCESS

Access to the area is by following the old railway route south from Batchelor, or via the unsealed Camp Creek road from Adelaide River. Both major and minor tracks exist in the tenement.

GEOLOGICAL SETTING

This tenement is located approximately sixteen kilometres south-south-west of Batchelor on the southern side of the Archaean Waterhouse complex, covering the basal sedimentary sequence, including the Namoon Group and the Mt. Partridge Group. The presence of areas of brecciated ferruginous rocks and sandstones, variably referred to as the Geolsec Formation and/or the Depot Creek

Sandstone of the Tolmer Group, confirm that the present surface is near to a major Proterozoic unconformity.

Outcrop is fair in the area, with strong lateritisation and recent alluvium obscuring much of the underlying rocks.

The tenement covers the Spring Creek, Kylie and Kylie South East uranium prospects, originally located by Uranerz in the late 1970's.

The most recent published data of this area is from Lally et al 2002 (Rum Jungle 1:100,000 Mineral Field Map).

PREVIOUS EXPLORATION

During the period 1950-1974, most of the regional exploration in this area was conducted by the BMR as part of a regional programme aimed at locating uranium deposits. The Waterhouse No. 2 copper-uranium prospect, located at that time is in the north-east of the tenement.

The most extensive exploration was undertaken by Uranerz in the late 1970s and early 1980s. This involved extensive drilling programmes and ground geophysical surveys.

Aztec Mining last held the area in the period 1992-1998 and gives a good summary of previous exploration in its early Annual Reports. Work by Aztec included stream sediment sampling, soil and rock chip sampling, costeaning and various drill programmes. The also completed a large aeromagnetic survey of the region and re-assayed some existing drill core.

WORK COMPLETED THIS YEAR

Two RC holes were completed at the Kylie prospect, the purpose being to confirm assay and lithology data reported by previous explorers.

Both passed through weathered and fresh altered carbonates belonging to the Coomalie Dolomite Formation. Uranium mineralisation was confirmed in both drill holes. Assay and lithology logs are appended.

Also appended are drill hole data compiled from previous exploration reports.

PLANS FOR NEXT YEAR.

Additional drill evaluation of the tenement will be undertaken during the field season. Data compilation will continue.

Expected expenditure is anticipated to exceed \$25,000.

REFERENCES

Lally, J. H., 2002 Stratigraphy, structure and mineralisation, Rum Jungle Mineral Field, Northern Territory. NTGS Record 2002-005

OTHER REFERENCES (as compiled by Aztec Mining Limited)

Ahmad, M., 1971

Rum Jungle Area, Annual Report. *Unpublished Report for Queensland Mines Ltd. NTDME Library Open File Record No. CR71/115*

French, D.J., 1974

EL 610 - Area J - Rum Jungle, Results of Exploration - 1973 Part 1 - Waterhouse No. 4 *Unpublished Report for CRA Exploration Pty. Ltd. NTDME Library Open File Record No CR 74/166A & B.*

Johnson, K., Hone, I.G., Ingram T.A & Crick, I.H., 1979

Stratigraphic Drilling in the Rum Jungle Area N.T. 1973-74. Geological and Geophysical Results. *BMR Record No. 1979/89*

Lau, G.C. 1971

Geochemical and Radiometric Investigation, Stapleton, Rum Jungle District, Northern Territory, 1973. *BMR Record No. 1971/98*

Ormsby, W. R. 1993

Annual Report for Year One Exploration Licence 7523. Unpublished Report for the NT Department of Mines and Energy.

Ormsby, W. R. 1993

Annual Report for Year One Exploration Licence 7706. Unpublished report for the NT Department of Mines and Energy.

Ruxton, BP. 1961

The testing of electromagnetic anomalies by diamond drilling at Waterhouse No. 2 Uranium Prospect, Northern Territory. *BMR Record No. 1961/161*

Semple, D. G. 1967

Geochemical and Radiometric Investigations, Gould Area, Northern Territory, 1966. (Mount Minza and Waterhouse No. 2 Areas). *BMR Record No. 1967/41*

Shatwell, D.O. and Duckworth, K., 1966

Gould Area Geochemical and Geophysical Surveys, Rum Jungle Area, Northern Territory, 1965. *BMR Record No. 1966/154*

Taylor, K.S., 1980

Annual Report on Exploration Licence No. 1857, Rum Jungle Area, Northern Territory. *Unpublished Report for Uranerz Australia Pty. Ltd. NTDME Library Open File Record No. CR 80/49*

Varkey, M., 1987

Annual Report 1986, Project 8051 and 8052, Rum Jungle Area Batchelor, NT ELs 4771 and 4772. Unpublished Report for Idemitsu Minerals Australia Pty. Ltd. *NTDME Library Open File Record CR 87/075A.*

Wood, F. W. and McCarthy, E., 1952

Preliminary report on scintillometer airborne surveys over the Run Jungle area and other portions of the Northern Territory. *BMR Record No. 1952/79*

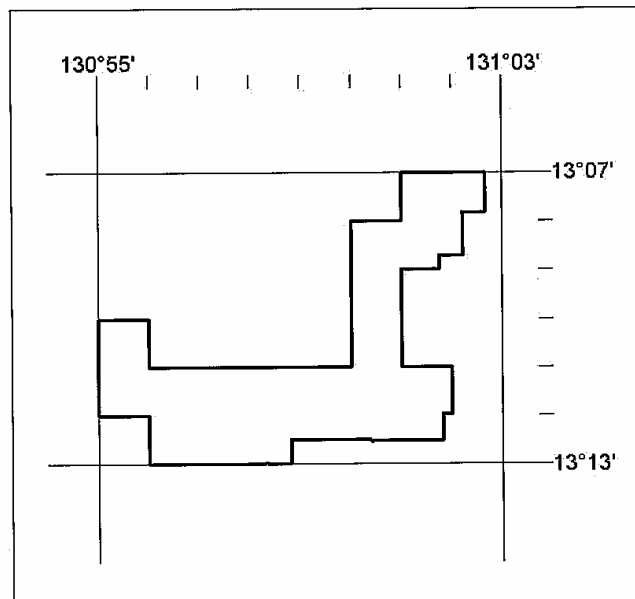
Yokoyama, T., 1988

Annual Report 1987, Project 8051 and 8052, Rum Jungle area, Batchelor, NT. ELs 4771 and 4772. *Unpublished Report for Idemitsu Minerals Aust. Pty. Ltd. NTDME Library Record CR 88/226 A-B*

**EL 24464 - EXPENDITURE REPORT
FOR YEAR ENDING 10 APRIL 2007**

	\$
Salaries/wages/on costs	68,500.98
Consultants	10,208.61
Field costs	8,875.03
Drilling costs	22,845.00
Drill hole surveys	1,763.40
Geochemical costs	5,999.59
Land Services/searches	5,824.80
Other	420.00
Overheads	18,665.61
Total Expenditure	\$143,103.02

Second Schedule (Plan of Area)



EL24464
21 Blocks
60.19 sq kms