



COMPASS RESOURCES LIMITED

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EL 25561

Old Crossing

Annual Report

**For the Year ended
14 October 2009**

A Johnston
November 2009

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EXECUTIVE SUMMARY

Compass Resources is very active in the Batchelor area particularly with the commissioning of the Browns Oxide Project (currently under care & maintenance), and ongoing pre-feasibility studies at Browns Sulphide, Mt Fitch and Area 55 deposits. This Exploration Licence covers a strategic position adjacent to the Mt Fitch project area.

During the reporting period, Compass focussed on the validating, reviewing and compiling of all regional Rum Jungle historical exploration data into new corporate database management system (DataShed) and GIS system (ArcView). A large volume of historical data was received late in the reporting period. Initial photo interpretation and ground reconnaissance work was carried out in preparation for geological mapping & 3D modelling.

INTRODUCTION

EL 25561 is considered prospective for base metals and uranium mineralisation. It is located adjacent to current operations (Browns Oxide) and a number of ongoing feasibility studies at Area 55, Mt Fitch Cu and Browns Sulphide.

TENEMENT DETAILS

An application for 14 blocks was granted as EL 25561 effective 15 October 2007. An exclusion zone was agreed upon for Lot 980 Hundred of Goyder within the boundaries of this EL. Ownership is 100% Compass Resources NL.

ACCESS

The area is located about 14km north west of the town of Batchelor. Access is from the south, by travelling north from the western side of the West Finnis River crossing on the Batchelor to Litchfield National Park road. The access track is not well defined, and no access is possible during the wet season.

GEOLOGICAL SETTING

This tenement covers a section of Lower Proterozoic shaley sediments associated with the South Alligator Group and the underlying Mount Partridge Group. Further to the west these sediments are overlain by younger deeper water sediments of the Burrell Creek Formation. Regional strike is mostly north-south with an overall westerly dip.

PREVIOUS EXPLORATION

The previous exploration history of the area is currently being compiled. Compass has reviewed the previous tenement holdings over the area in the Rum Jungle District GIS (ArcView) with plans to retrieve previous reports from the Mines Department. Compass had requested a very large historical data retrieval from the Mines Dept, which only arrived at the time of reporting. The table below summarises the historical tenements which have partially or fully covered EL 25561. A complete history will be documented for Year 3.

Historic EL	Granted	Ceased
EL 1562	18-Mar-77	30-Aug-79
EL 4879	26-May-86	25-May-92
EL 8027	10-Aug-93	13-May-96
EL 9437	13-May-96	07-Feb-02
EL 22721	17-Dec-01	16-Apr-02
EL 23751	16-Sep-03	13-Apr-04

WORK COMPLETED THIS YEAR

Compass is currently completing a regional review of the Rum Jungle district with respect to all forms of mineralisation with uranium, base metals & gold-platinum affinities. A comprehensive GIS (ArcView) with over 350 layers of data, and a validated database (DataShed) containing approx 5000 drill holes for 350 000+m of drilling, have been compiled. 3D models have been produced for all current known deposits at Browns, Area 55 & Mt Fitch and supported by regional mapping of these areas.

Reconnaissance mapping was the only field work completed on EL 25561. A large volume of historical data covering the EL was received after the reporting period and will be compiled into the GIS and database during Year 3.

Access to the tenement was restricted due to an exclusion zone and sensitive landowners managing a nature reserve.

PLANS FOR NEXT YEAR

Work proposed by Compass Resources for Year 3 of EL 25561 is expected to comprise the validating, reviewing and compiling of all historical exploration data into new corporate database management (DataShed) and GIS systems (ArcView), geological mapping to place context on historical works, the evaluation of potential drill targets and the production of a regional 3D geological model.

Expenditure for this work is expected to be \$7,500

EXPENDITURE REPORT

Salaries & Wages	\$3500
Consultants	\$340
Field Costs	\$2700
Other	\$140
Total expenditure	\$6680.00

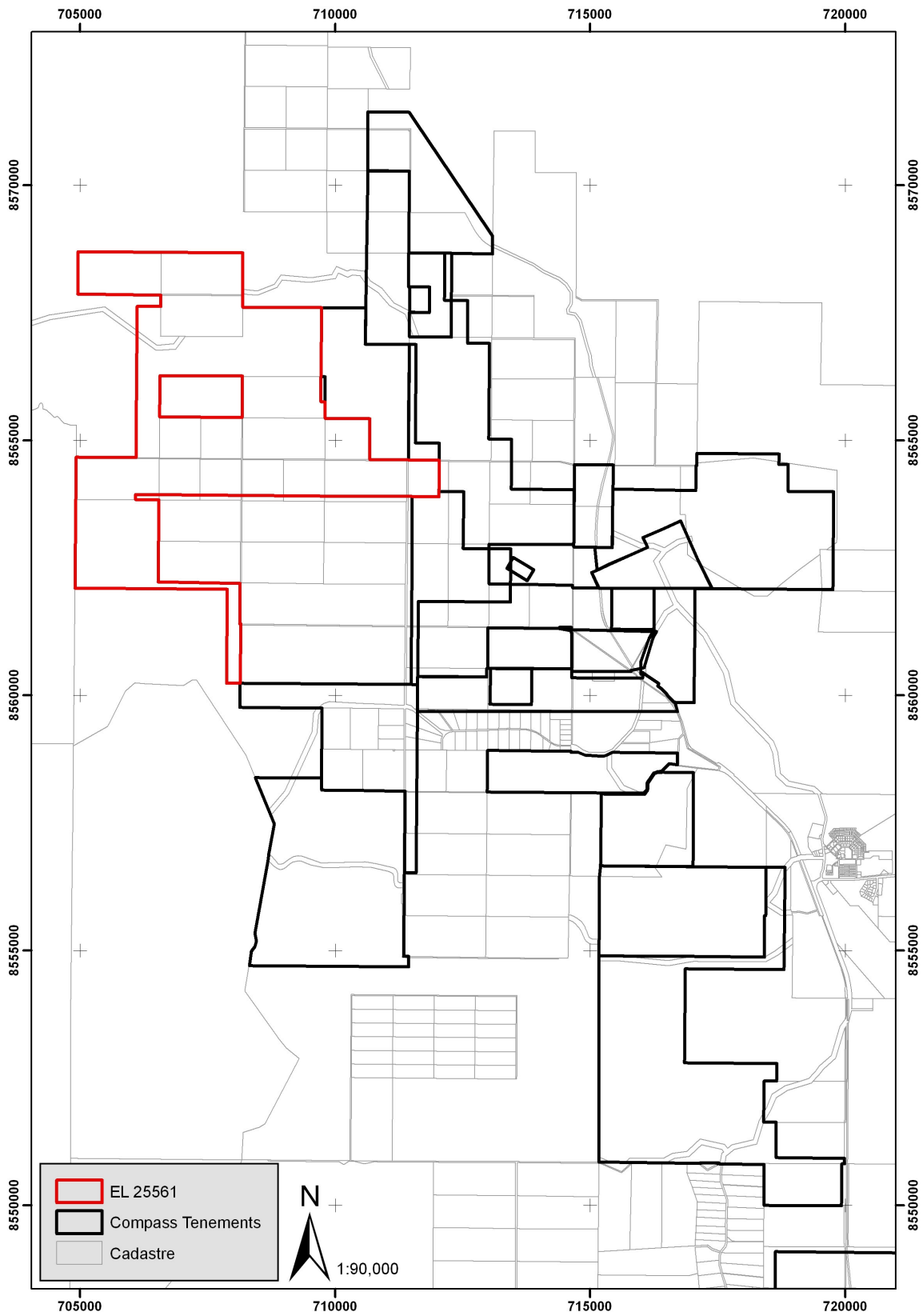


Figure 1. Tenement Locations