

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 2, 2024

Item 3. News Release

A news release announcing the material change referred to in this report was disseminated on December 3, 2024 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 December 2, 2024 (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 \$610,500 (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 610.5 Debenture Units for aggregate gross proceeds of \$610,500.

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 \$0.18 until December 2, 2025. An aggregate of 3,052,500 Warrants were issued pursuant to the Offering.

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 of \$0.18 per common share (the “**Conversion Price**”).

The Convertible Debentures will mature on June 30, 2025 (the “**Maturity Date**”) and 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 \$0.36 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 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 30 Debenture Units under the Offering, for aggregate consideration of \$30,000. Specifically:

- Larry Phillips, the President and Chief Executive Officer of the Company, participated in the Offering and subscribed for 20 Debenture Units for aggregate consideration of \$20,000; and
- Joseph Conway, the Chairman of the Board of Directors of the Company, participated in the Offering and subscribed for 10 Debenture Units for aggregate consideration of \$10,000.

The participation by each of Messrs. Phillips and Conway in 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**”).

A related party transaction, in the absence of applicable exemptions, would require the Company to obtain a formal valuation and/or 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, as the Company is listed only on the TSX Venture Exchange; and an exemption is available from the minority shareholder approval requirement under 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, nor the fair market value of the consideration for, the Offering, insofar as it involved interested parties, exceeded 25% of the market capitalization of the Company.

The Board of Directors 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 such related party transactions.

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 was not finalized until, or close to, the date of the closing of the Offering and the Company desired to close the Offering as expeditiously as possible.

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 9, 2024