**COMPASS GOLD SIGNS LETTER OF INTENT TO   
ACQUIRE SIKASSO GOLD ASSETS IN MALI**

***Vancouver, BC and Sydney, Australia, 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 letter of intent (the "**Letter** **Agreement**") dated July 13, 2017 (as signed by the two companies and MGE's principal shareholders), setting out the terms and conditions for Compass to 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. It is expected 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:**

* **MGE holds the Sikasso Property comprising five (5) gold exploration licenses in Mali, West Arica covering a total area of 1,129 km2**
* **Proposed Board 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 and MGE have common directors and shareholders (as outlined further below) and therefore the Acquisition will not be an arm's length transaction under the policies of the TSXV. Consequently, the board of directors of the Company (the "**Board**") has formed a special committee of independent directors (the "**Special Committee**") to consider the Acquisition and advise the Board whether the transaction would be in the best interests of the Company and its shareholders and to approve, if appropriate, the terms of a definitive agreement in respect of the Acquisition (“**Definitive 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, subject to Exchange acceptance, among other things.

The Acquisition is not an arm's‐length transaction as insiders of Compass are insiders of MGE and directly or indirectly own both MGE Shares and shares in Compass. In particular 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.

***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 Letter Agreement, subject to satisfaction of certain conditions, Compass will acquire the 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 Post‐Consolidation Shares to be issued to the MGE shareholders under the Acquisition will be subject to any restrictions on resale, including escrow restrictions, imposed by applicable laws and the Exchange.

***Conditions Precedent***

The parties’ obligations are subject to the satisfaction of the usual conditions precedent to a transaction such as the Acquisition, including:

1. the Special Committee recommending approval of the Acquisition by the Board and the Company entering into a Definitive Agreement within 14 days of the date of the Letter Agreement;
2. the completion of due diligence investigations by Compass in respect of MGE, and MGE in respect of Compass, to their sole and absolute satisfactions;
3. Compass having either closed a minimum C$5,000,000 private placement (up to a maximum C$6,000,000) or secured an unconditional underwriting for a minimum C$5,000,000 private placement, to be closed concurrently with the closing of the Acquisition;
4. consents being obtained from all third parties that are necessary to complete the Acquisition, including without limitation, receiving all necessary approvals from Compass shareholders, the TSXV, and MGE Shareholders to the Transaction (including the requirement for any independent report, independent valuations or the Special Committee); and
5. no material adverse changes in the financial condition, assets or liabilities (contingent or otherwise) of either Compass or MGE.

***Proposed Board and Management Changes***

On the completion of the Acquisition, it is proposed that Malcom Carson and Lara Iacusso 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 the founders and members of the senior management team of IAMGold Corporation, an international gold mining, development and exploration company with operating mines across three continents, including in Mali and Burkina Faso, West Africa. Collectively this team directed international investments, joint ventures, government relationships and operations for IAMGold Corporation, 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.

***Concurrent Private Placement***

It is a condition to completion of the Acquisition that Compass completes a concurrent private placement of at least C$5,000,000 (up to a maximum of C$6,000,000). Compass expects to provide further information regarding this concurrent private placement if the Company enters into the Definitive Agreement.

***Completion of the Acquisition is subject to a number of conditions precedent, including but not limited to TSXV acceptance. The Acquisition cannot close until the required shareholder and Exchange approvals are obtained. There can be no assurance that the Acquisition will be completed as proposed or at all.***

## About MGE

MGE is a private Australia company with gold exploration permits located Mali. MGE owns the Sikasso Project located in three sites in Southern Mali with a combined land holding of 1,129km2. The Sikasso Project is located in the same region as several other multi-million ounce gold projects in Mali.

The Company expects to provide further information regarding MGE and the Sikasso Project if the Company enters into the Definitive Agreement.

## 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. MALI GOLD EXPLORATION PTY LTD**

SIGNED: “*Lara Iacusso*” SIGNED: “*James Henderson*”

## Lara Iacusso, Director 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.

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release, and the TSX Venture Exchange has in no way passed upon the merits of the proposed Transaction.*

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