

VANCOUVER, BRITISH COLUMBIA and SYDNEY, AUSTRALIA--(Marketwired - Aug 23, 2017) - Further to the new release dated July 13, 2017 [Compass Gold Corp.](#) (NEX:CVB.H) (Compass or the Company) and Mali Gold Exploration Pty Ltd (MGE) are pleased to announce that they have entered into a binding share exchange agreement (the Agreement) dated August 23, 2017 (as signed by the two companies and MGE's shareholders), whereby Compass will acquire all of the issued and outstanding shares of MGE (the MGE Shares) in exchange for the issuance of Post-Consolidation Shares (as defined below) of Compass to the shareholders of MGE. The acquisition of MGE (the Acquisition) will constitute a Reactivation and a Reverse Takeover of Compass as such terms are defined in the policies of the TSX Venture Exchange (TSXV or the Exchange).

HIGHLIGHTS:

- Special Committee supports the Acquisition and Agreement signed
- Transaction and concurrent \$6 million financing expected to be completed by the end of October 2017
- MGE holds the Sikasso Property comprising five (5) gold exploration licenses in Mali, West Africa covering a total area of 1,179 km²
- Proposed Board and management renewal with former IAMGold founders to join board and management of Compass following the Acquisition
- Existing and proposed Compass Board and Management have substantial experience in managing gold exploration projects in Mali

Compass is a public company organized under the laws of British Columbia and listed on the NEX board of the TSXV. Compass and MGE have common directors and shareholders (as outlined further below) and therefore the Acquisition will not be an arm's-length transaction. In July 2017, the board of directors of the Company (the Board) formed a special committee of independent directors (the Special Committee) to consider the Acquisition. As a result of the recommendations of the Special Committee, the Board has entered into the Agreement.

Compass will be required to obtain shareholder approval for the Acquisition. Trading in the common shares of the Company is halted at present. It is expected that the Company's common shares will resume trading as soon as possible following this new release, subject to Exchange acceptance among other things.

Terms of the Acquisition

As part of the Acquisition, the Company will complete a 5:1 consolidation of its shares (each new share referred to herein as a Post-Consolidation Share) and the Company will seek the required approvals to be continued into Ontario.

Pursuant to the terms of the Agreement, subject to satisfaction of certain conditions, Compass will acquire (through a wholly-owned subsidiary) all the MGE Shares from the MGE shareholders on a 0.6:1 basis, which would result in the issuance of an aggregate of 12,000,000 Post-Consolidation Shares based on the current number of outstanding MGE Shares. MGE currently has no other securities outstanding. Compass has also agreed to pay up to \$50,000 in transaction costs incurred by MGE or MGE Shareholders in connection with the Acquisition.

The Acquisition is not an arm's-length transaction as certain insiders of Compass are also insiders of MGE and directly or indirectly own both MGE Shares and shares in Compass. James Henderson and Madani Diallo are directors and shareholders of both Compass and MGE and Larry Phillips is a director of Compass and shareholder of both Compass and MGE.

At the closing of the Acquisition, MGE will become a wholly owned subsidiary of Compass and the shareholders of MGE will become shareholders of Compass. The business of the resulting company will be MGE's business of gold mineral exploration in Mali. MGE holds, through subsidiaries, the Sikasso Property comprising five (5) gold exploration licenses in Mali, West Africa covering a total area of 1,179 km² in established gold producing regions of Mali. The financial statements of MGE, which are currently unaudited, shows capitalized exploration expenditures of approximately \$5,000,000. Further information on the Sikasso Property is set out separately below.

The Post-Consolidation Shares to be issued to the MGE shareholders under the Acquisition will be subject to restrictions on resale, including escrow restrictions, imposed by applicable laws and the Exchange.

Concurrent Private Placement

The Agreement provides that, as a condition to closing the Acquisition, Compass will carry out a non-brokered private placement of common shares to raise gross proceeds of not less than \$5,000,000 and not more than \$6,000,000 at a purchase price of not less than \$0.50 per Post-Consolidation Share (Financing). Subject to approval from MGE, Compass may accept up to \$2 million in oversubscriptions in the Financing (resulting in aggregate gross proceeds of up to \$8 million). In connection with the Financing, Compass will pay a cash commission to eligible finders, equal to up to 6% of the aggregate gross proceeds raised by the finders and will issue non-transferable warrants to such finders entitling the holder to subscribe for the number of common shares that is equal to up to 6% of the aggregate number of common shares issued to subscribers introduced by such finders. The finder's warrants will have an exercise price equal to the offering price (\$0.50) and will be exercisable for a period of 24

months from the closing of the Acquisition. Proceeds of the Financing will be used for the recommended work program on the Sikasso Property and for general working capital purposes.

At the closing of the Acquisition, based on Compass's current outstanding shares and assuming completion of a \$6,000,000 private placement and the payment of the fee to the financial advisor as noted below, Compass is expected to have approximately 27.3 million common shares on issue and, assuming no MGE Shareholders participate in the Financing, approximately 43.9% of those shares will be held by the former MGE shareholders.

Proposed Board and Management Changes

On the completion of the Acquisition, it is proposed that Malcom Carson and Lara Iacusso will resign from the Board of Compass and Bill Pugliese and Joe Conway be appointed. It is also proposed that Larry Phillips will be appointed as President and Chief Executive Officer of Compass.

Larry Phillips, Joe Conway and Bill Pugliese were founders and/or members of the senior management team of [IAMGold Corp.](#) (IAMGold), an international gold mining, development and exploration company with operating mines across three continents, including in Mali and Burkina Faso in West Africa. Collectively this team directed international investments, joint ventures, government relationships and operations for [IAMGold Corp.](#), growing the company from a \$50 million joint venture company to a \$6 billion leading intermediate gold producer, listed on the TSX and NYSE.

With existing directors James Henderson and Madani Diallo, Compass will have a leading board and management team with substantial experience in finding and developing resources in Mali and West Africa.

Set out below is a short background of each of the insiders of Compass on completion of the Acquisition:

James Henderson, Chairman is the founder and Executive Chairman of Transocean Securities which was established in 1987. He has over 30 years' experience in providing financial advisory services in Australia and overseas across a wide range of industries including mining and resources, healthcare and medical devices, aged care and clean energy. James specializes in providing advice to emerging companies relating to corporate transactions and strategies, including corporate advice, financial structuring, capital raisings and commercial negotiations. He has led teams on a variety of transactions including mergers, acquisitions, dispositions, takeovers and capital raisings in Australia, Canada, the UK, the USA and Africa. He is an experienced chairman, board member, chief executive officer and corporate adviser.

James is the former chairman of [Oklo Resources Ltd.](#) (ASX:OKU) (Oklo) and led the successful acquisition by Oklo of the Company's former gold assets also based in Mali. Oklo has grown from an initial market capitalization at the time of the transaction of C\$6 million to approximately C\$80 million today.

Larry Phillips, Current Non-Executive Director, Proposed Chief Executive Director, is one of the four founders of IAMGOLD. For over 20 years Larry was a senior executive with a leading role in all international investments, joint ventures and government relationships, helping build the company into one of the largest gold mining companies in the world, trading on the TSX and NYSE. He took early retirement in June 2011 as part of a broader corporate succession plan. While at IAMGOLD, Larry served as a Director of The World Gold Council. Prior to that, he was the managing partner of a Toronto-based law firm specializing in corporate commercial law.

Currently Larry serves as President of Corplex Management Services in Toronto, providing advisory services in international business and governmental affairs to private and public companies. He has served as an Executive in Residence and a part-time lecturer at Queens University School of Business. He is a Director and Chair of the Governance Committee for Gowest Gold (TSX VENTURE:GWA), and Chairman and CEO of [California Gold Mining Inc.](#) (TSX VENTURE:CGM).

Madani Diallo, Current Non-Executive Director, is an accomplished geochemist with an outstanding track record including over 30 years of successful exploration in West Africa. During his lengthy career Madani has directly led various teams that discovered several large gold deposits including the multi-million ounce deposits of at Syama, Morila, Sadiola and Essakane. Madani is a director of several companies focused on precious and industrial minerals in the region. He also advises private and government agencies involved with the financing of resource related projects.

Madani is a Director of Oklo. He is also a director of the Sadiola Gold Mine (IamGold/AngloGold Ashanti JV), also based in Mali. He holds the position of Vice-President of the Mali Chamber of Mines, President of the Association of Geoscientists in Mali and Director of UBA bank in Burkina Faso. Madani has also been honored with the second highest distinction in Mali, "Knight of National Order" for his contribution to the development of the Mali mining industry.

Joe Conway, Proposed Non- Executive Director, has nearly 30 years of mining and financial industry experience. Joe served as President and CEO of IAMGOLD from 2003 to 2010. Joe has a B.Sc. from Memorial University of Newfoundland (1981), and an MBA from Dalhousie University (1987). He has been Interim Chief Executive Officer and Interim President of [Primero Mining](#)

[Corp.](#) (TSX:P) (Primero) since March 2017 and has held numerous other executive positions with Primero since 2010.

Bill Pugliese, Proposed Non- Executive Director, was one of the founders of IAMGold and served as its Chief Executive Officer of IAMGold until January 2003. Bill continued as Chairman of the Board of Directors of IAMGold until 2016. He participated directly in the evolution of IAMGold, including the development of the Sadiola concession in Mali through his dealings with government officials and joint venture partners. He has an extensive business background developed over a period of 35 years as the principal shareholder in a number of private Canadian companies.

Appointment of Financial Advisor

To assist with the Acquisition, Compass has appointed INFOR Financial Inc. (INFOR Financial) as primary financial advisor to the Company. INFOR Financial will be paid a fixed fee totaling \$120,000, of which \$20,000 is payable in cash and the balance payable in shares issued at the same price as the Financing.

Acquisition Process

As noted above, Compass is required to obtain shareholder approval for the Acquisition. Compass expects to hold a meeting of shareholders in October 2017 to approve the Acquisition and related matters. The information circular to be sent to Compass shareholders, and filed on SEDAR at www.sedar.com, in respect of the shareholders' meeting (Information Circular) will contain comprehensive disclosure regarding the Acquisition, the Financing, MGE and the Sikasso Property

Other than shareholder approval and Exchange acceptance, the most significant conditions required to be satisfied in connection with the closing of the Acquisition are:

- Compass being satisfied with the results of due diligence in respect of MGE, and the Sikasso Property;
- the completion of the Financing;
- consents being obtained from all third parties that are necessary to complete the Acquisition;
- the preparation of a technical report in respect of the Sikasso Property on Form 43-8208/101F1, which will be filed on SEDAR;
- the receipt of updated title opinion(s) in respect of the Sikasso Property;
- the receipt of two years of audited financial statements of MGE for the years ended June 30, 2017; and
- there having been no material adverse changes in the financial condition, assets or liabilities (contingent or otherwise) of either Compass or MGE.

The closing of the Acquisition is expected to occur by the end of October 2017, following the Compass shareholder approval and final acceptance from the Exchange of the Acquisition and related transactions, or such other date as the parties may agree pursuant to the terms of the Agreement.

About MGE and the Sikasso Property

MGE is a private Australia company that holds, through its wholly-owned Mali subsidiaries, gold exploration permits located Mali that comprise the Sikasso Property. The exploration permits are located in three sites in Southern Mali with a combined land holding of 1,179km². The Sikasso Property is located in the same region as several other multi-million ounce gold projects, including Morila, Syama, Kalana and Kodieran.

The Sikasso Property comprises five exploration permits at the following three sites:

- Ouassada and Sankarini;
- Tiéouléna and Kourou; and
(collectively referred to as the Yanfolila Block)
- Kalé.

All the licenses are located close to existing infrastructure, including paved roads, grid power and water in close proximity.

To view map identifying the location of the exploration licenses please click on the following link:
<http://media3.marketwire.com/docs/CVB0823.jpg>

Work undertaken at the Sikasso Property to date includes:

- Historical soil sampling programs;
- High resolution airborne magnetic, and radiometric surveys completed over the five licenses;
- Compilation of existing data;
- New geology maps derived from data interpretation; and

- Regional field mapping.

As a result of this exploration work, a total of 36 exploration targets have been identified including 29 Targets at the Yanfolila Block and 7 at Kalé.

Further information regarding the Sikasso Property will be included in Compass's Information Circular, which will be filed on SEDAR at www.sedar.com.

About Compass

Compass is a public company organized under the laws of British Columbia. Compass is currently listed on the NEX board of the Exchange.

ON BEHALF OF THE BOARDS

COMPASS GOLD CORP.

Lara Iacusso, Director

MALI GOLD EXPLORATION PTY LTD

James Henderson, Director

Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable securities laws relating to the proposal to complete the Acquisition and associated transactions, including statements regarding the terms and conditions of such transactions. Readers are cautioned not to place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by such information depending on, among other things, the risks that the parties will not proceed with the Acquisition and associated transactions, that the ultimate terms of the Acquisition and associated transactions will differ from those that currently are contemplated, and that the Acquisition and associated transactions will not be successfully completed for any reason (including the failure to obtain the required approvals from regulatory authorities). The statements in this news release are made as of the date hereof. The Company undertakes no obligation to update forward-looking information except as required by applicable law.

Completion of the Acquisition and associated transactions are subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the Acquisition cannot close until the required shareholder approval is obtained. There can be no assurance that the Acquisition and associated transactions will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Acquisition, any information released or received with respect to the Acquisition and associated transactions may not be accurate or complete and should not be relied upon. Trading in the securities of Compass should be considered highly speculative. The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed Acquisition and has neither approved nor disapproved the contents of this news release.

Contact

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