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A23439 - RUM JUNGLE CREEK SOUTH

ANNUAL REPORT

November 2008

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EXECUTIVE SUMMARY

A23439 is located adjacent to current operations (Browns Oxide) and a number of ongoing feasibility studies at Area 55, Mt Fitch Cu and Browns Sulphide. Compass Resources is currently reviewing all polymetallic and uranium potential of the district and A23439 forms part of the exploration program for future mine development. A23439 hosts the former Rum Jungle Creek South uranium mine which forms a strategic exploration target.

Works completed this year include data compilation into new database (DataShed) and GIS (ArcMap) systems. The production of a regional 3D geological model has also commenced. Expense's reported include costs associated with the late 2007 drilling campaign. Data from 2007 has been added to this report. Native landowner negotiations restricted field activities during 2008.

INTRODUCTION

This tenement was applied for in 2001 in order to evaluate the mineral potential of the region. It is located approximately 4.5km south of Browns Oxide mining operations and is adjacent to Browns sulphide, Area 55 and Mt Fitch Cu deposits, which are currently undergoing feasibility studies. The tenement is considered prospective for uranium and base metal mineralisation and contains the abandoned Rum Jungle Creek South uranium mine.

TENEMENT DETAILS

This area was originally applied for by Compass Resources NL and Guardian Resources Pty. Ltd on 12 November, 2001 being parts of 4 blocks. It was previously a reserve, RO588.

The tenement was granted as A23439, effective 14 November, 2005 covering an area of 2.930 square kilometres. The tenement was granted to Compass Resources 90% and Guardian Resources Pty. Ltd. 10%. Compass now effectively owns 100% equity in the tenement following the acquisition of Guardian Resources Pty. Ltd.

LOCATION

The tenement is located approximately 4.5km south of the Browns Oxide Project and 3.5km west of the town of Batchelor, covering the site of the old Rum Jungle Creek South uranium mine and its waste dumps.

The location of the tenement is outlined in Figure 1.

ACCESS

The main access is from Batchelor via the Litchfield Park road, then by the local road to the location known as Rum Jungle Lake. Several tracks exist within the tenement to allow for local access.

GEOLOGICAL SETTING

Previous geological mapping indicates the dominant surface rock types of the tenement belong to the Mount Partridge Group of the Lower Proterozoic. The oldest of these sediments are of the Crater Formation, consisting primarily of arkosic arenites and conglomerates. This unit is overlain by black shales and marls of the Whites Formation that often contain calcareous, carbonaceous and dololomite horizons.

Modern drilling in the area (2006/2007) intersects dolomites and dololutes associated with the major carbonate sequence of the Coomalie Dolomite. It is within the lower parts of the Whites Formation and in the transition zone between the Whites and Coomalie Dolomite that the stratabound base metal sulphides occur. Minor chloritic amphibolites and dolerites also intrude the Whites Formation at depth. In the north-east of the tenement sandstone-siltstone sedimentary breccias (quartz-hematitic) of the Geolsec formation also outcrop.

PREVIOUS EXPLORATION

Due to the proximity of the licence to a known uranium mine and associated mineralisation, a significant amount of exploration has been undertaken by several organisations. The BMR commenced exploration in 1951 with a high level airborne survey and continued exploration in the area up to about 1970.

Territory Exploration Pty. Ltd. (TEP), a subsidiary of CRA, undertook significant regional and detailed evaluation in the period 1954 to 1965. This work concentrated on uranium exploration and mining, however in excess of 125 diamond drill holes were completed within the boundaries of the tenement in that period, mostly in the vicinity of the RJCS Prospect.

Previous compilations of existing data, especially by Y. Miezeitis (BMR record 1967/150) have been particularly useful in understanding the geology of the area.

Uranerz undertook detailed uranium exploration in the general area in the period 1979 to 1984, drilling a large number of RAB and aircore holes around the tenement (then a reserve) and in adjoining tenements.

In 2006 5 RC holes at 891m were drilled, sampled and assayed. These holes are located to the north of the existing RJCS mine. In 2007 a following 6 RC holes at a total of 770m were drilled, sampled and assayed and are also to the north of the existing RJCS mine.

WORK COMPLETED THIS YEAR

Although no drilling was completed in the area during the reporting period ending 9 November 2008, Compass Resources has undertaken an extensive review of the geology. This process is ongoing and has involved the continuation of historical data compilation as well as the re-interpretation of previous exploration works. The compiled data continues to be consolidated into a corporate database with the goal of producing a comprehensive broad scale GIS and the development of a regional 3D geological model.

PLANS FOR NEXT YEAR.

Historical data compilation will continue throughout 2008-2009 in order to develop the GIS and 3D geological model for the region. These sources will allow future targets to be established along with a suitable plan of exploration. Geological mapping will also continue through the region in attempt to gain a more accurate understanding of the regional surface geology.

Expenditure proposed for this work program will exceed \$15 000.00

PREVIOUS REPORTS AND REFERENCES

D. Major December 2007;

Annual Report of Exploration AN 23439 – Rum Jungle Creek South.

M. K. Boots December 2006

Annual Report of Exploration AN 23439 – Rum Jungle Creek South.

EXPENDITURE REPORT

Salaries & Wages	\$1358.00
Contractors	\$1802.00
Field Costs	\$747.91
Drilling	
RC	\$82 638.64
RC Consumables	\$ 8 922.12
Assays	\$13 980.31
Site Preparation	\$455.82
Total expenditure	\$95,924.49

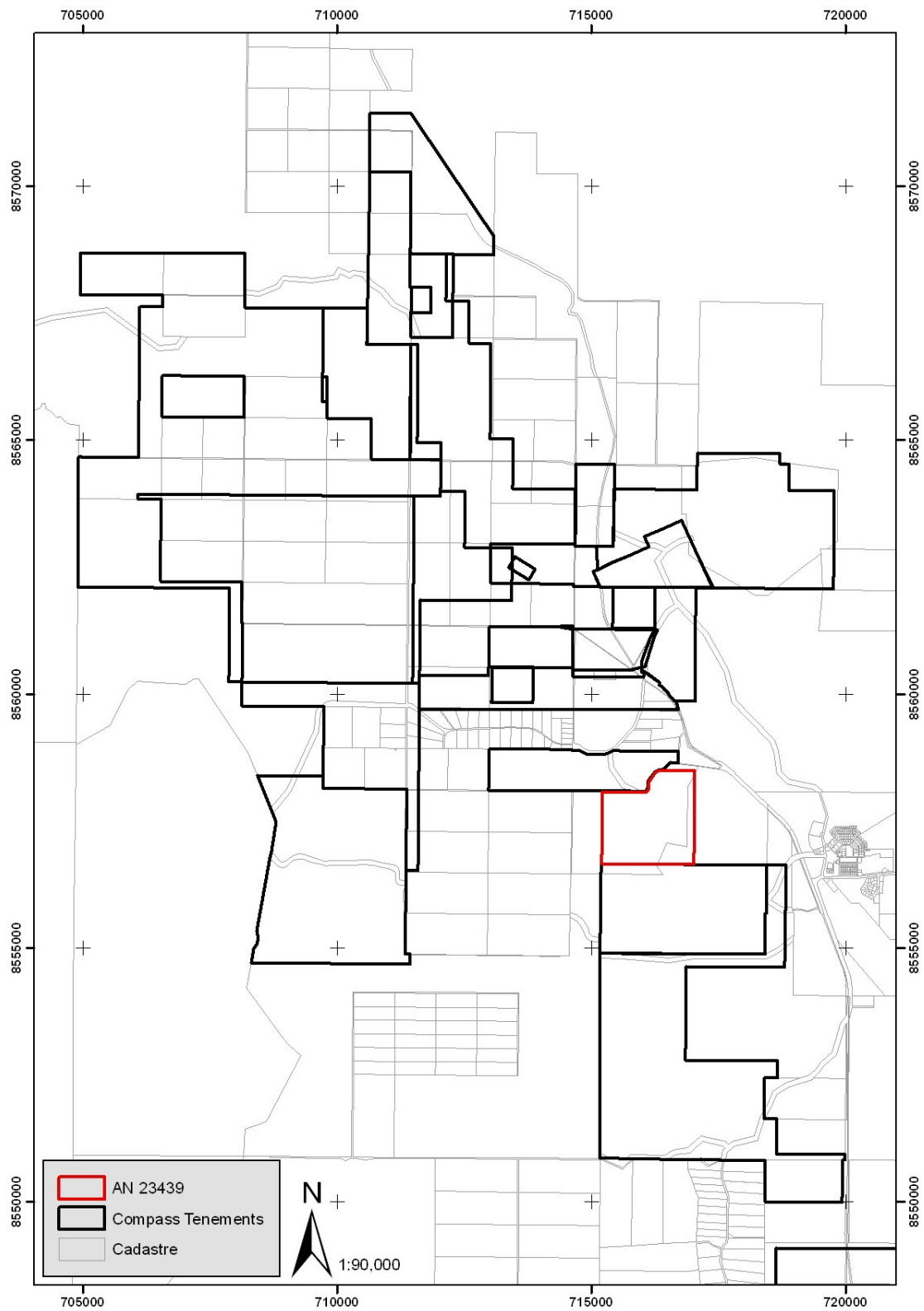


Figure 1. Location Map