

FORM 51-102F3

MATERIAL CHANGE REPORT

**Item 1. Name and Address of Company**

Compass Gold Corporation (the “Company”)  
365 Bay Street, Suite 800  
Toronto, ON M5H 2V1

**Item 2. Date of Material Change**

December 15, 2020

**Item 3. News Release**

A news release announcing the material change referred to in this report was disseminated on December 16, 2020 via GlobeNewswire and a copy of the news release has been filed on the System for Electronic Document Analysis and Retrieval (SEDAR).

**Item 4. Summary of Material Change**

On December 15, 2020, the Company completed a private placement, on a non-brokered basis, for aggregate gross proceeds of \$3,637,062 (the “Offering”). Pursuant to the Offering, the Company issued a total of 18,185,310 common shares of the Company (“Shares”) at a price of \$0.20 per Share.

**Item 5.1. Full Description of Material Change**

*Description of the Offering*

On December 15, 2020, the Company completed the Offering, on a non-brokered private placement basis, for aggregate gross proceeds of \$3,637,062. Pursuant to the Offering, the Company issued a total of 18,185,310 Shares at a price of \$0.20 per Share.

A copy of the new release in respect of the Offering is attached to this report as Schedule A.

*Related Party Transaction*

Insiders of the Company purchased an aggregate of 1,210,000 shares under the Offering, for aggregate consideration of \$242,000. Specifically:

- Larry Phillips, the President and CEO of the Company, participated in the Offering and subscribed for 375,000 Shares for aggregate consideration of \$75,000.
- Joseph Conway, a director of the Company, participated in the Offering and subscribed for 250,000 Shares for aggregate consideration of \$50,000.
- William Pugliese, a director of the Company, participated in the Offering and subscribed for 500,000 Shares for aggregate consideration of \$100,000.
- Madani Diallo, a director of the Company, participated in the Offering and subscribed for 50,000

Shares for aggregate consideration of \$10,000.

- Louis Nagy, the Chief Financial Officer of the Company, participated in the Offering and subscribed for 35,000 Shares for aggregate consideration of \$7,000.

By virtue of the foregoing participation by the insiders, the Offering constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).

The related party transaction requires the Company, in the absence of exemptions, to obtain a formal valuation and minority shareholder approval pursuant to MI 61-101. The Company has determined that an exemption is available from the formal valuation requirement under Section 5.5(b) of MI-61-101 and an exemption is available from the minority shareholder approval requirement under Section 5.7(1)(a) of MI 61-101.

The Board has approved the Offering and is satisfied that the insiders of the Company participating in the Offering would not be receiving preferential treatment vis-à-vis the other subscribers under the Offering and that all shareholders are being treated equally. No contrary view was raised by any director with respect to the related party transaction.

The Company did not file a material change report 21 days before the closing of the Offering as the principal terms of the Offering and the participation therein by related parties of the Company were not finalized until, or close to, the date of the closing of the Offering.

**Item 6. Reliance on Subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7. Omitted Information**

Not applicable.

**Item 8. Executive Officer**

The following executive officer of the Company is knowledgeable about the material change and this report:

Louis Nagy, Chief Financial Officer  
Telephone: (416) 596-0996

**Item 9. Date of Report**

December 22, 2020

Schedule A  
Press Release

## **COMPASS GOLD CLOSES \$3,637,062 PRIVATE PLACEMENT**

### **17,000-Metre Drill Program has Commenced Along the Tarabala and Samagouela Trends**

**Toronto, Ontario – December 16, 2020** – Compass Gold Corporation (TSX-V: CVB) (“Compass” or the “Company”) announced today that it has issued, on a non-brokered private placement basis, a total of 18,185,310 common shares of the Company, at a price of \$0.20 per share, for aggregate gross proceeds of \$3,637,062 pursuant to the closing of its previously announced private placement (the “Offering”) (see *Compass news releases dated November 29, and December 6 and 8, 2020*).

**Larry Phillips, Compass Gold’s President and CEO**, said, "Once again our core group of existing shareholders has taken up the majority of this important Private Placement. We are grateful for their strong and continuing support. As with prior offerings, we have used this opportunity to add several institutional shareholders who have recognized the quality of our properties and the experienced team conducting the exploration. The addition of these funds to our existing treasury will allow us to take the results of this major drilling program in June 2021 and plan for continuous drilling throughout the rainy season. I can assure all of our shareholders that our team is working aggressively to carry out the drilling plan and achieve our objective of identifying clear potential for a near surface gold resource."

**Dr. Madani Diallo, Director and Exploration Manager**, added, "With the end of the rainy season in Mali, we have now started an aggressive exploration and drilling program commencing at Samagouela and Tarabala, two of our highest priority target zones, where earlier this year our drilling intercepted significant gold mineralization. Those large trends host just a few of the growing number of highly-prospective gold targets on our Sikasso Property. Our exploration team in Mali is excited by the opportunity to complete our current 17,000-metre drill program in Q3, 2021. Based on the results of that work, we will, for the first time, be able to plan and conduct drilling on the highest priority targets without interruption by the rainy season. I firmly believe that our work in 2021 will validate the confidence that the Company's shareholders have shown in us."

#### **Extensive new exploration and drill program launched**

Compass has recently launched Phase 1 of a previously-reported 17,000-metre drilling program, beginning on targets on the Samagouela Trend, which will be followed by further drilling on the Tarabala Trend. The initial drilling results from this latest program are expected to be available in late December. Along with the Company’s existing funds, proceeds from this Private Placement will be sufficient to fund this entire program, and will enable the field team to continue following up with the planned Phase 2 and Phase 3 drilling on multiple targets into 2021 without interruption.

## **Placement Details**

Finder's fees in an aggregate amount of \$106,980 were paid in cash to certain finders on a portion of the Offering, subject to compliance with the policies of the TSX Venture Exchange (the "Exchange") and applicable securities legislation. In addition, Red Cloud Financial Services, advisor to the Company in connection with the Offering, was issued 549,900 compensation warrants as compensation for such services.

Insiders of the Company purchased an aggregate of 1,210,000 shares under the Offering, for aggregate consideration of \$242,000. Such participation is considered a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). Participation by insiders in the Offering was exempt from: (i) the valuation requirements of MI 61-101 by virtue of the exemption contained in Section 5.5(b) of MI 61-101, as the Company is listed only on the TSX Venture Exchange; and (ii) the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in Section 5.7(1)(a) of MI 61-101, as at the time the Offering was agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Offering, insofar as it involved interested parties, exceeded 25 per cent of the market capitalization of the Company.

All the shares issued pursuant to the Offering are subject to a hold period expiring four months and one day after the date of issuance. Subsequent to the completion of the Offering, the Company will have a total of 72,610,378 common shares outstanding. The Offering is subject to final acceptance by the Exchange.

The securities offered pursuant to the Offering have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration requirements. This release does not constitute an offer for sale of securities in the United States.

## ***About Compass Gold Corporation***

Compass is a Tier 2 issuer listed on the TSX-V. Through the 2017 acquisition of MGE and Malian subsidiaries, Compass holds gold exploration permits located in Mali that comprise the Sikasso Property. The exploration permits are located in three sites in southern Mali with a combined land holding of 867 km<sup>2</sup>. The Sikasso Property is located in the same region as several multi-million-ounce gold projects, including Morila, Syama, Kalana and Komana. Mineralization hosted on adjacent and or nearby properties is not necessarily indicative of mineralization hosted on the Company's property. The Company's Mali-based technical team, led in the field by Dr. Madani Diallo and under the supervision of Dr. Sandy M. Archibald, P.Geo, is conducting the current exploration program on several anomalous areas of the Sikasso Property, southern Mali.

## ***Forward-Looking Information***

*This news release contains "forward-looking information" within the meaning of applicable securities laws, including statements regarding the Company's planned exploration work and management*

*appointments. 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. 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.*

For further information please contact:

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