



NEWS RELEASE

Compass Gold Exploration Update And Option Exercise

Vancouver, B.C. Canada July 12, 2011 – **Compass Gold Corporation** (TSXV:CVB) (“Compass” or the “Corporation”) provides the following update regarding its exploration activities in Mali, West Africa. Compass is undertaking exploration activities on four exploration gold research permits held by Africa Mining SARL (“Africa Mining”). Africa Mining granted Compass the option to acquire 51% of the issued shares of Africa Mining in December 2009.

Highlights

- **Successful \$1.5 million Phase 2 exploration program completed on Africa Mining properties**
- **Exploration results exceeded expectations confirming the existence of at least 10 gold targets**
- **Initial drill results from Solona target at the Yanfolila permit expected within the next 3 weeks**
- **Board of Compass has decided to exercise its option to acquire a total 51% interest in Africa Mining**
- **Special committee investigating a proposed transaction to acquire the remaining 49% of Africa Mining**

A. Phase 2 Exploration Program – Work Completed to date

In October 2010, after the exercise of an initial option to acquire 20% of Africa Mining, Compass commenced funding a \$1,500,000 exploration program on the Africa Mining properties (“Phase 2 Program”). This program focused on the Yanfolila and Dandoko Permits. Africa Mining holds four exploration permits and one authorization to explore. These permits are all located in key gold producing regions in Mali.

The Phase 2 Program focused on:

- bringing the discovered anomalies in the Yanfolila permit to a drilling stage and the commencement of diamond drilling on the Solona target (14 holes, 550m completed to date); and
- exploring the Dandoko permit and bringing the discovered anomalies to a drilling stage.

Africa Mining also conducted a high resolution airborne magnetic and radiometric survey over all the permits (comprising 4,834 line km flown on an East-West orientation at 200m line spacing with a nominal ground clearance of 70m. Areas with identified gold targets on the Yanfolila and Dandoko permits were flown at tighter 50m line spacing) allowing for a better geologic understanding and targeting, screening and ranking of the more than 10 gold targets defined on the Yanfolila and Dandoko permits. It will also allow a more focused and aggressive regional exploration on the Kolondieba and Solabougouda permits.

A summary of the results of the exploration program is set out below:

Yanfolila

The Yanfolila permit is located in the Kalana-Kodieran Gold Province in South Mali and covers an area of 250km². It is located in a similar geological setting as the 1m oz Kalana mine (Avnel Gold) located 40 km south of the Yanfolila permit.

Details of the exploration work undertaken on the Yanfolila permit have been previously disclosed. These works included:

- Regional and semi-regional exploration focused on the Solona target in the north of the permit.
- Geological mapping at 1:5000 scale of six priority anomalies within the Yanfolila permit covering a total area of 11.5 sq. km as follows:

| Zone | Size (m) |
|---------------------------|-------------|
| Solona anomaly | 2200 x 700 |
| Solona south east anomaly | 1600 x 1000 |
| Solona north anomaly | 4000 x 600 |
| Yanfolila anomaly | 2000 X 600 |
| Guendibi anomaly | 3000 X 1500 |
| Yanfolila East Anomaly C | 4000 X 2200 |

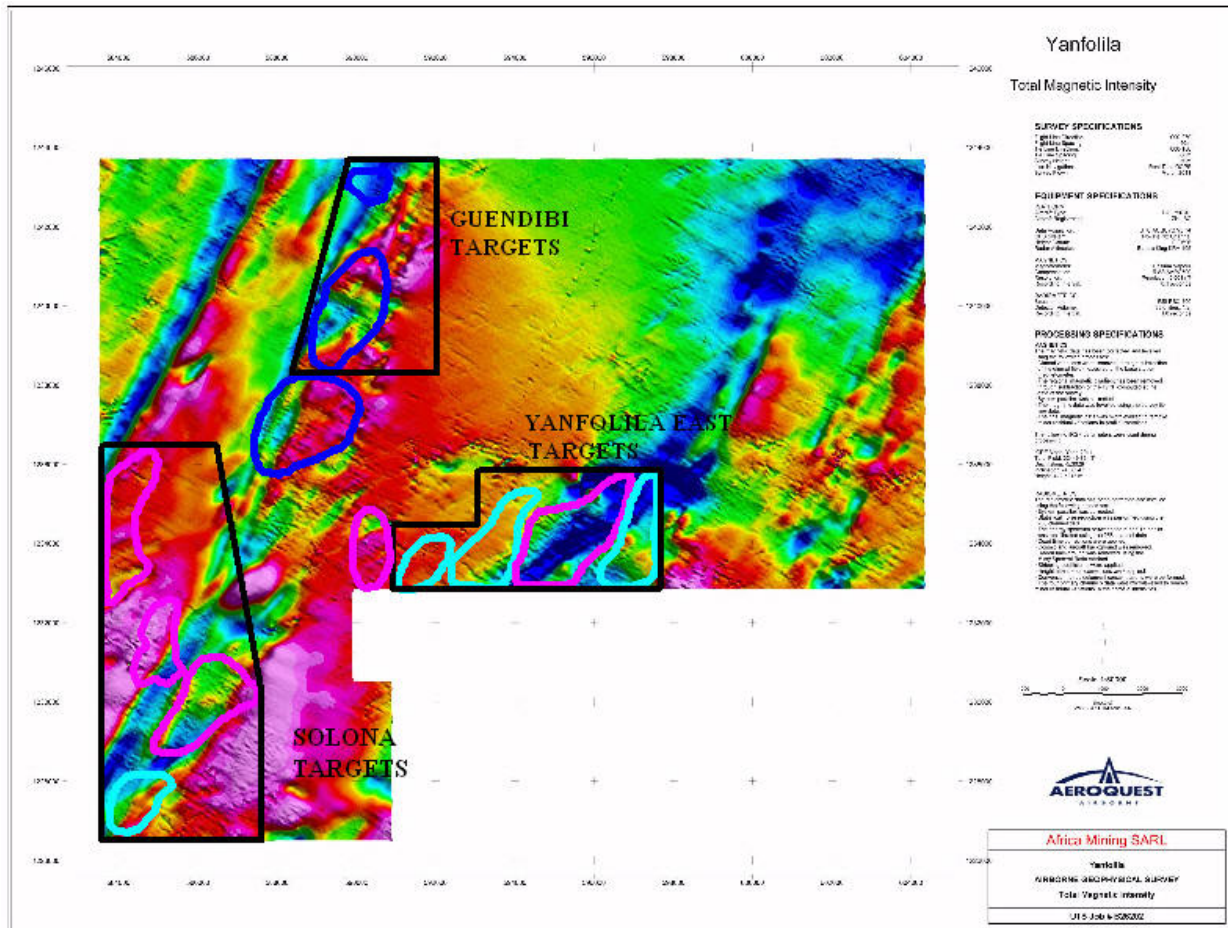
As a result, 3 additional sub parallel shear zones have been defined in the Yanfolila East area.

- Drilling at the priority Solona target commenced in May 2011. This comprised a 30 diamond drill hole program (for a total of 1,500m) designed to test the Solona target. Initial drill holes will be to a depth of 41 m, which may be extended to 90m, depending on results. The Solona North and Yanfolila East targets have been prepared for drilling (total of 2,100m) which will commence as soon as practical.

As at the date of this news release, 14 vertical holes have been completed and 452 samples have been collected and submitted to ALS Lab in Bamako. **Results are expected before the end of July 2011.**

- High-resolution airborne magnetic and radiometric survey completed at 200m spacing between the line with a tighter, 50m spacing, over the Solona and Yanfolila East targets. Preliminary results have been released and these results have confirmed the identified soil geochemical anomalies in the three key target areas of Solona, Yanfolila East and Guendibi. The map below highlights this:

FIGURE: 1 Yanfolila total magnetic intensity Image highlighting key Targets



The Yanfolila permit is due for renewal in July 2011 and 50% of this permit must be surrendered in accordance with the terms of the permit and Malian Law. The identified priority targets in the Yanfolila permits will be retained by Africa Mining. Compass will apply for new permits covering the relinquished areas in order to maintain the current landholding. There are no assurances that the new permits applied for will be granted to Compass by the applicable governmental authorities.

Dandoko

The Dandoko permit is located in West Mali and covers an area of 134km². It is located on the same trend as the 5.6m oz Loulo gold mine (Randgold) and the 1m oz Tabokota-Segala mine (Nevsun Resources) and is in a similar geological setting.

The Phase 2 exploration at Dandoko consisted of the following:

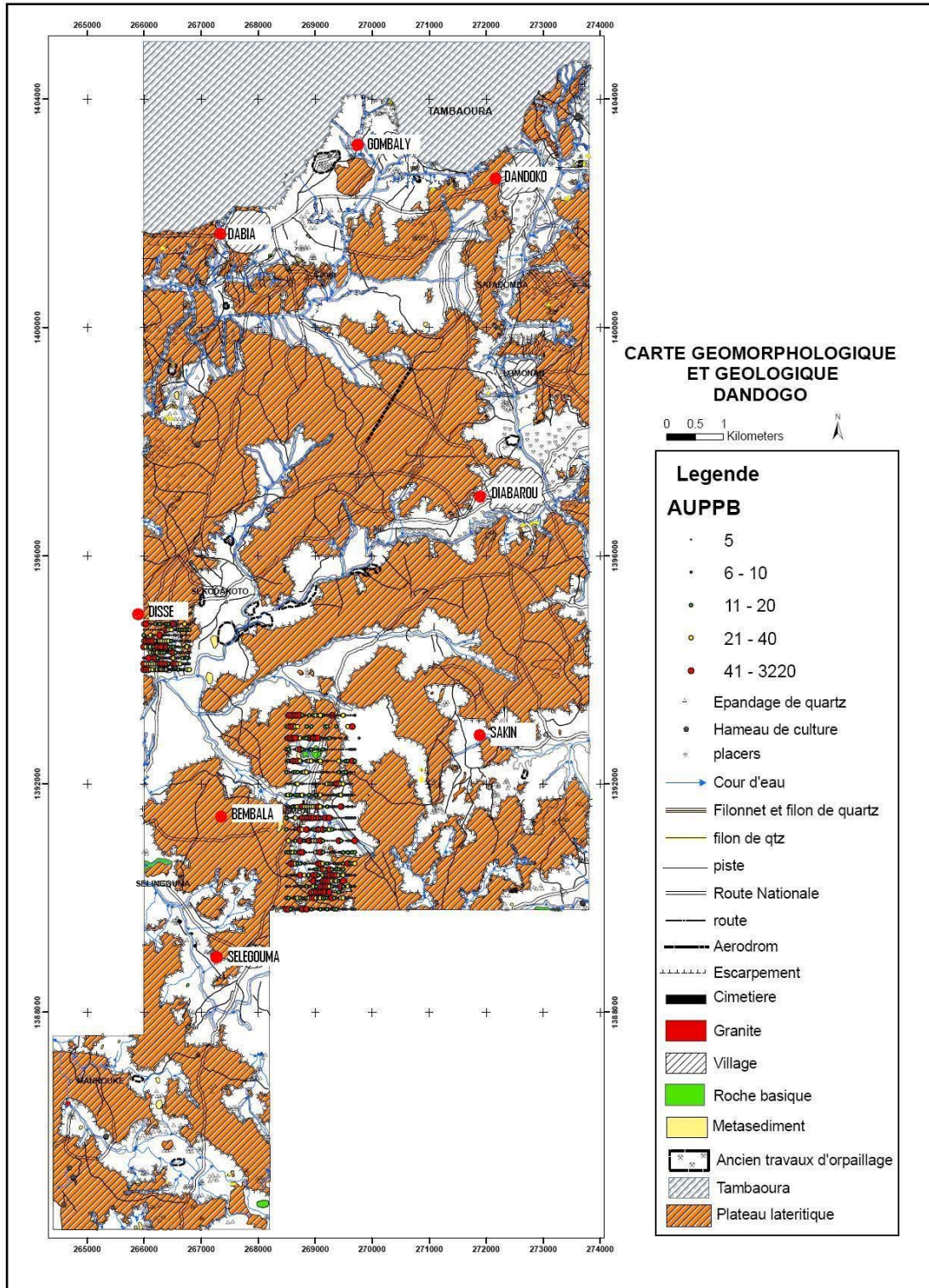
- Regolith mapping
- Soil geochemical sampling (soil, rock and anthills)
- Cleaning and sampling of old local miners' pits
- Trenching
- Airborne magnetic and radiometric survey by Aeroquest from Australia

The table below summarizes the statistics of exploration works carried out from November 2010 to June 2011:

| Exploration work | Unit Number |
|--|-------------------------------|
| 1. Regolith and geological mapping: | |
| 1.1. Regional at scale 1/10,000 | 134 km ² |
| 1.2. Dissé prospect 1/1,000 | 0.16 km ² |
| 1.3. Bembala prospect 1/5,000 | 19 km ² |
| 1.4 Bembala mining site at scale 1/1000 | 0.63 km ² |
| 2. Geochemical sampling : | |
| 2.1. Dissé soil samples | 194 samples |
| 2.2. Disse pitting | 76m /72 samples |
| 2.3. Disse trenching | 90m /37 samples |
| 2.4. Bembela pitting | 21m /21 samples |
| 2.5. Bembela trenching | 118m /50 samples |
| 2.6. Selingouma soil samples 1 | 899 samples Selingouma Centre |
| 2.7. Selingouma soil samples 2 | 884 samples Selingouma Sud |
| 2.8. Bembela trenching | 118m /50 samples |
| 3. Grab sampling over the entire concession | 251 samples |

The key results of this work have previously been announced (News Releases dated January 18, 2011 and April 21, 2011) including the identification of two key gold targets: Disse and Bembala and several other targets: Selingouma, Diabarou, Dabia, Gombaly and Sakin. These are identified on the map below:

FIGURE: 2 Dandoko Identified Gold targets



The key gold targets of Disse and Bembala will be drilled as part of the current 5,400m scout drill program. Specifically a 1,800m program is planned to commence in October 2011.

Kolondieba

The Kolondieba permit is located in South Mali and covers an area of 250km². It is located in a similar geological setting as the 6.5m oz Morila mine (RandGold/Anglogold-Ashanti) which is located 60 km to the north of the permit.

Exploration activities have been limited to detailed ground magnetic surveying and are still considered to be at an early stage. Four fault systems have been identified to date, however further exploration is required to test the geological setting of the Kolondieba South gold showing. Exploration work will continue in November 2011, including trenching and auger drilling with a view to identifying drill-ready gold targets.

Similar to Yanfolila, in accordance with the terms of the Kolondieba permit, Africa Mining is required to relinquish 50% of the Kolondieba permit in July 2011. The areas where exploration work has been conducted will be retained by Africa Mining. Compass will apply for new permits covering the relinquished areas in order to maintain the current landholding. There are no assurances that the new permits applied for will be granted to Compass by the applicable governmental authorities.

Solabougouda

The Solabougouda permit is located 245 km SSE of Bamako in the Birimian Gold Belt. The permit covers an area of 188 km². It is also located at about 60 km east of the 1m oz Kalana mine (Avnel Gold).

This permit was awarded in January 2011. Since the permit was awarded, Africa Mining has conducted some reconnaissance work that has identified features similar to the Yanfolila East shear zone and the permit is considered highly prospective.

Moussala – Authorization to Explore (ATE)

The Moussala ATE covers some 58 sq. km and is located 10km west of the Dandoko exploration permit.

A regional geochemical mapping and sampling over the Moussala ATE has been completed. A total of 781 geochemical samples on a grid of 500m by 200m have been collected and submitted to the ALS laboratory in Bamako. Results are expected in early August. Fieldwork has been completed using a Malian Government Agency (PDRM) as contractor under the supervision of Africa Mining.

Africa Mining expects the ATE to have a similar prospectivity as the Dandoko permit. Africa Mining will make a decision on whether to convert the ATE to an exploration permit in August 2011 based on the results of the geochemical sampling conducted.

B. Phase 2 Exploration Program – Going Forward

The Phase 2 exploration program exceeded expectations and Compass and Africa Mining are currently working together to agree on the ongoing exploration program. Given the numerous gold targets identified the immediate exploration requirements will focus on the 5,400m scout drill program that commenced in May 2011. It is planned to drill 3,600m on the Yanfolila permit and 1,800m on the Dandoko permit. Drilling will be conducted as follows:

- Priority 1 target of Solana (Yanfolila permit) being drilled (1,500m program) with results of the first 450m expected in July 2011;
- 2 additional targets on the Yanfolila permit (Solana North and Yanfolila East) awaiting drilling (2,100m);
- 2 targets in the Dandoko permit (Disse and Bembala) expected to be drilled (1,800m) starting October 2011.

The Board will provide an update on the proposed exploration program as soon as this has been agreed. The timing of the drill program is affected by seasonal weather conditions which will impact works during at least the months of August and September 2011.

C. Exercise of Option by Compass

Based on the results of the exploration program, the Board of Compass has decided to exercise its option to acquire a total 51% shareholding in Africa Mining pursuant to the option agreement (the "Option Agreement") dated as of December 3, 2009 between Compass, Africa Mining, Madani Diallo and Transocean Finance Pty Ltd. ("Transocean").

As part of the exercise of the option, a total of 3,333,333 shares and 1,666,666 warrants to acquire shares with an exercise price of 20 cents and an expiry date of July 11, 2013 will be issued. Pursuant to the Option Agreement, these warrants have the same terms and conditions as the warrants issued as part of the financing in April 2010. Of these securities, Africa Mining directed that 2,084,086 shares and 1,042,043 warrants be issued to Dr. Diallo and 1,249,247 shares and 624,623 be issued to Transocean to reduce a total of approximately \$500,000 in shareholder loans owed by Africa Mining (\$300,000 as to Dr. Diallo; \$200,000 as to Transocean). Dr. Diallo is a director of Compass. Transocean is controlled by Jamie Henderson, the President, CEO and Chairman of Compass.

Compass will update the market when the formalities associated with the exercise of the option are completed.

D. Special Committee

The Board confirms that the Independent Committee appointed in April 2011 to consider a proposal for Compass to acquire the remaining 49% of Africa Mining from Dr. Diallo and Transocean, continues to undertake its investigations. The Board will update the market as soon as the Independent Committee makes a recommendation.

Dr. Albert Wilkinson MIMMM, FGS, C.Geol, a "qualified person" within the meaning of National Instrument 43-101, has reviewed and approved the scientific and technical information contained in this release.

About Compass Gold Corporation

Compass Gold Corporation is a Tier 2 mining issuer listed on the TSX Venture Exchange and focused on gold exploration in Mali, Africa's 3rd largest producer of gold. Compass has the right to acquire a 51% interest in Africa Mining, which owns four gold exploration permits (Yanfolila, Dandoko, Kolondieba and Solabougouda) as well as an authorization to explore, Mousala, covering a total of 881 sq km's in key gold producing regions in south west Mali, West Africa. Further information is available at www.compassoldcorp.com.

COMPASS GOLD CORPORATION

"James Henderson"

James Henderson, President

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