

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**

June 30, 2023

**Item 3. News Release**

A news release announcing the material change referred to in this report was disseminated on July 4, 2023 via Newsfile Corp. 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 June 30, 2023 (the “Closing Date”), the Company completed a private placement, on a non-brokered basis, of convertible debenture units (“**Debenture Units**”) for aggregate gross proceeds of \$650,000 (the “**Offering**”).

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

On the Closing Date, the Company completed the Offering. Pursuant to the Offering, the Company issued 650 Debenture Units for aggregate gross proceeds of \$650,000.

Each Debenture Unit issued pursuant to the Offering was comprised of: (i) one \$1,000 principal amount unsecured convertible debenture of the Company (a “**Convertible Debenture**”); and (ii) 5,000 common share purchase warrants of the Company (each, a “**Warrant**”), with each Warrant being exercisable to acquire one additional common share of the Company at a price of \$0.10 for a period of 24 months following the Closing Date.

The outstanding principal amount of each Convertible Debenture is convertible at the option of the holder thereof, at any time prior to maturity, into common shares of the Company at a conversion price (the “**Conversion Price**”) of: (i) \$0.08 per common share during the 12-month period immediately following the Closing Date; and (ii) \$0.10 per common share thereafter.

The Convertible Debentures will mature 24 months from the Closing Date (the “**Maturity Date**”) and will bear interest at a rate of 10% per annum, payable in cash or common shares, at the option of the Company. Interest will accrue and be paid in arrears on the Maturity Date. Any payment of interest pursuant to the issuance of common shares will be subject to the prior approval of the TSX Venture Exchange (the “**TSX-V**”) and the issue price per common share will be at the then applicable Market Price (as such term is defined in the applicable policies of the TSX-V).

If at any time prior to the Maturity Date the closing price of the common shares of the Company on the TSX-V is greater than \$0.20 per common share for the preceding 20 consecutive trading days, the Company shall have the option to convert the principal amount of the Convertible Debentures then outstanding into common shares at the then applicable Conversion Price.

Subject to the terms of the Convertible Debentures, within 30 days following a change of control of the Company prior to the Maturity Date, the Company shall offer to purchase the Convertible Debentures at a purchase price equal to 100% of the principal amount of the Convertible Debentures then outstanding, together with all accrued and unpaid interest thereon.

The Convertible Debentures include covenants and events of default that are typical for a transaction of the nature of the Offering. Among other covenants, so long as the Convertible Debentures are outstanding, the Company will not be permitted to: (i) declare or pay any dividend or other distribution, in cash, to the holders of its issued and outstanding common shares; (ii) incur any secured debt ranking senior to the Convertible Debentures, other than secured debt incurred by the Company in connection with the Tarabala Project; or (iii) use any funds generated from the operations of the Tarabala Project for the purpose of conducting further exploration activities in respect of the mineral properties of the Company, such that any further exploration will only be conducted using funds raised through the issuance of new equity of the Company for such purpose.

#### ***Related Party Transaction***

Insiders of the Company purchased an aggregate of 175 Debenture Units under the Offering, for aggregate consideration of \$175,000. Specifically:

- James Henderson, a director of the Company, participated in the Offering and subscribed for 25 Debenture Units for aggregate consideration of \$25,000.
- Joseph Conway, a director of the Company, participated in the Offering and subscribed for 100 Debenture Units for aggregate consideration of \$100,000.
- William Pugliese, a director of the Company, participated in the Offering and subscribed for 50 Debenture Units for aggregate consideration of \$50,000.

By virtue of the foregoing participation by such 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**

July 4, 2023