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Australian Stock Exchange Limited  
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## **TEST RESULTS AND PROGRESS ON FEASIBILITY STUDY FOR LAS LAGUNAS TAILINGS PROJECT**

Compass Gold ("CGA") advises that two stages of testwork on samples from the Las Lagunas tailings dam in the Dominican Republic have been completed at the Albion Process pilot plant in Brisbane, resulting in recoveries of 83% for Gold and 81% for Silver.

CGA has not formally estimated a resource, however, the property was tendered for on the basis of figures provided by the Ministry of Commerce of the Dominican Republic which stated that 6.8 million tonnes of refractory tails generated from the Pueblo Viejo mine between 1992 and 1999 grading 3.37g/t Au (736,000 contained ounces) and 34.73g/t Ag (7,592,000 contained ounces) was discharged into the Las Lagunas dam. This figure has been confirmed by audit of the daily mill records of Rosario Dominicana S.A, the operator of the mine, by Mr James Tyers, a Director of CGL.

The testwork is part of a feasibility study being conducted by Dominicana Gold Pty Ltd ("DGPL") (40% owned by CGA) on the recovery of gold and silver from the tailings dam.

DGPL has appointed a highly experienced Dominican Mining Engineer, Mr Jose Sena as the local manager for the feasibility study. Mr Sena served as General Manager of the Pueblo Viejo mine until 1992. Mr James Tyers, a Director of CGA, is responsible for the conduct of the study.

Attached assay results for the tailings samples (37 holes drilled at 100m spacings throughout the dam for a total of 529m) confirm the grades as reported by the previous operators with the weighted average Au and Ag reporting approximately 6% higher (no top cut was utilised and the average grade does not include the intersected underlying oxide material).

Desktop studies have been conducted to compare a number of technologies for the oxidation of the Las Lagunas tailings. Bacterial oxidation, high temperature pressure leaching, and roasting were considered. The Albion Process was chosen due to its low capital costs and environmental benefits.

The Albion Process was developed by MIM Holdings Limited (now Xstrata Queensland Limited) and Highlands Pacific Limited. It is used in conjunction with fine grinding by IsaMills, also an MIM Holdings development. The refractory ore is first concentrated, finely ground in the IsaMill followed by a hot oxidative leach at atmospheric pressure.

Samples from the Las Lagunas tailings dam were submitted to Hydrometallurgical Research Laboratories, a research division of Xstrata Technology located in Brisbane, to test the suitability of the tailings material for oxidation via the Albion Process technology.

Testwork conducted to date has confirmed:

- the material is suitable for oxidation by the Albion Process with an anticipated +80% oxidation of sulphidic material.
- anticipated recovery of 83% for Au and 81% for Ag.
- operating consumables requirements (+/-25% accuracy)

The Company is currently negotiating the terms of a Licence Agreement for the use of the Albion Process technology on the Las Lagunas Project.

DGPL's consultants are in the process of confirming the suitability of the selected site for a new tailings dam and negotiations are currently being conducted with local farmers for land acquisition.

The Terms of Reference for the Environmental Impact Assessment ("EIA") have been received from the Government. Work on the EIA is being undertaken by an experienced environmental company in the Dominican Republic and supervised by a Perth based consultant, to ensure compliance with World Bank best practice.

The Company plans to complete the feasibility study by confirming capital and operating costs resulting from the testwork and finalising geotechnical investigation of the proposed tailings dam site, by the end of October 2005.

CGA has funded the feasibility study by progressively selling the Mount Gibson Iron Limited shares it received from the sale of its interest in Asia Iron Holdings Limited in February 2005. Sales proceeds from the balance of the shares should be sufficient to complete the feasibility study.

It is intended to spend approximately \$2.0 million on final metallurgical testwork and plant and tailings dam design, between November 2005 and June 2006. Subject to financing, the Company should be in a position to commence construction at the beginning of the dry season in the Dominican Republic around October 2006, with commissioning of the plant in May 2007.

Subject to Shareholder approval, CGA will issue a Prospectus in October 2005 to raise funds for the pre-development stage of the Las Lagunas Project and at that time will seek relisting on the ASX.

## **Competent Person**

*The information in this report relating to Tailings Analysis Results and auditing of historical tailings records is based on information compiled by James Tyers, who is a Member of The Australasian Institute of Mining and Metallurgy and holds a B App Sci (Mineral Exploration & Mine Geology) and an MBA.*

*James Tyers is a Director of Compass Gold Limited, and has sufficient experience which is relevant to the styles of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". James Tyers has consented to the inclusion of the matters in this report based on their information in the form and context in which it appears.*

Yours sincerely,  
**COMPASS GOLD LIMITED**

A handwritten signature in black ink, appearing to be 'C. Barboutis', written in a cursive style.

**Colin Barboutis**  
**Chairman**

## TAILINGS ANALYSIS RESULTS

hole #	Intercept (m)	Au ppm	Ag ppm	Cu ppm	Fe %	S %	Zn ppm
1	11.63	3.53	33.18	406.54	5.31	4.88	3370.00
2	15.93	3.44	42.97	394.59	5.14	4.20	3342.94
3	17.50	3.10	38.68	435.11	5.18	4.21	3076.39
4	16.32	3.28	37.49	321.65	5.27	4.47	3533.53
5	17.54	3.63	38.48	327.89	5.80	4.84	3416.11
6	18.05	3.02	33.96	330.72	5.55	4.74	3485.28
7	16.58	3.68	36.86	308.22	5.69	5.02	3342.78
8	18.35	3.48	38.07	342.74	5.95	5.43	3565.00
9	17.35	3.53	35.56	295.22	5.97	5.08	3602.22
10	14.47	2.92	31.45	293.81	4.93	4.28	3228.44
11	17.45	3.66	35.08	334.00	5.41	4.60	3085.56
12	15.42	3.79	38.48	376.88	6.00	5.16	3762.19
13	17.00	4.38	42.29	395.41	7.63	7.01	4128.53
14	7.29	3.75	32.36	396.00	6.02	5.26	3746.25
15	1.80	3.06	29.73	255.00	5.29	4.47	1695.50
16	14.85	4.18	38.05	338.07	5.99	5.71	3731.33
17	15.00	3.58	33.81	378.44	5.42	4.96	3676.88
18	8.76	2.59	18.69	646.40	7.86	7.78	4981.00
19	19.95	3.15	32.70	293.65	5.08	4.59	3008.85
20	13.50	2.79	31.98	458.06	6.16	5.25	3226.06
21	19.40	3.59	38.72	301.81	6.60	5.60	3504.05
22	19.00	3.75	42.79	383.25	6.39	5.68	3826.50
23	18.40	3.33	37.61	326.05	5.96	5.27	3319.00
25	16.42	4.16	38.99	361.24	6.12	5.49	3766.47
26	16.87	4.12	42.36	364.06	7.46	6.66	4228.24
27	11.50	4.55	44.94	372.54	7.06	6.62	4323.46
28	19.17	3.99	38.60	339.05	6.15	5.83	3711.82
29	15.00	3.55	34.97	309.38	5.82	5.05	3030.88
30	8.76	4.19	32.34	450.10	5.33	5.04	3457.50
31	10.85	3.43	35.84	330.33	5.49	4.79	3365.00
32	8.24	3.29	32.20	327.60	5.74	5.51	4091.00
33	14.50	3.33	38.69	378.38	5.39	4.72	3089.06
34	5.40	4.25	36.75	369.67	6.26	6.09	4156.67
35	10.50	3.68	35.20	361.38	5.35	5.02	3466.31
36	12.25	3.08	36.36	479.93	5.21	4.51	3371.43
37	4.84	3.16	37.07	498.00	5.67	5.31	3183.33
38	3.00	2.27	32.73	524.75	5.67	4.09	2407.50
average	508.84	3.56	36.84	362.55	5.89	5.22	3530.28

( hole 24 was not drilled)