



## NEWS RELEASE

### **Compass Gold Corp Exploration Update and Grant of New License**

Vancouver, B.C. Canada, January 18, 2011 – **Compass Gold Corporation** (TSXV:CVB) (“Compass” or the “Company”) provides the following update regarding its exploration activities in Mali, West Africa, relating to four exploration gold research licenses held by Africa Mining SARL (“Africa Mining”) in which Compass is currently earning a 51% interest.

#### **HIGHLIGHTS**

##### **1. DANDOKO LICENSE**

We have initiated fieldwork on the Dandoko license and **identified a new gold target, Disse**, showing several gold values of more than 10g/t in pit material, the highest value being 70g/t. The Disse target will be prepared for initial drilling by March 2011.

##### **2. YANFOLILA LICENSE**

Preparations are now well underway for initial drilling to commence at the Solona and Yanfolila gold anomalies on the Yanfolila license by March 2011.

##### **3. GRANT OF NEW LICENCE**

**A fourth license, Solabougouda, located in South West Mali, has been granted to Africa Mining.** This is a significant addition to the Company’s assets.

Mr Henderson, the President of Compass said *“I am extremely pleased with the progress being made by the Compass team in Mali led by Dr Diallo. We now have a number of potential drill targets from which to choose prior to commencing drilling in March.*

*Exploration work is progressing in a thorough and methodical manner and the identification of the new gold target at Dandoko is exciting. This is a great addition to the Yanfolila targets previously announced.*

*The addition of the new Solabougouda license adds significantly to the Company’s asset base.”*

Following the completion of a successful first phase exploration program in 2010 (see Compass news releases dated September 30, 2010 and December 2, 2010) Compass resumed exploration with a Phase II work program in November 2010. Two of the properties (Yanfolila and Kolondieba), each with an area of 250km<sup>2</sup>, are located in South Mali, across the same zone as the multi-million ounces Morila and Syama gold mines. The third license, Dandoko, with an area of 188km<sup>2</sup> is located in West Mali, in the same trend as the major Sadiola and Loulo gold mines. The 3 licenses cover total acreage of 688 sq. km.

During the Phase I field work some 10,000 geochemical samples were collected, which allowed the definition of 12 gold in-soil anomalies on the Yanfolila license. Most of the anomalies have strike length of more than 1500m and are often coincident with high-level potassic anomalies. Potassic anomalies are often sign of potassic alteration, an alteration often spatially related to many gold mineralizations.

### **2010 -11 Phase II Exploration Program**

The Phase II Exploration program has three main objectives:

- To bring the Solona and Yanfolila gold anomalies on the Yanfolila license to a drilling stage and commence an initial 5,600m reverse circulation (“RC”) drill program.
- To conduct detailed work on the other discovered gold anomalies on the Yanfolila license to bring them to a drilling stage toward the end of 2011.
- To conduct regional and semi-regional work on the Kolondieba and Dandoko licenses in order to define targets that can be drilled in 2011.

The anticipated total cost of this Phase II exploration program is C\$1,500,000. Initial drilling is expected to commence in March 2011. The aim of this initial drill program is to intersect gold mineralization at depth, in hard rock. Depending on the results, it is likely further drilling and exploration work will need to be conducted before the Company will be able to define a resource.

Details of the Phase II Exploration Program are as follow:

#### **Yanfolila License**

On the Yanfolila license, the Company has commenced follow up exploration work on the Solona and Yanfolila gold anomalies.

On the Solona main target, the Phase I work (field mapping, geochemistry, trenching, pitting and auger drilling) defined the Solona main target as a mineralized corridor area with a strike length of 2,200m and an apparent width of 700m. A 1,800m RC (reverse circulation) program has been planned to test this structure at depth.

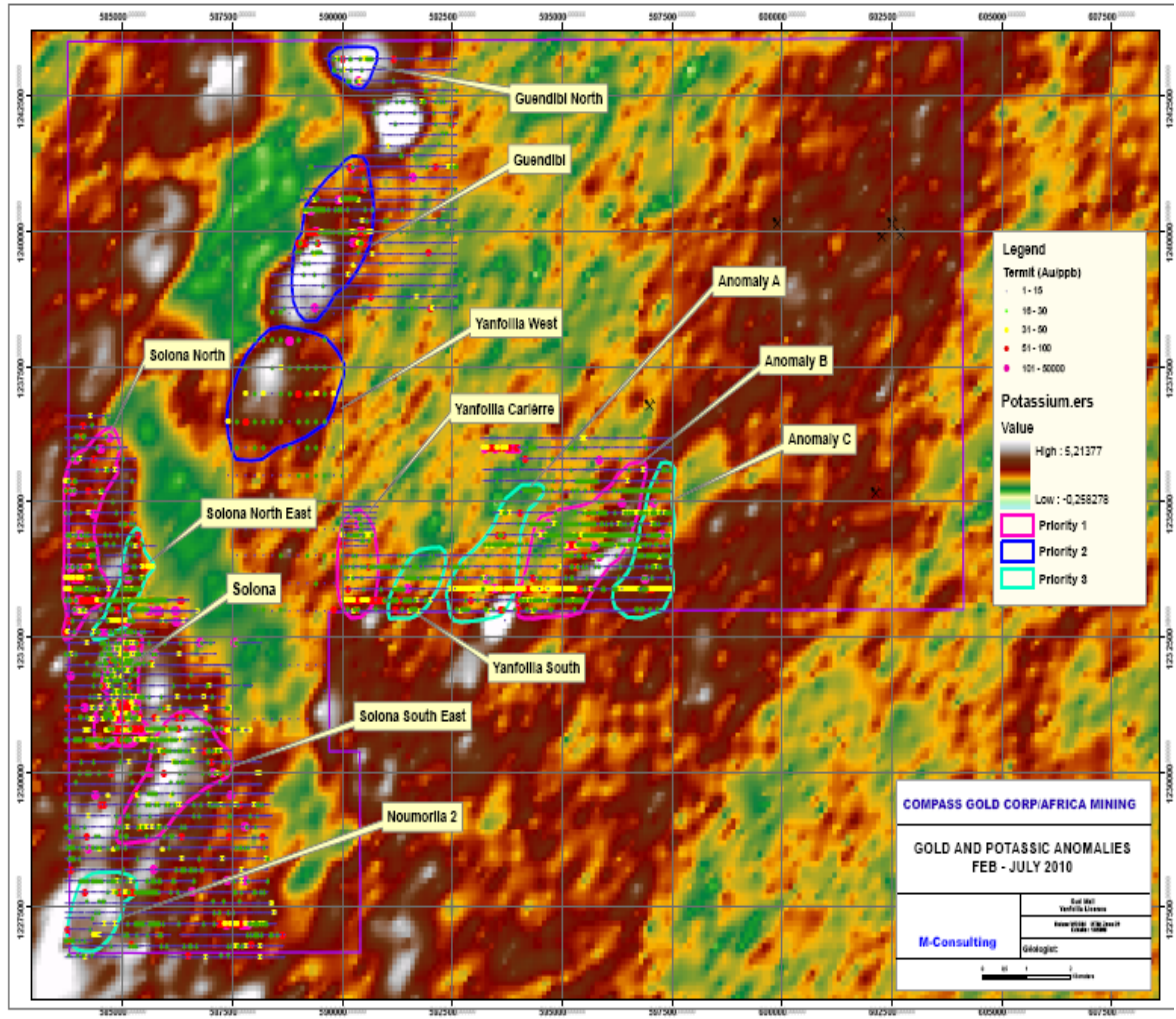
On the Solona North Anomaly, the Phase I work has defined the Solona North Anomaly as a target with a strike length of 4,000 m and an apparent width of 600m including a peak anomalous value of 43g/t in soil (from Phase I geochemical soil sampling survey). The Phase II work program will include a 100m trench followed by 1,800m RC drilling with the intention of intersecting mineralization at depth.

On the Yanfolila shear zone, the Phase I work defined a potential mineralized structure trending NNE over a strike length of some 4,000m. The Phase II work program will include a geochemical sampling program and an 800m trenching program. This will be followed by a 1,500m RC program (expected to commence in March 2011) with the intention of intersecting the mineralization at depth.

On the Yanfolila artisanal working area, the Phase I work program included a 30-hole scout auger (21m deep) drilling program and mapping the bedrock geochemistry. A total of 630m of auger drilling was completed and 450 geochemical samples were collected. It is expected that the results of this program will increase the size of the Yanfolila artisanal workings from 50m to 2,000m. Assays results are expected in early February 2011. Depending on the results of the auger samples, a Phase II work program of 500m of RC drilling will be carried out.

FIGURE 1

YANFOLILA LICENSE WITH GEOCHEMICAL ANOMALIES OVER POTASSIC ANOMALIES (PHASE I PROGRAM)

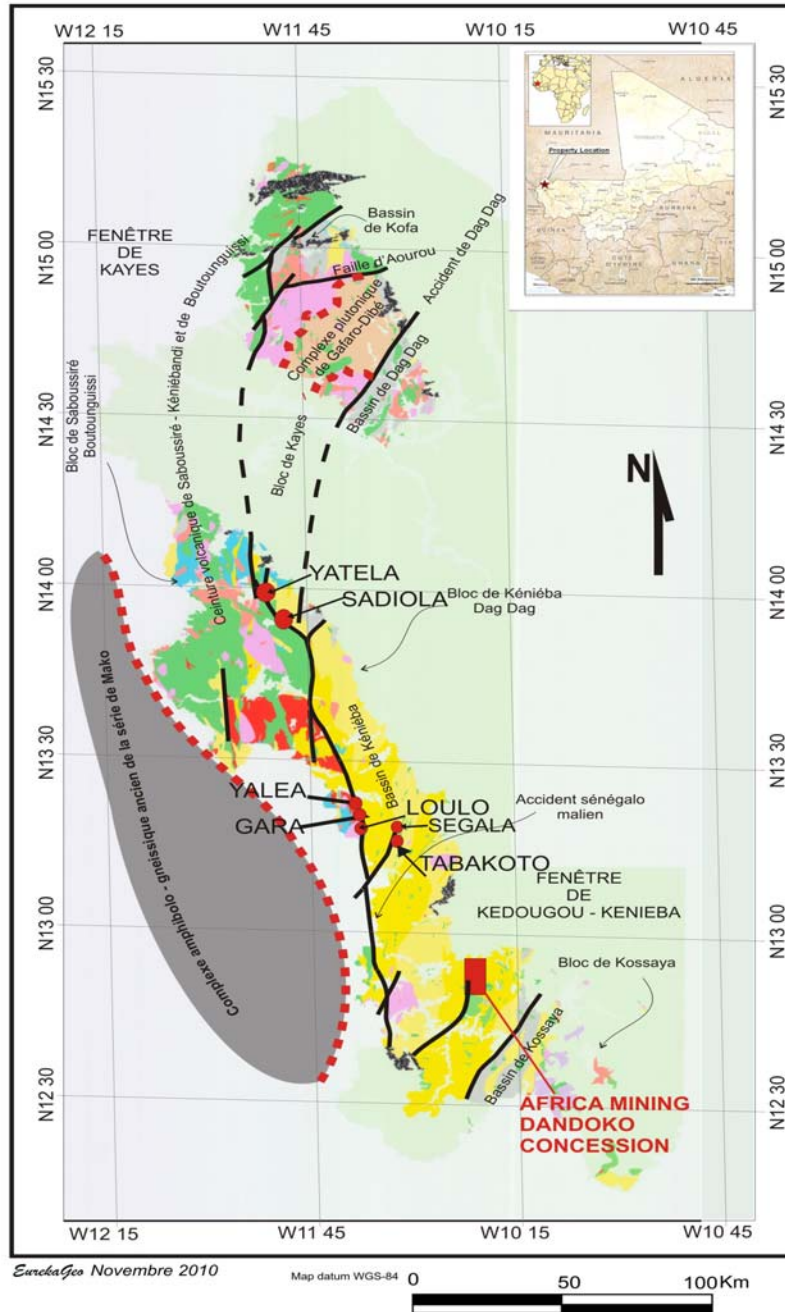


## Dandoko License

The Dandoko license is located in West Mali and covers an area of 188km<sup>2</sup>. It is located on the same trend as the Sadiola and Loulo gold mines, in a similar setting, as can be observed on the structural map of Western Mali (see figure below).

**FIGURE 2**

### **STRUTURAL MAP OF WESTERN MALI SHOWING THE LOCATION OF MAJOR GOLD DEPOSITS**



Previous exploration was carried out on the Dandoko license between 1997 and 2000 by West African Gold and Randgold. This work included limited geochemical sampling and pitting on the Sory, Diabarou, Dabia and Bembella artisanal working sites. Recorded grades varied from 0.3g/t to 38g/t in brecciated quartz. Unfortunately the low gold price at the time prematurely terminated several high-potential projects.

Field work carried out in November 2010 focused on the western portion of the license, which observes a high potassic anomaly associated with a secondary fault coming out of the main Kenieba fault system.

**A new gold target, Disse**, has been identified in an artisanal mining site. The Disse artisanal mining site has a strike length of some 800m with a width varying between 20m and 50m. A total of 306 artisanal pits, with a depth of 3m to 5m have been identified of which waste material from the sides of 33 pits were sampled. Of the 55 pit waste samples collected, 22 show values above 1 g/t with 5 samples showing values above 10g/t, with a peak value of 70g/t in a clayish material. The mineralization seems to be related to quartz veins and zones of silicification following a NW trend of unknown width. The outcropping material, as well as material collected from pit waste, were too altered to provide definition of their initial hard rock structure and composition. Sample collection was carried out on an approximate grid of 20m by 10m. All samples were hand submitted to the ALS Chemex laboratory in Bamako and assayed by 50g Fire Assay with an AAS finish (Method Au-AA24). This laboratory is ISO 17025 certified.

These are extremely encouraging results and more mapping and trenching will be conducted during the months of January and February 2011.

The Phase II fieldwork program during the first quarter of 2011 will focus on the Disse target with the objective of increasing the size of the target through further mapping and sampling, a geochemical survey and trenching. It is expected the Disse target will be at drilling stage by March 2011.

### **Phase III Exploration Program**

The Company is preparing an aggressive Phase III exploration program on all licenses with aim of defining NI 43-101 compliant mineral resources.

Phase III will include:

- the completion of an airborne high resolution magnetics and radiometrics survey over all the licenses, thus allowing a better targeting; and
- the implementation of an intensive RAB (Rotary Air Blast), RC (Reverse Circulation) and Diamond drilling program (50,000m).

It is anticipated that a total budget of C\$4m to C\$5m will be necessary to carry out Phase III program and to define mineral resources on the best targets. Neither Africa Mining nor Compass Gold has committed this expenditure and future expenditure requirements will depend on the results of the current exploration program.

### **Grant of Solabougouda License**

The Company is pleased to announce that Africa Mining has been granted an additional license, Solabougouda, located in the prospective gold exploration region of South Mali. The license area is 250km<sup>2</sup> and a description of the license will be provided in a separate news release when the paperwork is completed in the near future. The grant of this license further strengthens the Company's license portfolio.

Dr. Madani Diallo, a director of the Company and a Qualified Person pursuant to National Instrument 43-101, takes responsibility for the technical information contained in this release.

### **About Mali**

Mali is the third largest gold producer in Africa with more than five producing gold mines. The Birimian gold belt in west and south Mali is a highly prospective gold exploration area which is experiencing growing exploration activity. Mali continues to be a targeted gold exploration location attracting increasing investment from Canadian, Australian and South African companies. Chinese and Indian companies are also increasing their activity directly through license applications and the acquisition of Malian companies. Competition for prospective ground is increasing and the Malian Government is supporting these activities with approximately 40 new exploration licenses approved during November, and 48 other licenses approved in December. Licenses were granted to a broad range of companies.

Drilling is ongoing on several properties, including on the Komana license by Gold Fields to the west of Yanfolila, the Foulalaba license by North Atlantic to the east of Yanfolila and Medinandi license by Papillon Resources to the west of Dandoko. The most advanced project is at the Komana license, where Gold Fields has already completed some 100,000 m of RC drilling.

### **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 holds an exclusive option to acquire a 51% interest in Africa Mining, which holds an interest in three gold exploration permits (Yanfolila, Dandoko and Kolondieba) covering 688 sq km's in key gold producing regions in south and south west Mali, West Africa. The fourth property, Solabougouda, will be formalized in the near future.

Further information is available at [www.compassgoldcorp.com](http://www.compassgoldcorp.com).

## **COMPASS GOLD CORPORATION**

*“James Henderson”*

James Henderson, President

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This press release includes "forward-looking statements" including forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of Compass Gold Corporation. Statements regarding expectations of results, including defining strike lengths on mineralizations at the Solona and Yanfolila targets, the definition of the Solona gold mineralized body and the identification of the Disse gold target are subject to all of the risks and uncertainties normally incident with undertaking mineral exploration in Africa, including but are not limited to technical, operational and environmental risks associated with gold exploration including but not limited to final sampling results and accuracy of technical evaluation and cannot be relied upon until final verified independent results are reviewed by Compass. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Compass Gold Corporation does not assume the obligation to update any forward-looking statement, except as required by applicable law.