OPTION AGREEMENT

THIS AGREEMENT is made as of the 3rd day of December, 2009,

AMONG:

COMPASS GOLD CORPORATION, a British Columbia company having a business address at Suite 900 – 595 Howe Street, Vancouver, British Columbia, V6C 2T5

("**Compass**")

AND:

AFRICA MINING SARL, a company incorporated under the laws of Mali having a business address at Sema Faladiè, Rue 841 porte 202, Bamako BP 366, MALI

("**Africa Mining**")

AND:

MADANI DIALLO, businessman of Magnambougu, Rue 250, Porte 181, Mali and **TRANSOCEAN FINANCE PTY LTD.** a company incorporated under the laws of Australia having a business address at Level 5, 56 Pitt Street, Sydney, NSW 2000, Australia

(the "**Covenantors**")

WHEREAS:

A. Africa Mining is a private company incorporated in Mali, West Africa, that holds 100% of the rights to and interests in the Licenses listed in Schedule A;

B. Africa Mining has agreed to grant to Compass an option to acquire, from treasury, 51% of the issued common shares of Africa Mining;

C. The Covenantors own all of the issued shares of Africa Mining and have agreed to provide the representations and warranties respecting Africa Mining to Compass;

D. The parties have entered into this Agreement in order to set out the terms and conditions under Compass will be granted the option to purchase common shares of Africa Mining;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained, the parties hereby agree to the following terms and conditions:

1. **Interpretation**

1.1 **Defined terms** - For the purpose of this Agreement, the following terms have the meaning ascribed to them below unless the context otherwise requires:

(a) "**Acquisition**" means the acquisition of the common shares in the capital of Africa Mining by Compass, upon and subject to the terms and conditions of this Agreement;

(b) "**Africa Mining Financial Statements**" means the audited financial statements of Africa Mining for the year ended December 31, 2008 and the review engagement financial statements for the 11 month stub period ended on November 30, 2009;

(c) "**Africa Mining Properties**" means the mineral properties set out in Schedule A that are licensed to Africa Mining or which Africa Mining has an exclusive right to license, subject to governmental approval;

(d) "**Applicable Laws**" means all applicable rules, policies, notices, orders and legislation of any kind whatsoever of any Governmental Authority or stock exchange having jurisdiction over the transactions contemplated hereby or the parties to this Agreement;

(e) “**Approval**” means final acceptance by the TSXV of the Offering, the Acquisition and the reactivation of Compass as a Tier 2 issuer on the TSXV;

(f) "**Business Day**" means any day except Saturday, Sunday or a statutory holiday in Vancouver, British Columbia, Canada;

(g) "**Claim**" means any claim, demand, action, or cause of action, including but not limited to in contract, in tort, in equity or under statute, or any loss, cost, expense or liability arising from or in connection with the negotiation and implementation of this Agreement or any breach or default under this Agreement (including any breach of a Warranty);

(h) “**Effective Date**” means the date that is the date, or such later date as may be mutually agreed upon the parties, of receipt by Compass of the Approval;

(i) "**Environmental Laws**" means all Applicable Laws currently in effect relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, the use, consumption, handling, transportation, storage or Release of Hazardous Substances;

(j) "**Environmental Order**" means any prosecution, order, decision, notice, direction, report, recommendation or request issued, rendered or made by any Governmental Authority in connection with Environmental Laws;

(k) “**First Option**” has the meaning ascribed to it in section 2.2;

(l) “**First Option Period**” has the meaning ascribed to it in section 2.2;

(m) "**Governmental Authority**" means any government or governmental, administrative, regulatory or judicial body, department, commission, authority, tribunal, agency or entity;

(n) "**Hazardous Substance**" means any substance, combination of substances or by–product of any substance which is or may become hazardous, toxic, injurious or dangerous to any person, property, air, land, water, flora, fauna or wildlife; and includes but is not limited to contaminants, pollutants, wastes and dangerous, toxic, deleterious or designated substances as defined in or pursuant to any Environmental Laws or Environmental Orders;

(o) "**Intellectual Property**" means (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations–in–part of patents or patent applications; (ii) proprietary and non–public business information, including inventions, invention disclosures, improvements, discoveries, trade secrets, confidential information, know–how, methods, processes, designs, technology, technical data, schematics and documentation relating to any of the foregoing; (iii) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade–marks, trade–mark registrations, trade–mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (iv) computer software and programs; and (v) any other intellectual property;

(p) "**Licenses**" means the licenses set out in Schedule A that were or will be granted by the Malian Ministry of Mines and Energy to permit Africa Mining to carry out exploration activities on the Africa Mining Properties;

(q) "**Offering**" has the meaning ascribed to it in section 3.1;

(r) "**Person**" means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability corporation, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Authority;

(s) "**Regulatory Approvals**" means all third party approvals required to be obtained prior to Closing for all of the transactions contemplated herein, including without limitation all required approvals of the TSXV;

(t) "**Release**" includes abandon, add, deposit, discharge, disperse, dispose, dump, emit, empty, escape, leach, leak, migrate, pour, pump, release or spill;

(u) "**Second Option**" has the meaning ascribed to it in section 2.3;

(v) "**Second Option Period**" has the meaning ascribed to it in section 2.3;

(w) "**Securities Acts**" means the British Columbia *Securities Act* and the Alberta *Securities Act*, as amended from time to time;

(x) "**Security Interest**" includes a mortgage, debenture, charge, encumbrance, lien, pledge, assignment or deposit by way of security, bill of sale, lease, hypothecation, hire purchase, credit sale, agreement for sale on deferred terms, caveat, claim, covenant, interest or power in or over an interest in an asset and any agreement or commitment to give or create any such security interest or preferential ranking to a creditor including set off;

(y) "**Technical Report**" means the National Instrument 43-101 complaint technical report respecting the Yanfolila License prepared for Compass by Watts Griffiths and McOuat;

(z) "**TSXV**" means the TSX Venture Exchange;

(aa) “**Units**” has the meaning ascribed to it in section 3.1;

(bb) "**Warranties**" means the respective warranties given by each the parties in Part 5, and references to "**Warranty**" shall have a corresponding meaning.

1.2 “**Currency** - In this Agreement, all references to currency are references to Canadian dollars unless otherwise stated.

1.3 **Schedules** – Schedule 1 - List of Africa Mining Licenses, attached hereto constitutes a part of this Agreement.

1.4 **Headings** – The headings in this Agreement are for reference only and do not constitute terms of the Agreement.

1.5 **Interpretation** – Unless the context of this Agreement otherwise requires, to the extent necessary so that each clause will be given the most reasonable interpretation, the singular number will include the plural and vice versa, the verb will be construed as agreeing with the word so substituted, words importing the masculine gender will include the feminine and neuter genders, words importing persons will include firms and corporations and words importing firms and corporations will include individuals.

1.6 **Knowledge** – Whenever in this Agreement a representation and warranty is qualified by the statement "to the best knowledge" of a party or any similar statement, that statement shall mean to the best knowledge of the party's directors and officers after having made due and reasonable enquiries and investigations.

2. **<u>Options to purchase shares of Africa Mining</u>**

2.1 **Grant of Options** - Africa Mining hereby grants the First Option and the Second Option to Compass, upon and subject to the terms and conditions of this Agreement.

2.2 **First Option** - At any time following the Effective Date, Compass may acquire, from treasury, such number of common shares as will result in Compass owning 20% of the issued common shares of Africa Mining (the “**First Option**”) upon the First Option being exercised. Compass may exercise the First Option by funding and completing $500,000 of verifiable exploration work on the Licenses on terms mutually agreed upon with Africa Mining, acting reasonably, including the Phase 1 exploration program recommended in the Technical Report, within seven months of the Effective Date (the “**First Option Period**”), provided that, in the event that the First Option is not exercised in full within 60 days of the end of the First Option Period, or if any time Compass gives notice to Africa Mining that it does not intend to exercise the First Option, this Agreement shall terminate and Compass will have no further right to purchase common shares of Africa Mining.

2.3 **Second Option** – Subject to the First Option being exercised, Compass may acquire, from treasury, additional common shares of Africa Mining (the “**Second Option**”) such that Compass will be the registered holder of an aggregate of 51% of the issued common shares of Africa Mining following the issuance of such shares to Compass. Compass may exercise the Second Option to acquire such additional shares by:

(a) making a payment of $500,000 to Africa Mining or its nominee, either in cash or, at the election of Africa Mining, in Units on the same terms as the Offering; and

(b) funding and completing an additional $1,500,000 of verifiable exploration work on the Licenses, on terms mutually agreed upon with Africa Mining, acting reasonably, including the Phase 2 exploration program recommended in the Technical Report, within 24 months of the Effective Date (the "**Second Option Period**"),

provided that, in the event that the Second Option is not exercised in full within 60 days of the end of the Second Option Period, or if any time Compass gives notice to Africa Mining that it does not intend to exercise the Second Option, Compass will forfeit the shares acquired on exercise of the First Option and shall forthwith return to Africa Mining the certificates representing those shares for cancellation, and this Agreement shall terminate and Compass will have no further right to purchase common shares of Africa Mining.

2.4 **Restrictions on resale** - Africa Mining acknowledges that any common shares issued by Compass in partial exercise of the Second Option will be subject to restrictions on resale imposed by Applicable Laws and the policies of the TSXV and agrees that the certificates representing such shares will contain legends to that effect.

2.5 **Deliveries by Compass –** In order to the exercise of the Second Option, Compass shall deliver to Africa Mining evidence of the payment by wire transfer of the sum of $500,000 to Africa Mining or, if requested by Africa Mining, a share certificate and warrant certificate representing the appropriate number of Units of Compass registered in the name of Africa Mining or such other name or names as Africa Mining may direct in writing.

2.6 **Deliveries by Africa Mining –** Upon the exercise of the First Option or Second Option, as the case may be, Africa Mining shall deliver to Compass the following documents:

(a) a certified true copy of the resolutions of the directors and, if necessary, the shareholders of Africa Mining, evidencing that the board of directors and, if applicable, shareholders of Africa Mining, have approved the issuance of common shares to Compass;

(b) evidence of any required Regulatory Approval to the issuance of the shares;

(c) a share certificate representing the appropriate number of shares of Africa Mining registered in the name of Compass or such other name as Compass may direct in writing;

(d) an opinion letter from the solicitors for Africa Mining dated as of the date of the issuance of the shares, in a form reasonably acceptable to Compass and its lawyers;

(e) a certificate signed by authorized representatives of Africa Mining that the representations and warranties of Africa Mining contained in this Agreement are true and correct as of the date of the issuance of the shares; and

(f) such other materials that are, in the opinion of Compass acting reasonably, required to be delivered by Africa Mining in order for them to meet their obligations under this Agreement.

2.7 **No finder's fee** – The parties confirm, each to the others, the there is no finder's fee or any other similar compensation payable to a third party in respect of the transactions contemplated herein.

3. **Private Placement by Compass**

3.1 **Offering** - Compass will use its reasonable commercial efforts to carry out an offering of 10,000,000 units (the "**Units**") under a non-brokered private placement basis to raise gross proceeds of $1,500,000 (the "**Offering**") at a purchase price of $0.15 per Unit.

3.2 **Composition of Units** - Each Unit will consist of one common share of Compass and one common share purchase warrant, with each whole warrant being exercisable for a period of two years to acquire one additional common share of Compass at a purchase price of $0.20 per share subject to Compass's right to accelerate the exercise of the warrants to a 30 day period in the event that the closing price of Compass's common shares on the TSXV is $0.35 or more for 10 consecutive trading days.

3.3 **Condition to closing** - The Offering will be subject to receipt of the Approval.

4. **Change in Directors and Officers**

4.1 **Compass nominees** - Effective as of the Effective Date, the management committee of Africa Mining shall consist of three persons, 2 of which shall be nominated by Compass. If any of the proposed management committee of Africa Mining are not acceptable to the TSXV, Compass shall nominate such other persons as may be acceptable to the TSXV.

4.2 **Resignations** - Africa Mining shall deliver on the Effective Date, resignations of those management representatives of Africa Mining who are either not continuing in their current role or are continuing in a different capacity or role, such resignations to include waivers in respect of any liabilities of Africa Mining to them in a form acceptable to Compass, acting reasonably.

4.3 **Appointment of Madani Diallo** - Effective as of the Effective Date, Madani Diallo shall be appointed as a consultant to Compass and General Manager of Africa Mining on terms that require Mr. Diallo to maintain such positions until at least until the end of the Second Option Period or until such time as Compass provides notice that it does not intend to exercise the First Option or the Second Option.

4.4 **No exercise of Options** - In the event that Compass does not exercise its right to exercise the First Option or the Second Option, its nominee directors and management shall immediately tender their resignations from Africa Mining, such resignations to include waivers in respect of any liabilities of Africa Mining.

5. **Representations and Warranties**

5.1 **Concerning Compass** – In order to induce Africa Mining to enter into this Agreement and complete its obligations hereunder, Compass represents and warrants to Africa Mining as follows:

(a) **Incorporation and qualification** – Compass is a corporation incorporated and existing under the laws of British Columbia and has the corporate power to own and operate its property, carry on its business and enter into and perform its obligations under this Agreement. This Agreement constitutes a legal, valid and binding agreement of Compass and is enforceable against Compass in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors and the general principles of equity;

(b) **Reporting issuer** – Compass is a "reporting issuer" in British Columbia and Alberta, as that term is defined in the Securities Acts, and is not in default of any material requirement of the Securities Acts. The common shares of Compass are listed on the “NEX” Board of the TSXV under the symbol CVB.H and are not suspended from trading or cease traded;

(c) **Corporate authority** – The execution, delivery and performance by Compass of this Agreement and the completion of the transactions contemplated hereunder, have been duly authorized by all necessary corporate action on the part of Compass, subject to receipt of any shareholder approvals required by the TSXV;

(d) **No conflict** – The execution and delivery of this Agreement by Compass and the performance by Compass of its obligations under this Agreement will not:

(i) conflict with, or result in the breach or the acceleration of any indebtedness under, or constitute default under the constating documents of Compass, or any indenture, mortgage, agreement, lease, licence or other instrument of any kind whatsoever to which Compass is a party or by which it is bound, or any judgment or order of any kind whatsoever of any court or administrative body of any kind whatsoever by which Compass is bound; or

(ii) result in the violation of any law, ordinance, statute, regulation, by–law, order or decree of any kind whatsoever by Compass;

(e) **Authorized and issued capital** – Compass is authorized to issue an unlimited number of common shares, of which 12,332,010 common shares are validly issued and outstanding as fully paid and non–assessable shares as of the date of this Agreement. There are no other shares, options, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a "security" of Compass (as that term is defined in the British Columbia Securities Act) other than:

(i) 4,518,333 warrants to purchase up to 4,518,333 common shares of Compass at any time up to November 17, 2010 for a price of $0.12 per share; and

(ii) 1,200,000 incentive stock options to purchase up to 1,200,000 common shares of Compass at any time up to November 17, 2014 for a price of $0.12 per share;

(f) **Compliance with Applicable Laws** – Compass is conducting its business in compliance in all material respects with all Applicable Laws of British Columbia in which its business is currently carried on;

(g) **Licenses and permits** – Compass holds all licenses and permits that are required for carrying on its business in the manner in which such business has been carried on and in the manner in which such business will need to be carried on in order for Compass to meet its obligations under this Agreement;

(h) **Litigation** – There are no outstanding actions, suits, judgments, investigations or proceedings of any kind whatsoever against or affecting Compass, at law or in equity or before or by any Governmental Authority or other governmental department, commission, board, bureau or agency of any kind whatsoever nor are there, to the best of its knowledge, any pending or threatened;

(i) **Material contracts** – Compass is not a party to any material contracts other than this Agreement;

(j) **Complete disclosure** - To the best of its knowledge, information and belief:

(i) all documents and written information delivered by Compass or its representatives under or in connection with this Agreement to Africa Mining or its representatives are complete and correct in all material respects as of the date of this Agreement; and

(ii) Compass has not withheld from Africa Mining any material information necessary to enable Africa Mining to make an informed assessment and valuation of the business, assets and liabilities of Compass.

5.2 **Concerning Africa Mining** – In order to induce Compass to enter into this Agreement and complete its obligations hereunder, Africa Mining and the Covenantors jointly and severally represent and warrant to and covenant with Compass as follows:

(a) **Incorporation and qualification –** Africa Mining is a private company duly incorporated and in good standing under the laws of the Republic of Mali, West Africa, and has the corporate power to own and operate its property, carry on its business and enter into and perform its obligations under this Agreement. This Agreement constitutes a legal, valid and binding agreement of Africa Mining and is enforceable against Africa Mining in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors and the general principles of equity;

(b) **Not reporting company** – Africa Mining is not a reporting company in any jurisdiction and its common shares are not listed or quoted on any stock exchange or trading facility. Africa Mining is not subject to any regulatory decision or order prohibiting or restricting trading in its shares;

(c) **No Conflict –** The execution and delivery of this Agreement by Africa Mining and the performance by Africa Mining of its obligations under this Agreement will not:

(i) conflict with, or result in the breach or the acceleration of, any indebtedness under, or constitute default under the constitution or constating documents of Africa Mining, or any indenture, mortgage, agreement, lease, licence or other instrument of any kind whatsoever to which Africa Mining is a party, or any judgment or order of any kind whatsoever of any court or administrative body of any kind whatsoever by which Africa Mining is bound; or

(ii) result in the violation of any law, ordinance, statute, regulation, by–law, order or decree of any kind;

(d) **Required approvals** – There is no requirement to obtain any Regulatory

Approval as a condition to the lawful completion by Africa Mining of the transactions contemplated by this Agreement;

(e) **Corporate authority** – The execution, delivery and performance by Africa Mining of this Agreement and the completion of the transactions contemplated hereunder, have been duly authorized by all necessary corporate action on the part of Africa Mining;

(f) **Corporate records –** The corporate records, including all constating documents, minutes of meetings and resolutions of shareholders, directors and any committees, the share certificates, registers of shareholders and option holders and register of directors of Africa Mining are complete and accurate and all corporate proceedings and actions reflected in such corporate records have been conducted or taken in compliance with all Applicable Laws and with the constitution of Africa Mining. Africa Mining's constating documents are in the form contained in its minute book and no modifications or alterations have been proposed or approved by its shareholders. Africa Mining has never been subject to, or affected by, any shareholders agreement;

(g) **Authorized and issued capital –** Africa Mining is authorized to issue an unlimited number of common shares of 10,000 CFA Francs per common share of which there will be 100 common shares outstanding on the Effective Date, of which 75 common shares are owned by Medani Diallo in trust for Transocean Finance Pty Ltd. and 25 common shares are owned by Madani Diallo. There are no other shares, options, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a "security" of Africa Mining (as that term is defined in the British Columbia Securities Act);

(h) **No other agreements to purchase** – Except as is provided for in this Agreement, there are no options, agreements, rights of first refusal or other rights capable of becoming such to acquire all or any part of the issued common shares of Africa Mining;

(i) **Dividends and distributions –** No dividends or other distributions of any kind whatsoever on any shares in the capital of Africa Mining have been made, declared or authorized;

(j) **Licenses and permits** – Africa Mining holds all licenses and permits that are required for carrying on its business in the manner in which such business has been carried on and in the manner in which such business will need to be carried on in order for Africa Mining to meet its obligations under this Agreement;

(k) **Compliance with Applicable Laws** – Africa Mining is conducting its business in compliance in all material respects with all Applicable Laws of the Republic of Mali;

(l) **Sufficiency of assets** – Africa Mining's business of mineral exploration and development is the only business operation carried on by Africa Mining. Africa Mining's assets include all rights and property necessary to enable Africa Mining to conduct its business after the Effective Date substantially in the same manner as it was conducted prior to the Effective Date;

(m) **Title to assets** – Africa Mining owns (with good title) all of the properties and assets (whether real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by Africa Mining in its financial books and records. Africa Mining has legal and beneficial ownership of its assets free and clear of all liens, charges, encumbrances or adverse interests;

(n) **No options to purchase assets** – There are no written or oral agreements, options, understandings or commitments, or any right or privilege capable of becoming such for the purchase or other acquisition from Africa Mining of any of its assets;

(o) **Condition of tangible assets** – The buildings, plants, structures, vehicles, equipment, technology and communications hardware and other tangible personal property of Africa Mining are in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put. None of such buildings, plants, structures, vehicles, equipment or other property are in need of maintenance or repairs except for routine maintenance and repairs in the ordinary course that are not material in nature or cost;

(p) **Leases –** Other than in respect of the lease of its offices in Bamako, Mali, Africa Mining is not a party to, or under any agreement to become a party to, any lease with respect to real property.

(q) **Financial Condition**

(i) The Africa Mining Financial Statements are true and correct in every material respect and present fairly and accurately the financial position and results of the operations of Africa Mining for the periods reported upon and the Africa Mining Financial Statements have been prepared in accordance with Generally Acceptable Accounting Guidelines and Standards;

(ii) The books and records of Africa Mining disclose all material financial transactions of Africa Mining and such transactions have been fairly and accurately recorded;

(iii) There are no material liabilities of Africa Mining, whether direct, indirect, absolute, contingent or otherwise, which are not disclosed or reflected in the Africa Mining Financial Statements except for those incurred in the ordinary course of business of Africa Mining since November 30, 2009, and such liabilities are recorded in the books and records of Africa Mining which have been provided to Compass;

(iv) Africa Mining has not granted any general security over its assets or security in any particular asset;

(v) Since November 30, 2009, there has not been any material adverse change of any kind whatsoever to the financial position or condition of Africa Mining or any damage, loss or other change of any kind whatsoever in circumstances materially affecting the business or assets of Africa Mining;

(vi) Since November 30, 2009, Africa Mining has not waived or surrendered any right of any kind whatsoever of material value;

(vii) Since November 30, 2009, Africa Mining has not discharged, satisfied or paid any lien, charge or encumbrance of any kind whatsoever or obligation or liability of any kind whatsoever other than current liabilities in the ordinary course of its business;

(viii) Except as disclosed in the Africa Mining Financial Statements, Africa Mining is not indebted to, or does not have any liability (contingent or otherwise) to any of its directors, officers or insiders. None of the directors, officers or other insiders of Africa Mining is indebted or under obligation to Africa Mining on any account whatsoever; and

(ix) Africa Mining has not guaranteed or agreed to guarantee any debt, liability or other obligation of any kind whatsoever of any Person;

(r) **Taxes**

(i) All tax returns and reports of Africa Mining required by law to have been filed have been filed and are substantially true, complete and correct and all taxes and other government charges of any kind whatsoever of Africa Mining have been paid;

(ii) No taxes will be payable by Africa Mining for the current period for which tax returns are not yet required to be filed and there are no agreements, waivers or other arrangements of any kind whatsoever providing for an extension of time with respect to the filing of any tax return by, or payment of, any tax or governmental charge of any kind whatsoever by Africa Mining;

(iii) Africa Mining is not aware of any contingent tax liabilities of Africa Mining of any kind whatsoever or any grounds which would prompt a reassessment of Africa Mining; and

(iv) Africa Mining has made all collections, deductions, remittances and payments of any kind whatsoever and filed all reports and returns required by it to be made or filed under the provisions of all applicable statutes requiring the making of collections, deductions, remittances or payments of any kind whatsoever in those jurisdictions in which Africa Mining carries on business;

(s) **Litigation –** There are no outstanding actions, suits, judgments, investigations or proceedings of any kind whatsoever against or affecting Africa Mining or the Africa Mining Properties at law or in equity or before or by any Governmental Authority or other governmental department, commission, board, bureau or agency of any kind whatsoever nor are there, to the best knowledge of Africa Mining and the Covenantors, any pending or threatened;

(t) **No Employees –** Africa Mining has one employee, being Hadi Ly, its general manager;

(u) **No breach of laws** – To the best of the knowledge of Africa Mining and the

Covenantors, Africa Mining is not in breach of any law, ordinance, statute, regulation, by–law, order or decree of any kind whatsoever;

(v) **Material contracts** – Africa Mining is not a party to any material contracts other than the Licenses and this Agreement. True copies of the Licenses have been provided to Compass. Africa Mining has performed all of the obligations required to be performed by it under the Licenses and is not in default of any License;

(w) **Material transactions** – All of the material transactions of Africa Mining have been promptly and properly recorded or filed in, or with, the books or records of Africa Mining and the minute books of Africa Mining contain all records of the meetings and proceedings of shareholders and directors of Africa Mining since its incorporation;

(x) **Africa Mining Properties**

(i) Schedule A sets forth a true, accurate and complete listing of the Licenses comprising the Africa Mining Properties;

(ii) Africa Mining is the full legal and beneficial owner of the Africa Mining Properties. It holds 100% of the rights to and interests in the Licenses listed in Schedule A, free and clear of all claims, charges, encumbrances or adverse interests, other than an aggregate 2% Net Income Royalty attaching to each License;

(iii) The Africa Mining Properties are free from all Security Interests and Africa Mining is not a party to any agreement to grant any Security Interest over any of the Africa Mining Properties;

(iv) The mineral tenements, claims and properties comprising the Africa Mining Properties have been validly located and are now duly recorded, are valid and in good standing in accordance with Applicable Laws;

(v) The terms and conditions of the Licenses comprising the Africa Mining Properties have been complied with in all material respects;

(vi) All expenditure obligations and work commitments required to keep the Africa Mining Properties in good standing have been met;

(vii) All required annual reports relating to the Africa Mining Properties have been lodged with the Malian Ministry of Mines and Energy as required under Mining Code of the Republic of Mali;

(viii) No person has any right to any interest in the Africa Mining Properties or rights to any royalty or any minerals in situ or produced from the Africa Mining Properties, whether such right is exercisable now or in the future or is contingent or otherwise;

(ix) No option, right of first refusal, farm in or pre-emptive right of any nature has been granted or issued in relation to the Africa Mining Properties;

(x) All fees, rentals, royalties, rates, taxes, bonds and other payments in respect of the Africa Mining Properties have been fully paid or satisfied within the time required for payment;

(xi) The Africa Mining Properties are the only resource property related licenses or permits held by Africa Mining;

(xii) Africa Mining has not entered into any material agreements with respect to the Africa Mining Properties;

(xiii) There is no judgment, decree, injunction, ruling or order of any court, Governmental Authority, instrumentality or arbitrator and no claim, suit, action, litigation, arbitration or governmental proceeding is in progress, pending or threatened against, relating to or affecting any of the Africa Mining Properties;

(xiv) The activities and operations that have been carried out on the Africa Mining Properties have been in compliance in all material respects with all Applicable Laws and directives of all Governmental Authorities and neither Africa Mining nor the Covenantors has received notice of non–compliance from any such Governmental Authorities;

(xv) Africa Mining has not entered into any labour contracts, collective bargaining agreements, or any other labour–related obligations and liabilities which may affect the Africa Mining Properties or any operations conducted thereon;

(xvi) To the best knowledge of Africa Mining and the Covenantors, all the lands covered by the Africa Mining Properties are free and clear of any Hazardous Substance and there is no judicial or administrative proceeding pending and no Environmental Order has been issued or, to the best knowledge of Africa Mining or the Covenantors, threatened, concerning the possible violation of any Environmental Laws or Environmental Orders in respect of the Africa Mining Properties;

(xvii) To the best knowledge of Africa Mining and the Covenantors, there are no outstanding obligations or liabilities, contingent or otherwise, under any applicable Environmental Laws, mining or other law, including reclamation or rehabilitation work, associated with the Africa Mining Properties or arising out of past exploration, development and/or mining activities carried out thereon;

(xviii) All environmental approvals required with respect to activities carried out by Africa Mining on any part of the lands covered by the Africa Mining Properties have been obtained, are valid and in full force and effect, have been complied with and there have been and, to the best knowledge of Africa Mining and the Covenantors, there are no proceedings commenced or threatened to revoke or amend any such environmental approvals;

(xix) To the best knowledge of Africa Mining and the Covenantors, Africa Mining possesses and owns all exploration reports, studies, assessments, information and materials prepared in relation to the Africa Mining Properties (whether these reports and materials were prepared by Africa Mining, the Covenantors or any other party);

(xx) No tenure has been granted or applied for under any other Malian resources legislation which overlaps the area of the Africa Mining Properties;

(xxi) Neither Africa Mining nor the Covenantors has received any notice that any of the Africa Mining Properties will be revoked, suspended, modified or will not be renewed and is not aware of any circumstance which may give rise to any such action; and

(xxii) Neither Africa Mining nor the Covenantors are aware of any native title claim or interest which overlaps the Africa Mining Properties other than claims or interests which are noted as lodged or registered on the public registers maintained by the Malian Ministry of Mines and Energy;

(y) **Subsidiaries –** Africa Mining has no subsidiaries and holds no shares or other ownership, equity or proprietary interests in any other Person.

(z) **Intellectual Property** – Africa Mining does not own any right, title and interest in and to any Intellectual Property.

(aa) **Complete disclosure -** To the best of Africa Mining and the Covenantors' knowledge, information and belief:

(i) all documents and written information delivered by Africa Mining or its representatives under or in connection with this Agreement to Compass or its representatives are complete and correct in all material respects as of the date of this Agreement; and

(ii) neither Africa Mining nor the Covenantors have withheld from Compass any material information necessary to enable Compass to make an informed assessment and valuation of the business, assets and liabilities of Africa Mining.

5.3 **Survival –** The representations and warranties made by the parties under this Part 5 are true and correct and shall be true and correct at the as of the Effective Date as though they were made at that time.

5.4 **Time limits** – A party is not liable to any of the other parties for any Claim unless:

(a) the other party has given written notice to the party setting out full details of the Claim and the matters giving rise to that Claim, within two (2) years after the Effective Date; and

(b) the Claim was agreed, compromised or settled or the other party has issued and served legal proceedings against the party in respect of the Claim within six (6) months of giving notice of the Claim.

5.5 **No Limit on rights –** The parties each acknowledge and agree that a party's investigations shall in no way limit or otherwise adversely affect that party's rights under the representations and warranties given to it by any other party or parties under this Agreement.

5.6 **Limitations on representations and warranties –** The parties shall not be deemed to have made any representation or warranty other than as expressly made in this Agreement.

6. **<u>Covenants</u>**

6.1 **Given by Compass** - Compass covenants and agrees with Africa Mining as follows:

(a) permit representatives of Africa Mining full access during Compass's business hours to Compass's property, books and records including, without limitation, all of the assets, contracts, financial records and minute books of Compass, so as to permit such investigation of Compass as Africa Mining deems reasonably necessary;

(b) from the date hereof until the exercise of the Second Option or earlier termination of this Agreement, do all such acts and things necessary to ensure that all of the representations and warranties of Compass contained in this Agreement remain true and correct and not do any such act or thing that would render any representation or warranty of Compass untrue or incorrect;

(c) assist Africa Mining with obtaining all Regulatory Approvals by providing Africa Mining with such information and documents as Africa Mining may reasonably request, including, if required to obtain a Regulatory Approval, an opinion of Canadian legal counsel respecting certain corporate matters in a form acceptable to Africa Mining and its advisors, acting reasonably;

(d) if required by the TSXV, retain a sponsor to provide a sponsorship report to the TSXV in respect of the Acquisition;

(e) if required by the TSXV, retain a valuator to provide a valuation of Africa Mining;

(f) it shall use its reasonable commercial efforts to obtain all consents, approvals (including the Approval), permits, authorizations or filings as may be required under applicable corporate laws, securities laws, the rules and policies of the TSXV and the constating documents of Compass for the performance by Compass of its obligations under this Agreement prior to February 28, 2010; and

(c) it shall use its reasonable commercial efforts to complete the Offering on or before the Effective Date.

6.2 **Given by Africa Mining** - Africa Mining covenants and agrees with Compass as follows:

(a) permit representatives of Compass, at their own cost, full access during Africa Mining's business hours to its books, records and property including, without limitation, all of the assets, contracts, financial records and minute books of Africa Mining, so as to permit Compass to make such investigation of Africa Mining as Compass deems necessary;

(b) from the date hereof until the exercise of the Second Option or earlier termination of this Agreement, do all such acts and things reasonably necessary to ensure that all of the representations and warranties of Africa Mining contained in this Agreement remain true and correct and not do any such act or thing that would render any representation or warranty untrue or incorrect;

(c) use its reasonable commercial efforts to obtain all necessary shareholder and Regulatory Approvals as may be required for the performance of Africa Mining of its obligations hereunder in accordance with the terms of this Agreement prior to

February 28, 2010;

(d) assist Compass with obtaining all Regulatory Approvals by providing Compass with:

(i) one or more technical reports in respect of the Africa Mining Properties that meet the requirements of National Instrument 43–101 *Standards of Disclosure for Mineral Projects*;

(ii) an opinion of Malian legal counsel respecting certain corporate and title matters normally dealt with in transactions of this nature, in a form acceptable to Compass and its advisors, acting reasonably; and

(iii) such other information and documents as Compass may reasonably request;

(e) if sponsorship is required by the TSXV, co–operate with the sponsor in respect of its work to complete a sponsorship report acceptable to the TSXV;

(f) if a valuation is required by the TSXV, co–operate with any valuator retained by Compass to value Africa Mining;

(g) from the date hereof until the exercise of the Second Option or earlier termination of this Agreement, except with the prior written consent of Compass, it shall:

(i) conduct its business only in the ordinary course and substantially in the same manner as previously conducted or as otherwise contemplated by this Agreement;

(ii) maintain its payables and other liabilities (other than for money borrowed) at levels consistent with past practices;

(iii) not engage in any extraordinary material transactions;

(iv) make no distributions, dividends or special bonuses and issue no shares, warrants, options or other securities convertible into shares, without the prior written consent of Compass; and

(v) maintain the Africa Mining Properties in good standing free and clear of all liens and encumbrances, including the payment of all fees, rentals, rates, taxes, bonds and other payments relating to the Africa Mining Properties;

(vi) except as set out herein, not reach any agreement or understanding with any other party to issue any securities or approve the transfer of any issued shares of Africa Mining; and

(vii) not, directly or indirectly, solicit, initiate, assist, facilitate, promote or knowingly encourage the initiation of proposals or offers from, entertain or enter into negotiations with, any person (other than Compass), with respect to any amalgamation, merger, consolidation, arrangement, restructuring, sale of any material assets or part thereof of it, unless such action is necessary to comply with paragraph (i) above or required as a result of the fiduciary duties of the directors and officers of the relevant company; and

(h) comply with the terms of this Agreement and faithfully and expeditiously seek to close the Acquisition and related transactions by February 28, 2010.

6.3 **Given by the Covenantors** – The Covenantors jointly and severally covenant and agree with Compass that they will, from the date hereof until the Effective Date:

(a) do all such acts and things reasonably necessary to ensure that all of the representations and warranties of Africa Mining and the Covenantors contained in this Agreement remain true and correct and not do any such act or thing that would render any such representation or warranty untrue or incorrect;

(b) cause Africa Mining to perform its obligations as set forth in section 6.2;

(c) assist Compass with obtaining all Regulatory Approvals by providing Compass with such information and documents as Compass may reasonably request;

(d) comply with the terms of this Agreement and faithfully and expeditiously seek to close the Acquisition and related transactions by February 28, 2010; and

(e) not transfer, sell, encumber or otherwise dispose of any of its shares of Africa Mining or any interest therein without the prior written consent of Compass.

7. **Termination**

7.1 **Rights to terminate** - Each of Compass and Africa Mining shall, in its sole discretion, have the right to terminate this Agreement if:

(a) the TSXV does not grant the Approval on or before February 28, 2010;

(b) the Offering does not complete on or before February 28, 2010; or

(c) Compass fails to exercise the First Option or Second Option, as the case may be, within the time provided herein.

7.2 **Survival** - In the event this Agreement is terminated the provisions of sections 8.1, 8.2 and 9.9 shall survive termination.

8. **Confidentiality**

8.1 **Restrictions on disclosure** – No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated herein will be made by any party without the prior written agreement of Compass and Africa Mining as to timing, content and method, provided that the obligations herein will not prevent any party from making, after consultation with Compass and Africa Mining, such disclosure as its counsel advises is required by Applicable Laws or the rules and policies of the TSXV or as is required to carry out the transactions contemplated in this Agreement or the obligations of any of the parties hereto.

8.2 **Confidentiality** – Except with the prior written consent of Compass and Africa Mining, each of the parties and its respective employees, officers, directors, shareholders, agents, advisors and other representatives will hold all information received from a party concerning any of Compass, Africa Mining or the Covenantors in strictest confidence and shall not be disclosed or used by the recipients thereof, except such information and documents available to the public or as are required to be disclosed by Applicable Laws. All such information in written or electronic form and documents will, at a party's request, be promptly returned to the party originally delivering them in the event that the transactions provided for in this Agreement are not completed.

9. **General**

9.1 **Notices** - Any notice or other communication required or contemplated under this Agreement to be given by one party to the other shall be delivered, faxed, or emailed to the party as follows:

if to Compass:

900-595 Howe Street,
Vancouver, B.C. V6C 2T5, Canada

Attention: Darren Devine
Fax: +1 604-648-8105
Email: darren@chelmercorp.com

if to Africa Mining or the Covenantors:

Sema Faladiè, Rue 841 porte 202
Bamako BP 366, MALI

Attention: Mr. Madani Diallo
Email: mdiallo@teliman.net

with a copy to:

Transocean Finance Pty Ltd.
Level 5, 56 Pitt Street,
Sydney, NSW 2000, Australia

Attention: James Henderson
Fax: +612-9252-8466
Email: jhenderson@transoceangroup.com

or to such other addresses as may be given in writing by the parties hereto in the manner provided for in this section. Any notice delivered, faxed or emailed shall be deemed to have been given and received on the next Business Day following the date of delivery, faxing or emailing, as the case may be.

9.2 **Expenses** - Compass and Africa Mining agree that, other than as provided herein, each corporation will pay its own costs, fees and expenses incurred in connection with the transactions contemplated herein. For greater certainty, Compass shall be responsible for the fees and costs relating to the valuation of Africa Mining, the audit of Africa Mining, legal opinions and certifications and translations of documents as requested by Compass and the sponsorship by a member firm of the TSXV, if required by the TSXV.

9.3 **Further assurances** - Africa Mining and Compass agree to perform or cause to be performed all such acts and deeds as may be required to give full force and effect to the terms and provisions set out herein and to cooperate with each other and each other's counsel and other professional advisors in the preparation, execution and delivery of any and all documents or instruments necessary to give full force and effect to the terms and provisions set out herein and any other documents required to give effect hereto.

9.4 **Survival** - The provisions contained in this Agreement which, by their terms, require performance by a party to this Agreement subsequent to the Closing, shall survive the Closing.

9.5 **Governing law** - This agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia, Canada, and the federal laws of Canada applicable therein.

9.6 **Counterparts** - This Agreement may be executed by facsimile and in any number of counterparts, each of which is an original and all of which, together form one document.

9.7 **Time –** Time and each of the terms and conditions of this Agreement shall be of the essence of this Agreement and any waiver by the parties of this section or any failure by them to exercise any of their rights under this Agreement shall be limited to the particular instance and shall not extend to any other instance or matter in this Agreement or otherwise affect any of their rights or remedies under this Agreement.

9.8 **Severability** – If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions will not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby, unless in either case as a result of such determination this agreement would fail in its essential purpose.

9.9 **Public disclosure** - No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated herein will be made by either party without the prior written agreement of the other party as to timing, content and method, providing that the obligations herein will not prevent either party from making, after consultation with the other party, such disclosure as its counsel advises is required by applicable laws or the rules and policies of the TSXV.

9.10 **Entire agreement** - This Agreement constitutes the entire Agreement between the parties hereto in respect of the matters referred to herein and there are no representations, warranties, covenants or agreements, expressed or implied, collateral hereto other than as expressly set forth or referred to herein. This Agreement supersedes all negotiations, prior discussions, or prior agreements and understanding of the parties hereto relating to the subject matter hereof.

9.11 **Amendments** - No alteration, amendment, modification or interpretation of this Agreement or any provision of this Agreement shall be valid or binding upon the parties hereto unless such alteration, amendment, modification or interpretation is in written form executed by all of the parties to this Agreement.

9.12 **Assignment** – Other than in respect of the right of Compass to assign its rights and obligations under this Agreement to an affiliated entity, this Agreement may not be assigned by any party hereto without the prior written consent of all of the parties hereto.

9.13 **Binding effect** – This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors, permitted assigns, heirs, representatives and executors.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the date first above written.

COMPASS GOLD CORPORATION
Per:

“Darren Devine”
Authorized Signatory

AFRICA MINING SARL
Per:

“Hadi Ly”
Authorized Signatory

TRANSOCEAN FINANCE PTY LTD.
Per:

“James Henderson”
Authorized Signatory

“Madani Diallo”
Madani Diallo

Schedule A

Licenses held by Africa Mining

Name	District	Registration No.	Date of Grant	Area
Yanfolila	Bourgouni	PR08/343	July 29, 2008	250 sq km
Kolondieba	Bourgouni	PR08/2164	July 29, 2008	250 sq km
Dandako	Kenieba	See Note 1	See Note 1	188 sq km

Notes:

1. The Dandako License is awaiting the final approval of the Malian Ministry of Mines and Energy.