



President's Letter to Compass Gold Shareholders October 17, 2019

PUTTING THE PIECES TOGETHER AT FARABAKOURA

Dear Shareholders:

Our Compass exploration team has been very busy over the past six months, as evidenced by the many excellent drill results and multiple new targets we've been able to report from their work at our Sikasso Property in Southern Mali. In our most recent press release just last week, we announced the discovery of another large high-grade anomaly, this one on our Kourou permit area. With that, we have reported the results from all of the exploration work completed prior to the beginning of the rainy season in late July, which brought an end to field work and drilling.

Already this year, our team has done an outstanding job generating impressive results across large target areas such as Farabakoura. Using a careful drilling plan totaling less than 8,000 metres, we have discovered several broad mineralized zones, such as reverse circulation (RC) hole 11 (OURC011) with 60 metres of 1.42 grams per tonne gold and RC hole 24 with 32 metres at 3.02 grams per tonne gold.

Our diamond drilling (DD), consisting of only eight holes, contributed remarkably high-grade results, such as DD hole 4 with 6.1 metres at 65.58 grams per tonne gold and DD hole 6 with 13.5 metres at 9.25 grams per tonne gold.

While these are just a few of the key results that make the mineralized zone at Farabakoura such an exciting target, it is important to note that virtually all of our drill holes discovered gold mineralization. In fact, our 93% 'hit rate' is almost unheard of for a first-ever drill program in grass-roots exploration.

It is also worth noting that the drilling was concentrated within 100 metres of surface. Such shallow gold mineralization is ideal for a simple open pit extraction, which in Mali, typically requires grades of less than 1.5 grams per tonne gold to be economic.

Beyond the gold mineralization, all of our drilling and other exploration work is providing essential answers about the rock types, structures, size, and orientation of the large Farabakoura target. The high-grade intercepts are exciting, but what is equally important is refining our understanding of structures and trends so we can determine where the drilling should go next. We are now focused on how far this Farabakoura zone extends, to the north, to the east and even at depth. **This is all in support of our clear objective of progressing Farabakoura to a defined mineral resource in the coming year.**

Planning Next Steps

Over the next few weeks, our technical team, led by Dr. Madani Diallo and Dr. Sandy Archibald, will conduct a structural review of Farabakoura, incorporating the analysis of a specialized structural geologist. This work will help with the placement of drill holes and eventually lead to a preliminary three-dimensional model of the Farabakoura mineralized zone. Such a model will certainly evolve as more results are incorporated, but it does make it easier for shareholders to visualize what we believe is happening underground. Right now, when asked how I see the Farabakoura target, I often use an analogy: “It looks like a large rectangular cake of wide ore-grade mineralization, about a kilometer long and 60 meters wide. Running through this cake, like icing, we have several high-grade vein systems. So far, we’ve found just a one-layer cake, mostly 60-70 metres below the surface. I am not sure how far the cake extends to the north and how far the icing extends to the east, but I am confident of one thing – we are going to need a bigger pan!”

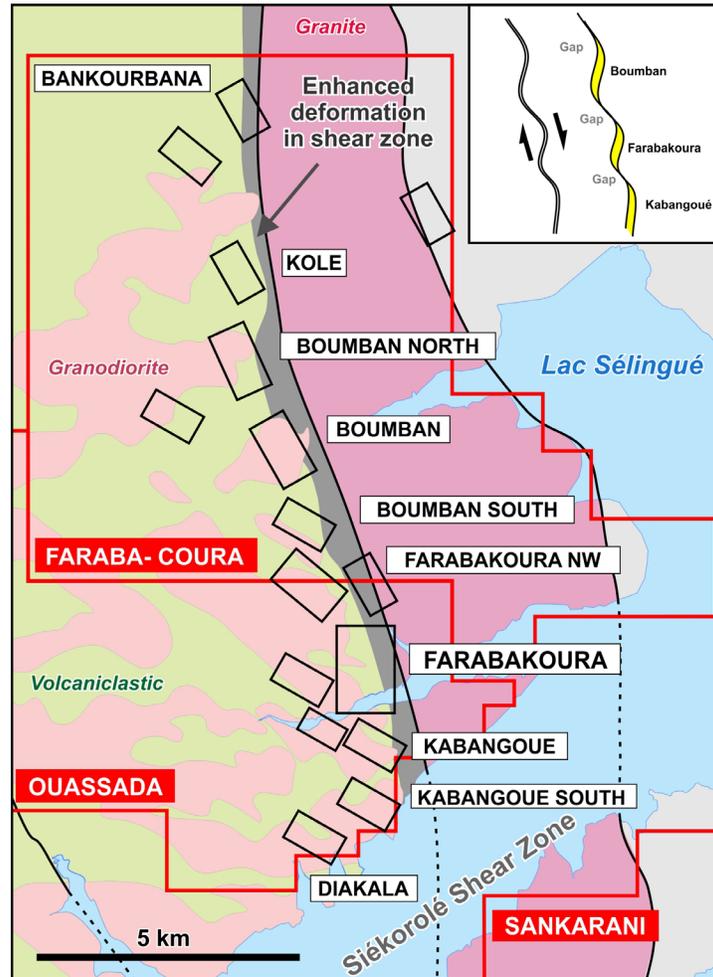
(I have no doubt Sandy and Madani will be happy when I can refer to a proper model rather than talking about cake and icing!)

Seeing the Bigger Picture

As I said, advancing Farabakoura to a defined mineral resource is our top priority. It will be a transformational step for Compass Gold, one which would distinguish us from the vast majority of gold exploration companies that never achieve a stated resource of any kind. In short, it would move us from exploration to discovery. To have reached this stage after less than 8,000 metres of drilling over a span of 10 months has been remarkable. What is most interesting to me about Farabakoura is the tremendous potential it has to get much bigger, both quickly and economically. If drilling to the north and east continues to show concentrations of gold at grades over 3 grams per tonne and at depths of less than 100 metres, we will be able to define a significant resource quickly and at a relatively low discovery cost per ounce.

We are already seeing how the Farabakoura zone may just be the first of many such targets. Our exploration work using soil sampling and ground magnetic surveys has delineated the presence of a string of large targets extending north along a 15-km trend associated with the Siekorole shear zone. This type of “shear-zone hosted” gold system has been found in many parts of the world and typically contains multiple gold zones. In our case, the Siekorole shear zone, depicted in the figure below, confirms that we have more than a dozen targets along the shear zone spanning two of our permit areas. The **Boumban** targets have the earmarks of being another Farabakoura, and we plan to commence drilling there later this year. We are very keen to test this theory that we could have a series of mineral resources extending every few kilometers along this 15-km portion of a regional trend, which we know hosts gold deposits just tens of kilometres to the south of our permit areas.

Siekorole Shear Zone



What we have discovered thus far at Farabakoura and Boumban certainly makes for a full plate of work and opportunity in the coming year for a small company like Compass. However, the size of our land package – 867 square kms – means we have even more targets that deserve attention and initial drilling. To put it into perspective, at roughly 75 square kms, the Farabakoura/ Boumban areas comprise just under 10% of our total permit area.

Turning to other permit areas, we have now completed valuable exploration work, including soil sampling, at more large, rich surface anomalies like Sodala and Tarabala on our Sankarani permit area and the Samagouela target on our Kourou permit area (one of four permits comprising the Yanfolila South Block). On the Yanfolila South Block, artisanal miners working at several pits have uncovered some extraordinary gold nuggets and produced significant amounts of near surface gold. We are ready to move ahead with drilling on these targets at the same time we are drilling at Farabakoura. These names may not be familiar, yet, but like Farabakoura one year ago, we believe they have the potential to become very important, very quickly.

Our technical team is busy honing our exploration plans for the remainder of the year as well as developing specific work programs for the coming year so that we can budget our existing cash resources and understand what additional cash we will need to continue our work through 2020.

From Mali to the Marketplace

The rest of our Compass team here in Canada has been busy reporting the exploration and financial results to the general market and directly to our shareholders. The meaning and significance of each set of drill results and other technical data is not easy to grasp or convey each step of the way. We are fortunate to have a strong, knowledgeable core of shareholders who are engaged with and supportive of our efforts.

Since we released our first diamond drilling result in April, where bonanza grades triggered a market frenzy of trading, and since our Private Placement Financing, I have been in regular contact with shareholders representing ownership of roughly 70% of all Compass Gold shares. My telephone calls, emails, and face to face conversations have spanned the world; from Perth and Sydney in Australia, across North America with shareholders in Vancouver, Calgary, Winnipeg, Scottsdale, Colorado, Minnesota, Toronto, New York City, and Prince Edward Island, and finally over in London and Amsterdam.

All of those conversations have provided me with valuable insights into the questions and issues most important to our fellow shareholders. What strikes me most is that our core shareholders understand and support our disciplined approach to creating value in the ground. We are taking money in the bank and putting it into the ground to create something with much greater value. And with our results to date, our shareholders can see that we are on the verge of taking a huge leap forward. I believe the support we have for our strategy reflects the fact that the people I speak with are *shareholders*, not *sharetraders*.

We can see the effect of *sharetraders* when high-grade results come out, and for a day or two, millions of shares can be ‘traded’ back and forth until activity and price momentum subsides. Alternately, when we go two or three weeks without news, 500 shares traded in a day can drop our market value by 15%. Both scenarios are frustrating, and neither one is an accurate or relevant measure of the essential value of Compass and the gold assets we are building.

This is not to suggest that we, as a management team, are oblivious to the trading activity. Maintaining a public listing on the TSX is an expensive exercise. While there are many benefits pertaining to transparency, governance and reporting disciplines, share liquidity for a company of our size and shareholder composition is not one of them. I am confident that this will change. Until then, the market will accurately tell us our share *price* each day, but less so our share *value*.

I am pleased to report that, beyond the TSX, our value is gaining recognition as we meet with more professional gold investors and corporate representatives. Our attendance at the New York 121 Conference in June, and more recently at the Precious Metals Summit in Beaver Creek Colorado, put me in front of dozens of investment groups and gold producers looking to make strategic investments in junior gold exploration companies like ours. Typically, these investors do not take up shares in the open market for companies our size. They prefer to do their due diligence and participate in a Private Placement. It has been gratifying to see the enthusiastic reception for our Compass story and the growing Farabakoura opportunity. Particularly at Beaver Creek, which included more than 100 of the top explorers, we truly stood apart from the crowd based on the quality of our results, achieved in ten months and our initial drilling campaign of fewer than 30 holes.

As we look to expand our shareholder base, these are the kind of ‘strategic’ investors we hope to attract. They look beyond the share price on any given day. They have the expertise to see in Compass the potential for tremendous value growth and the patience to provide on-going support for the exciting next stage of unlocking that value – in other words, to be share**holders**.

To summarize, we have much to look forward to as we get ready to resume drilling at Farabakoura and prepare for an exciting year for our Compass team and all of our shareholders. As always, we appreciate your encouragement and support, and I welcome the chance to speak with you as we move forward in the months ahead.

Sincerely,

Larry Phillips
President and Chief Executive Officer

For further information, please contact:

Larry Phillips – President & CEO	Greg Taylor – Dir. Investor Relations & Corporate Communications
lphillips@compassgoldcorp.com	gtaylor@compassgoldcorp.com
T: +1 416-596-0996 X 302	T: +1 416-596-0996 X 301

Website: www.compassgoldcorp.com