Compass Gold Corporation

Consolidated Financial Statements

For the Year ended December 31, 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Compass Gold Corporation

Opinion

We have audited the consolidated financial statements of Compass Gold Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Company has incurred cumulative net losses of $14,612,410 to the year ended December 31, 2018 and has limited working capital. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
April 29, 2019

Compass Gold Corporation
Consolidated statements of financial position
(Expressed in Canadian dollars)

	Note		December 31 2018		December 31 2017
Assets					
Current assets					
Cash		$	1,668,915	$	5,436,302
Receivables	4		154,498		63,511
Prepaids			1,450		1,450
Total Current Assets			**1,824,863**		**5,501,263**
Non-Current assets					
Exploration and evaluation asset	5		9,959,235		6,267,622
Equipment	6		191,628		-
Non-Current Assets			**10,150,863**		**6,267,622**
Total Assets		**$**	**11,975,726**	**$**	**11,768,885**
Liabilities					
Current liabilities					
Trade payables and accrued liabilities	7	$	375,090	$	218,484
Total Liabilities			**375,090**		**218,484**
Shareholders' Equity					
Share capital	9		23,145,060		22,272,527
Share-based payment reserve	10		3,067,986		2,687,008
Deficit			(14,612,410)		(13,409,134)
Total Shareholders' Equity			**11,600,636**		**11,550,401**
Total Liabilities and Shareholders' Equity		**$**	**11,975,726**	**$**	**11,768,885**

Nature and continuance of operation	**1**
Commitments related to project spending	**5**
Subsequent event	**15**

ON BEHALF OF THE BOARD

/s/ Larry Phillips

Larry Phillips, Chief Executive Office

/s/ Lou Nagy

Lou Nagy, Chief Financial Officer

Compass Gold Corporation
Consolidated statements of comprehensive loss
(Expressed in Canadian dollars)

	Note	Year ended December 31, 2018	Year ended December 31, 2017
Expenses			
Management and director fees	11	$ 428,428	$ 252,250
Consulting fees		76,619	64,888
Insurance		16,150	6,242
Shareholder information and listing fees		50,818	43,084
General office expenses		37,378	23,338
Professional fees		76,587	91,663
Travel expenses		40,641	45,939
Interest and bank charges	11	4,549	4,288
Foreign exchange loss		48,994	3,393
Share based compensation	10,11	466,890	343,234
Total Expenses		**(1,247,054)**	**(878,319)**
Other items			
Loss on debt settlements	9	-	(173,700)
Net and comprehensive loss		**$ (1,247,054)**	**$ (1,052,019)**
Loss per share – Basic and diluted	9	$ (0.04)	$ (0.24)
Weighted average number of shares outstanding Basic and diluted	9	28,924,344	4,447,418

Compass Gold Corporation
Consolidated statements of changes in shareholders' equity
(Expressed in Canadian dollars)

		Share Capital				
	Note	Number of shares	Amount	Share-based payment reserve	Deficit	Total Equity
Balance at December 31, 2016		760,999	$ 10,286,129	$ 1,953,146	$ (12,357,115)	$ (117,840)
Shares issued pursuant to private placement	9(b)	2,000,000	500,000	-	-	500,000
Shares issued for debt	9(c)	380,952	133,333	51,352	-	184,685
Shares issued for purchase of Mali Gold	9(e)	12,000,000	6,000,000	-	-	6,000,000
Shares issued pursuant to private placement	9(d)	12,000,000	6,000,000	-	-	6,000,000
Shares issued for services	9(f)	200,000	100,000	89,015	-	189,015
Share based compensation	10	-	-	343,234	-	343,234
Share issuance costs	9	-	(746,935)	250,261	-	(496,674)
Net and comprehensive loss for the year		-	-	-	(1,052,019)	(1,052,019)
Balance at December 31, 2017		27,341,951	22,272,527	2,687,008	(13,409,134)	11,550,401
Shares issued from exercised warrants	9(g)	2,396,571	830,399	-	-	830,399
Fair market value of exercised warrants	9(g)	-	42,134	(42,134)	-	-
Share based compensation	10	-	-	466,890	-	466,890
Expired options		-	-	(23,237)	23,237	-
Expired warrants		-	-	(20,541)	20,541	-
Net and comprehensive loss for the year		-	-	-	(1,247,054)	(1,247,054)
Balance at December 31, 2018		29,738,522	$ 23,145,060	$ 3,067,986	$ (14,612,410)	$ 11,600,636

(Expressed in Canadian dollars)

	Year ended December 31, 2018	Year ended December 31, 2017
Cash flows used in operating activities		
Net loss for the year	$ (1,247,054)	$ (1,052,019)
Adjustments for items not affecting cash:		
Stock based compensation	466,890	343,234
Loss on debt settlements	-	173,700
Changes in non-cash working capital items:		
Receivables and prepayments	(90,986)	(62,015)
Prepaids	-	(137)
Trade payable and accrued liabilities	156,606	118,768
Cash flows used in operating activities	(714,544)	(478,609)
Cash flows from investing activities		
Cash acquired in the acquisition of subsidiary	-	4,706
Acquisition of equipment	(261,759)	(102,000)
Exploration and evaluation expenditure	(3,621,483)	(30,438)
Cash flows used in investing activities	(3,883,242)	(127,732)
Cash flows from financing activities		
Proceeds from exercised of warrants	830,399	-
Loan received, net of repayment	-	37,542
Private placement funds received	-	6,500,000
Share issuance costs	-	(496,674)
Cash flows from financing activities	830,399	6,040,868
Net change in cash	(3,767,387)	5,434,527
Cash, beginning of year	5,436,302	1,775
Cash, end of year	$ 1,668,915	$ 5,436,302

Exploration and evaluation expenditures included in accounts payable	$ 58,501	$ 64,347

1. Nature and continuance of operations

Compass Gold Corporation (the "Company") was incorporated on July 1, 2002, under the laws of Alberta and subsequently continued into Ontario, Canada, and its principal activity is the acquisition and exploration of mineral properties. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "CVB.V". The registered and head office of the Company is located at Suite 1400, 330 Bay Street, Toronto, Ontario, Canada, M5H 2S8.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. On November 30, 2017, the Company completed the acquisition of Mali Gold Exploration Pty Ltd ("MGE") (Note 8) together with a $6,000,000 financing (Note 9(d)). The Company has incurred cumulative net losses of $14,612,410 to the year ended December 31, 2018. The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations and upon successful results from its exploration activities and attain its ability to profitable operations. There is no guarantee that the Company will be able to complete any of the above objectives. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with available cash on hand and, if required, through private placement of common shares.

2. Accounting policies and basis of preparation

Statement of Compliance with International Financial Reporting Standards

The consolidated financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 29, 2019.

Basis of preparation

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

The accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of the controlled entities are as follows:

		Percentage owned*	
	Country of incorporation	December 31, 2018	December 31, 2017
Compass Gold Exploration	Canada	100%	100%
Exploration Azteca S.A De.C.V	Mexico	100%	100%
Mali Gold Exploration PTY LTD	Australia	100%	100%
SERM S.A.	Republic of Mali	100%	100%
REM S.A.	Republic of Mali	100%	100%
ML Commodities Mali S.A.	Republic of Mali	100%	100%

*Percentage of voting power is in proportion to ownership.

2. Significant accounting policies and basis of preparation (cont'd)

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

Areas requiring a significant degree of estimation relate to fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments; and
- the determination of the functional currency of the parent company and its subsidiaries.

Adoption of IFRS 9 – Financial Instruments ("IFRS 9")

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilize a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/ liabilities	Original Classification IAS 39	New classification IFRS 9
Cash	Loans and receivables	Financial asset at amortized cost
Receivables	Loans and receivables	Financial asset at amortized cost
Trade payables	Non-derivative financial liabilities	Financial liability at amortized cost

The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

2. Significant accounting policies and basis of preparation (cont'd)

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"); at fair value through other comprehensive income (loss) ("FVTOCI"); or, at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of reserves on January 1, 2018.

Measurement

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

2. Significant accounting policies and basis of preparation (cont'd)

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive loss.

Foreign currency translation

The functional currency of the Company and its subsidiaries, being the primary economic environment in which that entity operates, is Canadian Dollars. The consolidated financial statements are presented in Canadian dollars.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

2. Significant accounting policies and basis of preparation (cont'd)

Equipment

Property, plant and equipment are recorded at cost and depreciated over their estimated useful lives at the following rates per annum:

Vehicles	- 3 years straight line
Furniture and Equipment	- 2 to 5 years straight line

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

2. Significant accounting policies and basis of preparation (cont'd)

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Accounting standards issued by not yet effective

IFRS 16 "Leases" ("IFRS 16")

IFRS 16 replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019. Management has assessed that with adoption of this accounting standard starting January 1, 2019, the financial statements will not be impacted.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Receivables

		December 31 2018		December 31 2017
Taxes recoverable	$	126,445	$	63,511
Other receivables		28,053		-
	$	**154,498**	**$**	**63,511**

5. Exploration and evaluation assets

		December 31 2018		December 31 2017
Acquisition of Sikasso Property (Note 8)	$	6,172,837	$	6,172,837
Exploration expenditure incurred and capitalized		3,786,398		94,785
	$	**9,959,235**	**$**	**6,267,622**

The exploration and evaluation assets comprise the Ouassada, Kalé, Sankarani, Kourou and Tieoulena gold exploration permits, collectively referred to as the Sikasso Property. All permits are for properties located in the gold producing regions of Mali. The Sikasso property was acquired as part of the acquisition of MGE in November 2017 (Note 8).

The Ouassada, Kalé, Sankarani, Kourou and Tieoulena permits were all granted to subsidiaries of the Company in February 2011. The permits are effective for three years, and the Company may renew the permits twice for additional three-year periods. All these permits have been renewed in the ordinary course of operations. In order to maintain these permits in good standing, the Company was required to incur minimum exploration expenditures on each of the permits.

During the year ended December 31, 2018, the Company renewed the permits held to extend the life of the licenses in order to conduct mineral exploration. As a result of this process, the permits have been renewed to 2021, resulting in the Company committing to exploration expenditures over the next three years, as follows:

First year	$1,278,127
Second year	$1,539,135
Third year	$4,019,165

In May 2012, MGE granted to certain shareholders at the time, and who are now directors of the Company, a joint 2% Net Smelter Royalty over the Ouassada, Kalé, Sankarani, Kourou and Tieoulena permits, which remains in place.

6. Equipment

Equipment consists of the following:

Cost		Machinery		Equipment		Total
Balance, December 31 2017	$	-	$	-	$	-
Additions in the year		207,923		53,835		261,758
Balance, December 31, 2018	**$**	**207,923**	**$**	**53,835**	**$**	**261,758**

Accumulated Depreciation		Machinery		Equipment		Total
Balance, December 31 2017	$	-	$	-	$	-
Additions in the year		62,567		7,563		70,130
Balance, December 31, 2018	**$**	**62,567**	**$**	**7,563**	**$**	**70,130**

Net Book Value		Machinery		Equipment		Total
December 31, 2017	**$**	**-**	**$**	**-**	**$**	**-**
December 31, 2018	**$**	**145,356**	**$**	**46,272**	**$**	**191,628**

Depreciation is included with exploration expenditure incurred and capitalized.

7. Trade payable and accrued liabilities

		December 31 2018		December 31 2017
Trade payables	$	92,438	$	88,493
Amounts due to related parties (Note 11)		67,042		87,446
Accrued liabilities		215,610		42,545
	$	**375,090**	**$**	**218,484**

8. Acquisition of Mail Gold Exploration

On November 29, 2017, the Company completed the acquisition of 100% of MGE, a company incorporated in the Commonwealth of Australia, by issuing 12,000,000 common shares to MGE Shareholders. In addition, the Company incurred $102,000 in costs relating to the acquisition, which have been included as part of the acquisition cost.

Upon closing of the transaction, MGE became a wholly-owned subsidiary of the Company. MGE holds, through subsidiaries, the Sikasso Property comprising five (5) gold exploration licenses in Mali, West Africa covering established gold producing regions of Mali.

In accordance with IFRS 3 Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set of activities needs to contain inputs and processes. This acquisition does not meet the definition of a business combination, as the primary asset is the Sikasso Property, which is still in the exploration stage. Consequently, the transaction has been recorded as an acquisition of an asset. The results of operations from MGE are included in the consolidated financial statements since the date of acquisition.

A summary of the consideration paid is set out below:

	November 29, 2017
12,000,000 common shares (Note 9)	$ 6,000,000
Cash costs of acquisition	102,000
	$ 6,102,000

A summary of the fair value of the identifiable net assets acquired is set out below:

	November 29, 2017
Assets	
Cash	$ 4,706
Taxes recoverable	1,036
Exploration and evaluation asset (Note 5)	6,172,837
Total Assets	**6,178,579**
Liabilities	
Accounts Payable and accruals	11,095
Accounts Payable and accruals – due to related parties	65,484
Total Liabilities	**76,579**
Fair value of net assets acquired	**$ 6,102,000**

9. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2018 there were 29,738,522 issued and fully paid common shares (2017 – 27,341,951).

Escrow shares

At December 31, 2018, there were 4,544,528 shares in escrow (2017 – 7,535,197).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2018 was based on the loss attributable to common shareholders of $1,247,054 (2017 - $1,052,019) and the weighted average number of common shares outstanding of 28,924,344 (2017 – 4,447,418). Diluted loss per share did not include the effect of the stock options outstanding as the effect would be anti-dilutive.

(a) Share Consolidation

On November 29, 2017, prior to the acquisition of MGE, the Company completed a consolidation of its common shares on the basis of one (1) new post-consolidation share for every five (5) pre-consolidation common shares. All share and per share information in these consolidated financial statements have been restated to reflect the impact of the share consolidation

(b) Private Placement May 2017

On May 4, 2017, the Company closed a private placement to raise gross proceeds of $500,000 by the issue of 2,000,000 units at a price of $0.25 per unit. Each unit comprised one common share and one transferable common share purchase warrant. Each warrant entitled the holder to purchase one additional common share of the Company at a price of $0.35 per share until May 4, 2018.

As part of the private placement, cash finders' fees totalling $22,750 were paid and 84,000 broker warrants were issued to qualified persons acting as finders. Each broker warrant was exercisable into units of the private placement at a price of $0.35 per unit until May 4, 2018. Each broker warrant comprised one common share of the Company and one non-transferable warrant entitling the holder to purchase one additional common share of the Company at a price of $0.35 per share until May 4, 2018. The fair value of broker warrants issued in this placement was estimated at $11,323. Additional share issuance costs of $12,500 were incurred related to this private placement.

(c) Shares for debt May 2017

On May 11, 2017, the Company issued a total of 380,952 units in the Company to settle a total of $100,000 of loans. Each unit comprised one common share and one transferable common share purchase warrant. Each warrant entitled the holder to purchase one additional common share of the Company at a price of $0.35 per share until May 11, 2018. The fair value of the common shares is $133,333 and the fair value of the warrants is $51,352, resulting in a total fair value of $184,685 and a loss on debt settlement of $84,685.

(d) Private Placement November 2017

Immediately prior to closing the acquisition of MGE, on November 29, 2017, the Company closed a private placement to raise gross proceeds of $6,000,000 by the issuance of 12,000,000 units at a price of $0.50 per unit. Each unit comprised one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.75 per share until November 29, 2020.

As part of the private placement, cash finders' fees totalling $154,424 were paid and 536,849 broker warrants were issued to qualified persons acting as finders. Each broker warrant is exercisable into units of the Company at a price of $0.50 per unit until November 29, 2019. Each broker warrant comprises one common share of the Company and one non-transferrable warrant entitling the holder to purchase one additional common share of the Company at a price of $0.75 per share until November 29, 2020. The fair value of the broker warrants issued in this private placement was estimated at $238,938. Additional share issuance costs of $307,000 were incurred related to this private placement.

(e) Acquisition of Mali Gold Exploration Ltd. ("MGE")

On November 29, 2017, the Company issued 12,000,000 common shares to MGE shareholders in exchange for 100% of the outstanding shares of MGE (Note 8). Upon closing, MGE became a wholly owned subsidiary of the Company.

The fair value of each share of $0.50 per share is based on the value of the private placement completed immediately prior to this transaction. The total value of the shares issued under this transaction was $6,000,000.

(f) Shares for Service - Acquisition of MGE

In connection with the concurrent private placement (note 9(d)), a financial advisor was paid 200,000 units, under the same terms as the financing in note 9 (d), which is equal to 200,000 common shares and 200,000 warrants. Each warrant is exercisable at a price of $0.75 per unit until November 29, 2020. The fair value of the common shares is $100,000 and the fair value of the warrants is $89,015, resulting in a total fair value of $189,015 and a loss on debt settlement of $89,015.

(g) Exercise of warrants

Effective May 4, 2018, a total of 2,396,571 warrants were exercised for total gross proceeds of $830,399. All of the 2,000,000 warrants that expired on May 4, 2018 were exercised at a price of $0.35, along with the 168,000 broker warrants, for total proceeds of $750,400. A further 228,571 warrants expiring on May 15, 2018 were exercised at $0.35 for total proceeds of $79,999.

Broker warrants

The changes in broker warrants during the years ended December 31, 2018 and 2017 are as follows:

	December 31, 2018		December 31, 2017	
	Number of warrants*	**Weighted average exercise price* ($)**	**Number of warrants***	**Weighted average exercise price* ($)**
Warrants outstanding, beginning	620,849	0.48	-	-
Warrants granted **	84,000	0.25	620,849	0.48
Warrants exercised	(168,000)	0.30	-	-
Warrants outstanding, ending	536,849	0.50	620,849	0.48

** The number of warrants and the warrant exercise prices have been adjusted to reflect the impact of the Share Consolidation.*
*** These warrants arose as a result of the exercise of 84,000 broker units, and were also exercised.*

Details of broker warrants outstanding as at December 31, 2018 are as follows:

Expiry Date	Ref	Weighted average exercise price ($)	Warrants Outstanding	Weighted average Contractual Life (Years)
November 29, 2019	Note 9 (d)	0.50	536,849	0.91

The fair values of the broker warrants issued for the year ended December 31, 2017 were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2017
Risk free interest rate	0.72%-1.43%
Expected dividend yield	Nil
Expected volatility	100%
Expected life	1 - 2 years

Volatility was determined based on the historical volatility of the Company's share price over a period of time equivalent to the expected life of the warrant granted.

Warrants

The changes in warrants during the year ended December 31, 2018 and 2017 are as follows:

	December 31, 2018		December 31, 2017	
	Number of warrants*	Weighted average exercise price*($)	Number of warrants*	Weighted average exercise price* ($)
Warrants outstanding, beginning of year	14,580,592	0.68	-	-
Warrants issued	-	-	14,580,952	0.68
Warrants expired	(152,021)	0.35	-	-
Warrants exercised	(2,228,571)	0.35	-	-
Warrants outstanding, end of year	12,200,000	0.75	14,580,952	0.68

** The number of warrants and the warrant exercise prices have been adjusted to reflect the impact of the Share Consolidation.*

Details of warrants outstanding as at December 31, 2018 are as follows:

Expiry Date	Ref	Weighted average exercise price ($)	Options Outstanding	Weighted average Contractual Life (Years)
November 29, 2020	Note 9(f)	0.75	200,000	1.92
November 29, 2020	Note 9(d)	0.75	12,000,000	1.92
		0.75	12,200,000	1.92

10. Reserves

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Stock options

The Company has a stock option plan (the "Plan"), under which the Company may grant options to directors, officers, employees, and third-party service providers. Under the terms of the Plan, which was re-approved by the shareholders on August 21, 2018, the Company is authorized to issue a maximum of 10% of the issued and outstanding shares.

The purpose of the Plan is to attract, retain and motivate directors, officers, and certain third-party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. The options granted under the Plan are non-assignable, have a term of up to 10 years and vest over periods of up to two years from the date of issue.

The changes in options during the years ended December 31, 2018 and 2017 as follows:

	December 31, 2018		December 31, 2017	
	Number of options	**Weighted average exercise price ($)**	**Number of options**	**Weighted average exercise price ($)**
Options outstanding, beginning	2,145,000	0.50	500	24.00
Options expired	(120,000)	(0.50)	(500)	(24.00)
Options granted	-	-	2,145,000	0.50
Options outstanding, ending	2,025,000	0.50	2,145,000	0.50

Details of options outstanding as at December 31, 2018 are as follows:

Expiry Date	**Weighted average exercise price ($)**	**Options Outstanding**	**Options Exercisable**	**Weighted average Contractual Life (Years)**
December 31, 2022	0.50	2,025,000	1,350,000	4.00
	0.50	2,025,000	1,350,000	4.00

During the year ended December 31, 2017, the Company granted 2,145,000 options. 120,000 of the options vest immediately, and 2,025,000 vest as one-third on the date of grant, and one-third on each of the first and second anniversary of the grant. The Company recognized a total expense of $466,890 for the year ended December 31, 2018 (2017 - $343,234) in respect of the options vesting during the year. Share-based payments expense is included in general and administrative costs.

The fair values of the options issued for the year ended December 31, 2017 were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2017
Risk free interest rate	1.41%
Expected dividend yield	Nil
Expected volatility	100%
Expected life	1 - 5 years

Volatility was determined based on the historical volatility of the Company's share price over a period of time equivalent to the expected life of the option granted

11. Related party transactions

The Company considers its officers (CEO and CFO) and directors to be key management. Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Company

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities:

	December 31 2018	**December 31 2017**
Directors and officers of the Company – trade payables and accruals (Note 7)	$ 73,928	$ 87,446
	$ 73,928	$ 87,446

These amounts are unsecured, non-interest bearing and are payable on demand.

Related party transactions
The Company incurred the following transactions with directors and companies that are controlled by directors of the Company.

	Year ended December 31, 2018	Year ended December 31, 2017
Management, officers and director fees	$ 453,851	$ 252,250
Management fees in exploration and evaluation asset	181,904	37,125
Consulting fees in exploration and evaluation asset	51,688	-
Interest expense	-	1,582
Share based compensation	466,890	343,234
Total	$ 1,154,333	$ 634,191

During the year ended December 31, 2017, $59,000 of the loan from the director was assigned to third parties. These third parties also advanced other funds to the Company. These loans were assigned/advanced on the same terms and conditions as the original loan from the director.

12. Segmented information

Operating segments
The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments
The Company's exploration and evaluation assets are based solely in Mali.

13. Financial instruments and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in its bank account. The majority of cash is held in a bank account with a major bank in Canada. As the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's source of funding has been the issuance of equity securities for cash, primarily through private placements as well as a loan facility. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

All of the Company's financial liabilities as at December 31, 2018 are due within one year of the financial period end date.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's subsidiaries located in Mali are exposed to currency risk as it incurs expenditures that are denominated in the West African CFA franc ("CFA"), which is the currency in the Republic of Mali, while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in CFA:

	December 31 2018	December 31 2017
Cash	$ 74,109	$ 61,137
Receivables	130,036	-
Trade payables	(341,153)	(64,697)
Net exposure	$ (137,008)	$ (3,560)

Based on the above net exposures, as at December 31, 2018, a 10% change in the CFA franc exchange rate would impact the Company's net loss by $13,700 (December 31, 2017 – ($356)).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At December 31, 2018, the Company does not have any financial instruments recorded that bear interest at variable rates and therefore interest rate risk is not considered significant.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows. All of the financial assets are reflected at amortized costs:

	December 31 2018	December 31 2017
Financial assets at amortized cost:		
Cash	$ 1,668,915	$ 5,436,302
Receivables	$ 154,498	$ -

Financial liabilities included in the statement of financial position are as follows. All of the financial liabilities are reflected at amortized costs:

	December 31 2018	December 31 2017
Financial liabilities at amortized cost:		
Trade payables	$ 347,579	$ 151,004

Fair value

The consolidated statements of financial position carrying amounts for cash, receivables and trade payables, approximate fair value due to their short-term nature.

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and other receivables fall under Level 1.

There were no transfers between levels during the year.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share and working capital.

There were no changes in the Company's approach to capital management during the year and the Company is not subject to any externally imposed capital requirements.

14. Income taxes and deferred tax assets and liabilities

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Net loss	$ (1,247,054)	$ (1,052,019)
Statutory tax rate	27%	26%
Expected income tax recovery at the statutory tax rate	(336,703)	(273,228)
Non-deductible items and other	878,477	(67,576)
Effect of change in tax rates	(116,490)	-
Temporary differences not recognized	(425,284)	340,804
Income tax recovery	$ -	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized on the basis that it is uncertain that these deductible temporary differences will be utilized:

	Year ended December 31, 2018	Year ended December 31, 2017
Non-capital loss carry-forwards	$ 1,775,501	$ 1,498,194
Unrealized capital losses	739,903	1,424,999
Exploration and evaluation assets	23,793	22,912
Share issuance costs and other	64,268	82,645
	$ 2,603,465	$ 3,028,750

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian net unrealized capital losses	Canadian resource pools	Canadian Share issue costs
2029	$ 134,731	$ -	$ -	$ -
2030	314,117	-	-	-
2031	2,023,461	-	-	-
2032	1,320,172	-	-	-
2033	706,098	-	-	-
2034	211,723	-	-	-
2035	150,180	-	-	-
2036	101,273	-	-	-
2037	801,029	-	-	-
2038	813,239	-	-	-
No expiry	-	2,740,383	88,122	238,005
	$ 6,576,023	$ 2,740,383	$ 88,122	$ 238,005

15. Subsequent event

On April 25, 2019, the Company issued 9,094,335 common shares, on a non-brokered private placement basis, at a price of $0.30 per share, for aggregate gross proceeds of $2,728,300. The Company issued an aggregate of 359,543 broker warrants and paid an aggregate of $107,863 in cash to certain finders. Each broker warrant entitles the holder to purchase one common share of the Company for a period of 12 months from date of closing at an exercise price of $0.30 per share.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

The following management discussion and analysis (the "MD&A") of financial results is dated April 29, 2019 and reviews the business activities of Compass Gold Corporation ("Compass" or the "Company") and its subsidiaries, for the year ended December 31, 2018, and describes the Company's business operations through to the date of this MD&A. The MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018 and the notes attached thereto ("Financial Statements"). This MD&A and the accompanying Financial Statements for the year ended December 31, 2018 have been reviewed by the Company's Audit Committee and approved by the Company's board of directors (the "Board").

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. The Company does not assume the obligation to update any forward-looking statement, except as required by applicable law.

Management is responsible for the presentation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and the MD&A, is complete and reliable. The Board follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee of the Board meets with management regularly to review the financial statements and the MD&A, and to discuss other financial, operating and internal control matters.

All figures are reported in Canadian dollars ("$") unless otherwise stated.

HIGHLIGHTS

For the Four Months of 2019

- On January 10, 2019, following the rainy season in Mali, the Company provided an update on the first-ever bedrock drilling on the Ouassada exploration permit on its Sikasso Property.
- On February 14, the Company provided an update on the progress of the second phase of bedrock drilling on the Ouassada exploration permit.
- On February 20, the Company provided an update on the renewal of the permits that comprise its Sikasso Property area.
- On March 5, the Company provided a further update on the progress of the exploration drilling on the Ouassada exploration permit.
- On March 19, the Company provided an update on the progress of prospecting conducted on four exploration permits comprising the newly created Yanfolila South block on its Sikasso Property.
- On March 28, the Company provided an update on the results of the one diamond drill hole completed on extensive artisanal workings at the Ouassada exploration permit.

For the Year Ended December 2018

- On February 28, 2018, the Company provided an update on the shallow soil geochemical survey program on the primary target within the Ouassada exploration permit (Ouassada) on its Sikasso Property in Southern Mali.
- The Company provided a further update on April 3, on the shallow soil geochemical survey program on the primary target within Ouassada.
- On May 7, the Company reported the results of the deep soil auger geochemical survey program at Ouassada.
- On May 28, the Company provided an update on the results of independent geophysical, remote sensing, and structural studies conducted on the five permits that comprised the Sikasso Property.
- On May 31, the Company provided an update on the completed shallow soil geochemical survey program over the Sankarani exploration permit (Sankarani).
- On June 25, the Company announced that a geophysical survey and infill drilling had been initiated on its Ouassada and Sankarani exploration permits.
- On July 16, the Company provided an update on ongoing geochemistry and geophysics fieldwork from the priority target areas on the Ouassada and Sankarani exploration permits.
- On July 31, the Company announced plans to commence a drill program in early November to begin testing the first four of 14 identified bedrock targets on the Sikasso Property.
- On September 17, the Company provided an update on the initial results from the completed shallow soil geochemical survey program over the Kalé exploration permit.
- On September 27, the Company announced that it had engaged a drilling contractor in preparation for its previously announced initial 3,500 m bedrock-drilling program on the Ouassada permit.
- On October 9, the Company provided an update on the completed priority shallow soil geochemical survey program over the Kourou and Tiélouléna exploration permits.
- On October 12, the Company announced that it had retained INFOR Financial Inc. to provide market making services on the TSX Venture Exchange (the “**TSX-V**”) in compliance with the policies and guidelines of the TSX-V.

1. COMPANY OVERVIEW

Compass was incorporated on July 1, 2002, under the laws of Alberta and subsequently continued into Ontario and is a Tier 2 issuer on the TSX- V. Through the November 2017 acquisition of MGE and Malian subsidiaries, Compass holds gold exploration permits located in Mali that comprise the Sikasso Property. The exploration permits are located in three sites in southern Mali with a combined land holding of 854 square kilometres (km$^{2)}$. The Sikasso Property is located in the same region as several multi-million ounce gold projects, including Morila, Syama, Kalana and Kodiéran. The Company's Mali-based technical team, led in the field by Dr. Madani Diallo and under the supervision of Dr. Sandy Archibald, P.Geo, is conducting the planned exploration program. They are examining the first of numerous anomalies noted for further investigation in Dr. Archibald's August 2017 *"National Instrument 43-101 Technical Report on the Sikasso Property, Southern Mali."

2. MINERAL PROPERTY

MGE holds, through its Malian subsidiaries, the Sikasso Property comprising nine (9) gold exploration permits in Mali, West Africa covering a total area of 854 km^2 in established gold producing regions of Mali. The Company has now taken over MGE's business of gold mineral exploration in Mali.

Permit Renewals

On February 20, 2019, the Company provided an update on the renewal of the permits that comprise its Sikasso Property area. It was noted that the Mali Ministry of Mines and Petroleum has accepted the new permit boundaries and areas that comprise the Sikasso Property. The five original permits were increased to nine new permits with a maximum area of 100 km^2 and which are in good standing until the next renewal date in 2021. The new permit areas are summarized below.

Table 1. Changes to the Sikasso Property permits

Permit	Area (sq. km)	New Permit Name	Area (sq. km)	Arrêté Date	Compass Subsidiary
Ouassada	179	Faraba-Coura	94	2018-09-04	SERM SARL
		Ouassada	86	2018-10-17	SERM SARL
Sankarani	250	Sankarani	74	2018-10-05	SERM SARL
Kourou	250	Kourou	100	2018-07-31	REM SARL
		Badogo	100	2018-07-31	REM SARL
		Lontola (partial)	100	2018-10-30	ML Commodities Mali SARL
Tiélouléna	250	Tiélouléna	100	2018-07-31	REM SARL
		Lontola (partial)	100	2018-10-30	ML Commodities Mali SARL
Kalé	250	Kalé	100	2018-09-04	ML Commodities Mali SARL
		Kapélégué	100	2018-10-03	ML Commodities Mali SARL

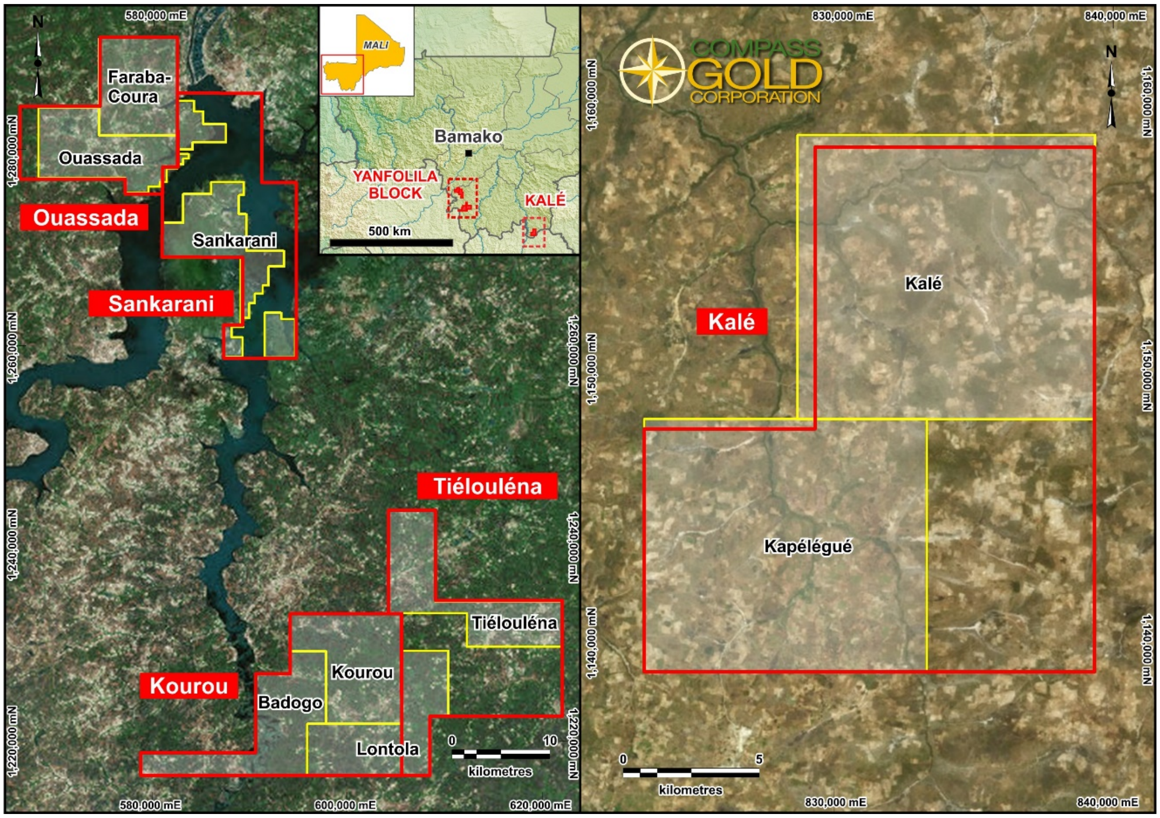


Figure 1 - Location of former permit outlines (red) and revised permit outlines (yellow). Note the change in scales between the two figures.

Expenditures and Commitments

As of December 31, 2018, the Company had incurred $6,172,837 of acquisition costs. The Company had also incurred $3,786,398 of exploration and development costs and acquired machinery and equipment in the amount of $191,628, which represents exploration activities since the acquisition of the mineral properties were completed on November 29, 2017. For further information, please refer to note 5 and 8 of the related financial statements for the year ended December 31, 2018.

Year to date exploration expenditures includes the following items as of December 31, 2018:

Project management and administrative support	$ 468,170
Property payment	330,144
Drilling and assay	1,603,262
Field work support	1,007,220
Technical studies	377,602
	3,786,398
Capital items purchase	191,628
Total expenditures	3,978,026

During the current period, the Company has been renewing the permits comprising the Sikasso Property to extend the life of the licences for the conduct of mineral exploration. As a result of this process, the permits have been renewed and the Company has committed to exploration expenditures over the next three years as follows:

Table 2

Year/Work Program ($)	Phase 1	Phase 2	Future Phases	Total
First Year	1,278,127	-	-	1,278,127
Second Year	-	1,539,135	-	1,539,135
Third year	-	-	4,019,165	4,019,165
Total	**1,278,127**	**1,539,135**	**4,019,165**	**6,836,427**

The Company initiated its first exploration program on November 29, 2017, the day of acquisition of MGE, and, as of December 31, 2018, had almost completed Phase 1 of exploration activity on the Sikasso Property. The actual expenditures made to December 31, 2018 are $3,978,026 (for more detail, please see above). The actual expenditures were lower than budgeted for Phase 1, where costs savings were recognized on auger drilling and assay work. Phase 1 work combined surface soil sampling, a deep soil auger drilling orientation survey, as well as geophysical, remote sensing, and structural studies on the original five permit areas. The expenditures to-date have been incurred since November 29, 2017, and there are no comparable expenditures completed in the prior year. The activities completed in Phase 1 are described below in more detail.

The Company is currently completing the next portion of its Phase 2 exploration activity on the Sikasso Property.

Current Activities – Ongoing Phase 2 – Initial Bedrock Drilling Exploration Program

The budgeted expenditure for Phase 2 covers exploration activities conducted in November and December of 2018, as well as the first three months of 2019. This totals up to $1,250,000, depending on conditions at the site for completing the planned drilling after the rainy season, which ended in late October 2018. The ongoing and proposed Phase 2 drilling will target near-surface bedrock gold mineralization. The Company had the financial resources to complete this work which is expected to be completed by late-April 2019.

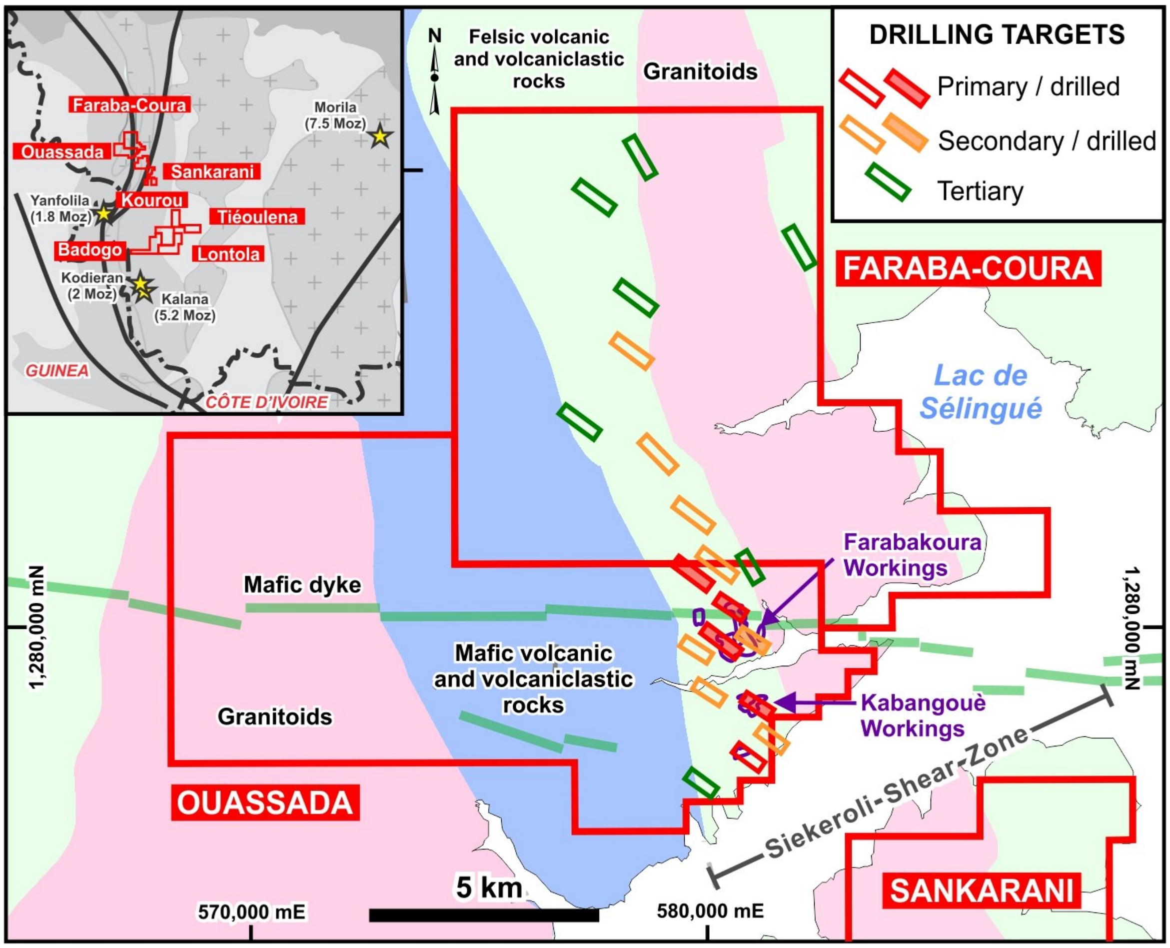
The ongoing and proposed additional Phase 2 drilling will target near-surface bedrock gold mineralization. Target selection was based on shallow and deep (auger) soil gold anomalism; induced polarization (IP) conductors; geological mapping; and, interpretation of high-resolution airborne magnetic geophysics. Internal target generation studies have been completed by the Compass exploration team, which had identified areas for additional (infill) geochemical sampling, and bedrock drilling starting in Q4.

Initially, Phase 2 was expected to involve between 3,000 m and 4,000 m of air core and/or reverse circulation drilling on the first five of the 19 targets identified over a distance of 12 km on the Ouassada and Faraba-Coura permits. However, it was decided that, as well as drilling the targets, additional ground geophysical surveys were warranted. The survey methods employed were induced polarization (IP) and ground magnetics, which help determine the rock types and structure present, as well as identify potentially mineralized zones. The timing of completion of Phase 2 is dependent on weather and site conditions, as well as turnaround time from drilling to assaying and analysing the results. The prime reason for the uncertainty concerns the question of when the rainy season will end, which is typically between mid-October and early November.

Results of this Phase 2 work were reported on October 9, January 10, 2019, and March 5.

- Drilling focused on 5 of the 19 targets on Ouassada
- Targets 2, 4, 7, 8 and 9 were drilled by AC, and Targets 4 and 7 were tested by RC
- 2,742 metres of AC drilling (73 holes) completed in early December 2018
- 924 metres of RC (8 holes) completed before Christmas 2018
- All assays received by the end of 2018
- 406 metres of RC (3 holes) drilled in January
- 201 metres of diamond drilling (1 hole) in January
- 5.85 km of IP geophysics surveying performed and interpreted
- 3 sq. km of high-resolution ground magnetic data collected and interpreted

Figure 2 below illustrates the location of the Ouassada / Faraba-Coura bedrock drilling target areas



The results of the AC and RC drilling performed in December 2018 were reported in January 10, 2019. Highlights of the work included:

- All 8 RC holes completed over the first 5 of 19 prospective targets on the Ouassada permit intercepted gold mineralization. This included 13 m @ 1.97 g/t Au (from 51 m), and 16 m @ 1.47 g/t Au (from 96 m) in a single bedrock hole
- Longest mineralized intervals were 46 m @ 0.65 g/t Au (from 18 m) and 27 m @ 0.92 g/t Au (from 96 m) from OURC005 (Ouassada RC hole 5)
- Thirty-eight one-metre sample intervals contained more than 1 g/t Au, and fifteen contained more than 3 g/t Au, with the highest being 11.8 g/t Au
- Drilling identified two broad, steeply dripping, mineralized zones with a NW-trend, centred on an area of extensive artisanal mining activity

Based on these highly-encouraging results, it was decided to drill three additional RC holes in the immediate area with the purpose of determining if a third parallel mineralized zone was present, and that the existing mineralization extended 300 m along strike to the southeast. A diamond (core) drill hole was also planned 10 m to the south of OURC005 to provided important information on the rock types present, structure, nature of mineralization, and verify the presence and form of the identified gold mineralization for the RC drilling. The Company also initiated two ground geophysical surveys (IP and magnetic) to further enhance the knowledge of the subsurface rocks and potential mineralized structures.

On March 5, 2019 the Company announced the results of the three RC drill holes (totaling 406 m) at Farabakoura.

- Gold mineralization was identified in all three holes, but it did not confirm the presence of a third parallel zone in the immediate vicinity of the Farabakoura artisanal pit.
- Bedrock gold zones was identified 380 m along strike from previous drilling, showing the structure was open to the southeast
- The best intercept was from OURC011 was 13 m @ 3.40 g/t Au within a broad zone of gold mineralization that of consisting of 60 m @ 1.42 g/t Au

While the ground geophysical work programs, and sampling of the diamond drill core continued at Ouassada, field teams had completed their investigation of artisanal workings on the permits comprising the Yanfolila South block. The results were reported on March 19, 2018, where it was noted that a total of fourteen artisanal workings were identified (only two had been previously noted). Most of these new workings were located on, or adjacent to, the twelve coincident shallow soil geochemistry and remote sensing structural targets. Follow-up work on these workings was recommended based on their surface area, and the anecdotal size of gold nuggets recovered, and recent gold recovered by the artisanal miners. This work consists of geochemical sampling of waste piles at a spacing of 25 m over areas of artisanal workings at Yanfolila South.

On March 26, 2019 the interpretation of the ground geophysical surveys at Farabakoura was announced. The highlights included:

- The identification of a 1,600-m long target structure underlying three artisanal working areas
- The structure corresponds to gold mineralization identified in five bedrock RC drill holes
- Several additional structures were also identified in the Farabakoura area, included structures parallel to the drilled structure
- Planning was underway for an additional 1,000 m drill program around Farabakoura

The ground geophysical survey over the Ouassada and Faraba-Coura permits was started. The first area of this survey was at the Kabangoué artisanal workings, located 1.5 km southeast of Farabakoura The assay results from the single diamond drill hole (OUDD001) was released on March 28,2018. Visible gold was noted at several discrete intervals during logging of the core, resulting in high-grade (bonanza) intervals. The highlights of the work included:

- Identification of three discrete mineralized zones within an 18 m-wide interval
    - 4 m @ 83.82 g/t Au (from 63 m)
    - 4 m @ 7.04 g/t Au (from 69 m)
    - 3 m @ 4.18 g/t Au (from 78 m)
- The first 4 m interval was influenced by a 1-m interval (with a 45-cm true thickness vein) containing 329.92 g/t Au
- Mineralization correlated well with adjacent reverse circulation (RC) drill holes and a 1,600 m target structure identified during recent ground geophysics

Based on these encouraging results, a 1,000 m drill program is planned at Farabakoura to test additional structures. The results of this program are expected by the end of April 2019.

Future Activities

On March 5, 2018, the Company noted that the previously reported ground geophysical (induced polarization and magnetic) surveys at Ouassada were underway near the Farabakoura workings on Ouassada, with the first results expected shortly. At the same time, the Company announced plans for its next phase of exploration work prior to th commencement of the Malian rainy season, which normally starts in late June. The assay and geological information from this hole will be integrated with the RC drilling data and results from the detailed ground geophysical survey outlined below. Based on this synthesis, Compass will identify areas where addition infill drilling could take place to determine the extent of mineralization at Farabakoura. Additional drilling will also take place on the remaining targets on the Ouassada and Faraba-Coura permits.

Based on the results of the work completed in 2018 and the first quarter of 2019, a comprehensive property wide work program is planned for the second quarter of 2019. The work program includes the following components:

- Complete at least 1,000 m of RC drilling at Farabakoura to test the Company's theory that the mineralized zone extends to the north at least 1.4 km, and is present in parallel structures as inferred from ground geophysics

- Complete the 60 km of ground IP over geochemical and regional magnetic targets at Ouassada/Faraba-Coura

- Perform 2,500 m of AC drilling and 1,000 m of RC drilling on the most prospective IP targets identified during the aforementioned ground IP study

- Complete 2,000 m of bedrock drilling on at least two of the shallow soil targets at Sankarani (Sodala and Tarabala).
- Complete a 2,000 m drilling program, consisting of AC and RC drilling, on the highest priority targets on the Yanfolila South block.

The budget for the proposed second quarter work is $1.8 million. This includes all costs associated with the drilling and geophysical programs and in-country running costs.

EXPLORATION ACTIVITY FISCAL 2018

Initial Exploration Program

The Company's Mali-based technical team, led in the field by Dr. Diallo and under the supervision of Dr. Archibald, continued the work on Compass's exploration program, which had been initiated in December 2017. This work has been focused on examining the first of at least 35 anomalies noted for further investigation in the August 31, 2017 "National Instrument 43-101 Technical Report on the Sikasso Property, Southern Mali." The primary objective of the overall program is to test anomalies that had been previously identified primarily through airborne surveying and interpretation of the area.

The first area examined was on the Ouassada permit area, part of the Yanfolila Block, in the northwestern portion of Compass's property area. Four local geologists, led by Dr. Diallo, began conducting shallow soil geochemical sampling on the site in December 2017.

The objective of the initial stage of the drill program was to investigate the 12 discrete gold targets previously identified on the Ouassada permit area, which was followed by further work on the four other exploration permits comprising the Sikasso Property. This initial work was combined with a soil sampling, geochemical and auger drilling orientation survey to determine the most efficient method of assessing geophysical and geochemical targets in the permits. Based on the results of the initial sampling, Compass then conducted deeper reverse circulation and diamond drilling to determine the level of potentially economic mineralization in the bedrock.

Results of Initial Exploration Program – Phase 1

Results of the Company's initial phase of the exploration program were announced on February 28; April 3; May 7, 28, and 31; June 25, July 16 and 31; September 17 and 27; and, October 9 and 12, 2018. The targets were identified by interpreting airborne geophysical data, the presence of an extensive zone of artisanal mining (containing bedrock, vein-hosted, gold mineralization) and the similarity of the geological and structural setting to the Yanfolila gold mine, located 40 km along strike to the southwest.

The work executed during the Phase 1 Exploration program is summarized in **Table 2** and **Figure 1** below. Highlights include:

- 10,372 shallow soil samples and 1,174 nodular iron oxide samples collected
- 2,525 auger holes totaling 34,309 metres drilled
- 18 line-km of induced polarization (IP) ground geophysics performed
- 56 targets (out of 61) tested over an area of 980.5 km^2 (reduced from an initial permit area of 1,179 km^2)
- $4 million spent "on the ground"

Completed Underway Planned Not required Not yet determined	Remote Sensing Study	Geophysics interpretation	Shallow Soils (targeted)	Shallow Soils (regional)	Deep auger drilling (regional)	Deep auger drilling (targeted)	Ground geophysics	Geological mapping	Bedrock drilling
Ouassada			X				Q1		Q1
Sankarani			X		X	50% Q2		15%	
Kalé				50%	X	Q2			
Kourou				50%	X	Q2			
Tiéllouléna				50%	X	Q2			

Table 3
The Phase 1 exploration program covered more than 1,000 km^2 on time and under budget, and identified 19 bedrock drill targets on Ouassada alone.

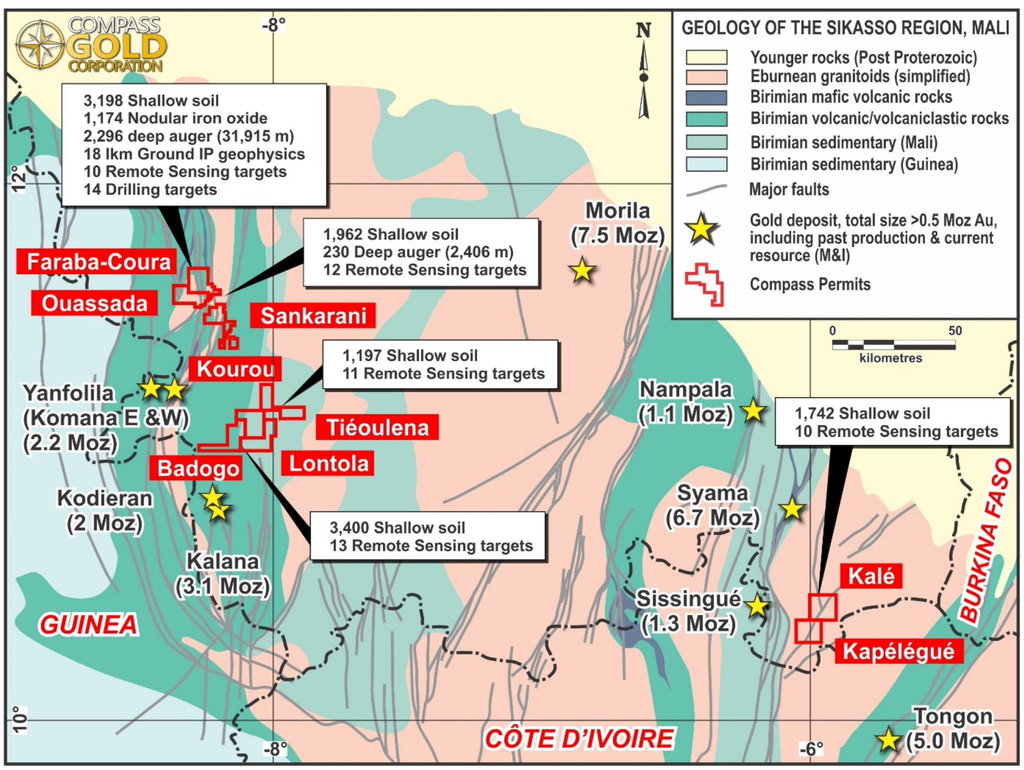


Figure 3. Summary of Phase 1 work completed on the Sikasso Property. Note that this figure uses the new permit names and outlines.

The results of the Company's initial phase of the exploration program were announced on February 28; April 3; May 7, 28, and 31; June 25, July 16 and 31; September 17 and 27; and, October 9 and 12, 2018. Highlights from the press releases are noted below but, for further information, the reader is encouraged to refer the original press releases, which are available on the Company's website as well as with the Company's other filings on SEDAR.

The February 28, 2018 announcement reported a total of 2,342 shallow geochemical samples had been collected in a 4-km wide, 15-km long, north-northwest-trending zone within the Ouassada permit (Target Area 1 – see figure below).

Highlights:

- Two parallel, northwest-trending gold anomalies were identified over strike lengths up to 12 km and widths up to 1 km.
- Highest soil samples contained 3,800 parts per billion (ppb) gold (Au) (3.8 grams per tonne (g/t) Au) 550 metres (m) north of artisanal workings at Farabrakoura, and 1,200 ppb Au from a surface nodular iron oxide 350 m west of the workings at Farabrakoura. Highest gold concentrations are associated with areas near current artisanal gold workings, although anomalous samples are not restricted to known workings.
- A total of 2,342 shallow geochemical samples were collected over the main target area on the Ouassada permit where the average gold background for shallow soil samples was 5 ppb and 8 ppb for nodular iron oxide samples.
- Deep soil auger sampling continued on the primary target area, while the near surface geochemistry teams moved to the next target areas on the Ouassada and Sankarani permits.

The April 3, 2018 announcement reported the results of 1,139 additional shallow soil samples, collected over two broad zones within the Ouassada permit (target areas 2 and 3).
Highlights:

- Four additional parallel, northwest-trending gold anomalies were identified over strike lengths up to 12 km and widths up to 2 km (see Figure below), bringing the total to nine.
- Highest soil samples contained 3,800 ppb Au (3.8 g/t Au) 550 m north of artisanal workings at Farabakoura. The highest gold concentrations were not restricted to areas of known workings.
- In this round of work, a total of 1,139 shallow soil samples were collected on the Ouassada permit where the average gold background for shallow soil samples was 5 ppb.
- Deep soil auger sampling at Ouassada was then 90% complete, and the shallow soil sampling was underway on the Sankarani permit with 88% of the samples collected.
- High-resolution airborne geophysical interpretation, and structural and hyperspectral remote sensing (satellite) studies had been initiated.

Shallow soil geochemistry assays had been received on target zones 1, 2 and 3 on the Ouassada permit. The nine linear gold shallow soil anomalies correlated with structures present in the airborne magnetic data, and are highly encouraging. The Company looked forward to the infill shallow soil assays, and the result of the soil auger study. When all the geochemistry results were compiled and analyzed, they would form the basis for identifying bedrock drilling targets.
On May 7, 2018, the Company announced the results of the ongoing deep soil auger geochemical survey program at the Ouassada exploration permit. These results included:

- Deep soil auger sampling identifying a broad 1.5 km wide long and 12 km long zone of anomalous gold at an average depth of 13 m beneath and coincident with the previously reported shallow soil sampling areas. This anomaly, which closely correlates with the bedrock geology, remains open to the north.
- Gold concentrations up to 2,600 ppb Au (2.6 g/t Au) occur at the artisanal workings at Farabakoura, and up to 722 ppb Au located 500 m southeast of the workings at Kabangoué North. Highest gold concentrations were not restricted to areas of known workings.
- Close correlation of anomalous gold concentrations from deep auger sampling with shallow soil geochemistry and a mapped fault bounded Birimian volcaniclastic unit.
- A total of 1,786 3-m composite deep soil auger samples from 11,556 m of drilling were analyzed over target area 1.

On May 28, 2018, the Company provided an update on the results of recent independent geophysical, remote sensing, and structural studies conducted on the five permits that comprise the Sikasso Property. These results included:

- A total of 56 discrete sub-surface exploration targets were identified on the Sikasso Property, many of which are identical to the 35 near-surface targets previously reported in the August 31, 2017 "National Instrument 43-101 Technical Report on the Sikasso Property, Southern Mali," by Dr. Sandy Archibald, P.Geo.
- Three primary targets on Ouassada correspond with a 12-km long and 1-km wide zone of anomalous gold identified by shallow soil and deep auger drilling. The largest target identified through these recent studies covered an area of 12 sq. km.
- 10 target areas are identified on the Ouassada permit, 12 on Sankarani, 13 on Kourou, 11 on Tiélouléna, and 10 on Kalé.
- Reinterpretation of the historic and recent airborne geophysics defined numerous regional and local scale faults, and discrete lithological boundaries related to radiometric results.
- A Sentinel-2 multispectral study identified hydrothermal iron oxide and clay alteration associated with faults and margins of intrusions, and which are commonly associated with mineralizing fluids in ore systems.
- Satellite and geophysical lineament analysis was performed, which complemented the results of the initial geophysical study.

On May 31, 2018, the Company provided an update on the completed shallow soil geochemical survey program over the Sankarani exploration permit.

On June 25, 2018, the Company announced that a geophysical survey and infill drilling had been initiated on its Ouassada and Sankarani exploration permits. The former included five induced polarization (IP) survey lines, totalling 18 km, which had started to cover the deep auger soil sampling anomalies previously identified on the Ouassada permit. A deep auger soil sampling program had also been initiated over the Sodala shallow soil anomaly (2 km by 5 km) on the Sankarani permit. A total of 7,521 shallow soil samples from priority areas at Kalé, Kourou, Tiélouléna, and infill areas at Sankarani were at the assay laboratory.

On July 16, 2018, the Company provided an update on ongoing geochemistry and geophysics fieldwork from the priority target areas on the Ouassada and Sankarani exploration permits. Results included the identification of several discrete highly anomalous gold samples at Ouassada target area 3 (TA3). The previously announced induced polarization (IP) study had been completed over the principal target zone (target area 1/TA1) on Ouassada to aid in identifying drilling targets in the

principal exploration area. Further, an expedited 95-hole deep soil auger drilling program had been completed over the high-priority Sodala shallow soil gold anomaly on the Sankarani permit.
On July 31, 2018, the Company announced plans to commence a drill program in early November to begin testing the first of 14 identified bedrock targets on the Sikasso Property. This proposed Phase 2 drilling targeted near-surface bedrock gold mineralization. Target selection was based on shallow and deep (auger) soil gold anomalism; the presence of induced polarization (IP) conductors; geological mapping; and, interpretation of high-resolution airborne magnetic geophysics.

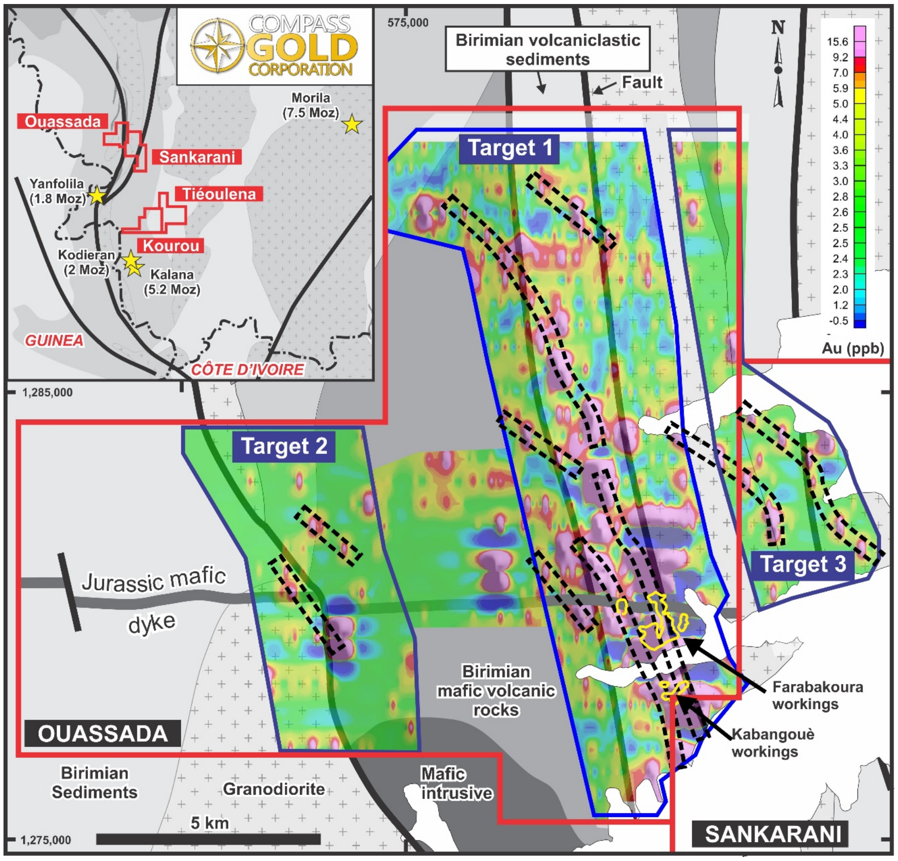


Figure 4: Location of the anomalous gold zones (dashed outlines) as identified by shallow soil geochemistry. Four additional zones are identified in target areas 2 and 3.

On September 17, the Company provided an update on the initial results from the completed shallow soil geochemical survey program over the Kalé exploration permit on its Sikasso Property. Four discrete anomalous gold zones were identified over a distance of 15 km on the Kalé permit, where the highest soil sample contained 127 ppb Au over a permit with no known outcrops. Gold anomalism is coincident with deep linear structures, interpreted as faults, identified in the recently completed remote sensing and geophysics studies. A total of 1,746 samples were collected and analyzed on the areas considered the most prospective for gold mineralization.

On September 27, the Company announced that it had engaged Target Drilling SARL (Target), a Mali-based drilling contractor, in preparation for the Company's initial 3,500 m bedrock-drilling program on the Ouassada permit. Target was to provide 2,500 m of air core (AC) drilling and 1,000 m of reverse circulation (RC) drilling, which represented the first ever bedrock drilling on the 1,179 sq. km Sikasso Property. Initial drilling focussed on four zones on the Ouassada permit considered to be priority areas, and which contain active artisanal gold mining. A total of 14 drilling targets were identified on the permit using a combination of geochemistry, geophysics, remote sensing and geological mapping. The drilling targets average 1.2 km in length, and the fresh bedrock was expected to be intercepted at a depth of approximately 50 m.

On October 9, the Company provided an update on the then completed priority shallow soil geochemical survey program over the Kourou and Tiélouléna exploration permits on its Sikasso Property. Twelve discrete gold anomalies were identified on the Kourou permit along strike lengths up to 5 km, where the highest soil sample contained 1.38 g/t Au. Fourteen soil samples contained more than 0.1 g/t Au (100 ppb.) A total of 4,597 shallow soil samples were collected on the Kourou and Tiélouléna permits, where 689 shallow soil samples returned above the 5 ppb Au limit of detection. Mineralization is coincident with deep linear structures, interpreted as faults, from a remote sensing study.

Internal target generation studies have been completed by the Compass exploration team which had identified areas for additional (infill) geochemical sampling, and bedrock drilling started in Q4.

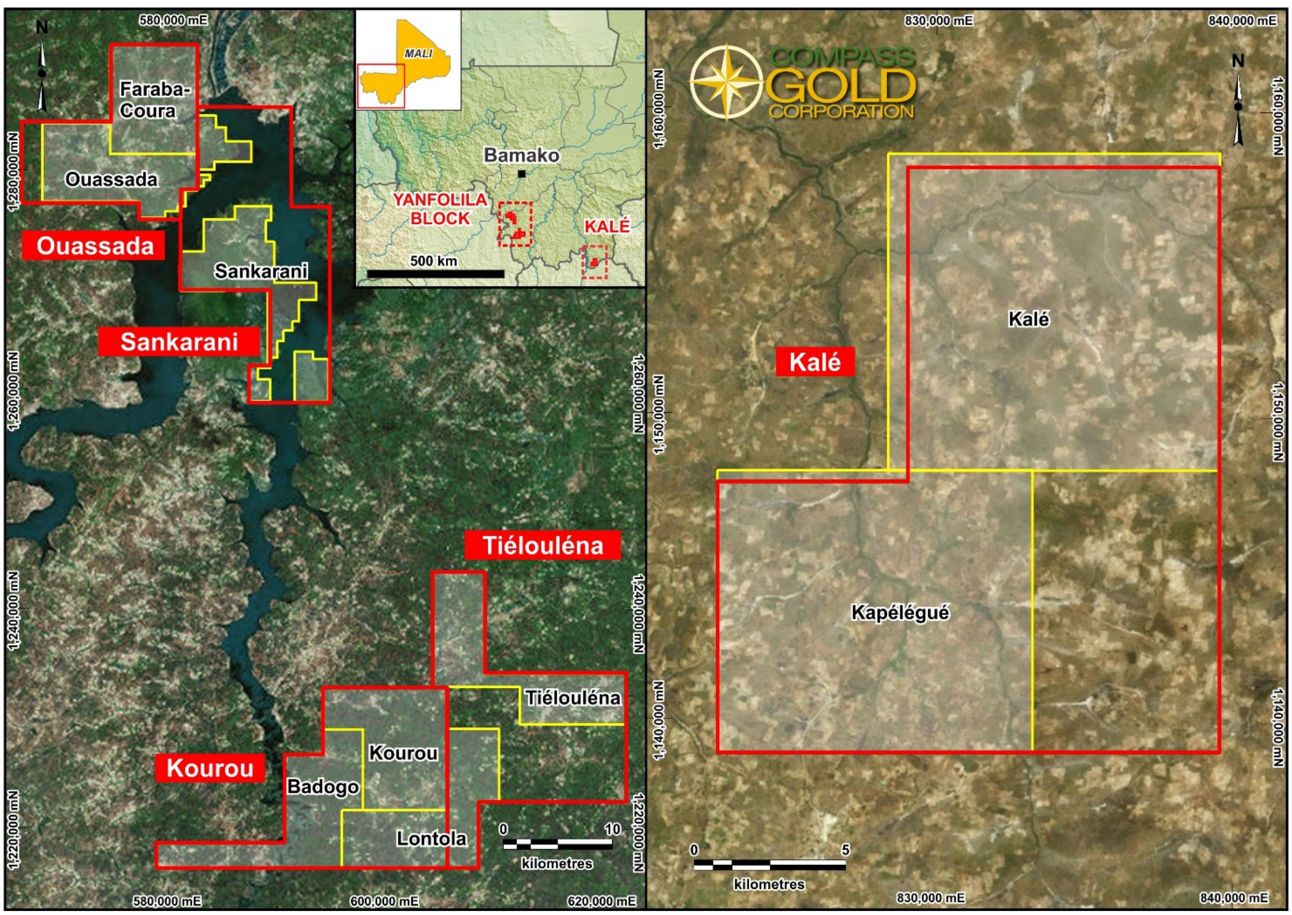


Figure 5 - Location of former permit outlines (red) and revised permit outlines (yellow). Note the change in scales between the two figures.

3. RESULTS OF OPERATIONS

This analysis of the results of the Company's operations should be read in conjunction with the Company's Financial Statements for the year ended December 31, 2018.

Revenues

The Company has no revenue or sources of recurring revenues at this time.

Expenses

During the year ended December 31, 2018, the Company incurred a net loss of $1,247,054 (2017 – $1,052,019). The current fiscal period reflects a significant increase in expenditures as result of Compass becoming an active Company, through the acquisition of the MGE that was completed on November 29, 2017, and incurring normal operational expenditures for an exploration company of the size and activities of the Company. The operating expense, net of share-based payment of $466,890 for the current year and $343,234 for the year ended December 31, 2018, was $780,164 for the fiscal 2018 compared to fiscal 2017 expense of 535,085 reflect the significant increase in activity and expenditure

For the year ended December 31, 2018, significant expenditures included and consisted of consulting fees of $76,619 (2017 - $64,888), Management and advisory fees of $428,428 (2017 – 252,250), professional fees of $76,587 (2017 – 91,663), listing and registration fees of $50,818 (2017 - $43,084), interest and bank charges of $4,549 (2017 - $4,288) foreign exchange loss of $48,994 (2017 – 3,393), and general and administration expenses of $37,378 (2017 - $23,338).

Immediately after the completion of the transaction, that the Company implemented its initial exploration program. This increased activity in support of the Company's exploration efforts has resulted in increases in management fees, professional fees and other administrative expenses. This trend is expected to continue throughout fiscal 2018 as the Company has the working capital to support expenditures. Consulting fees were higher in the prior year as a result or the work required to prepare for the transaction with limited resources from management and directors at the time.

4. SELECTED ANNUAL FINANCIAL INFORMATION

The following tables provide a brief summary of the Company's financial operations. For more detailed information, refer to the Audited Financial Statements.

Summary of Annual results	Year Ended December 31		
	2018	2017	2016
Net Sales or total revenues	-	-	-
Net loss	1,247,054	1,052,019	(64,726)
Loss per share – basic and diluted (based on the weighted average of common shares outstanding for the year)	(0.04)	(0.24)	(0.09)
Total assets	11,975,726	11,768,885	3,408
Total current liabilities	375,090	218,484	121,248
Total current liabilities, excluding borrowings due to related party	308,048	218,484	58,790
Total non-current liabilities	-	-	-
Cash dividends declared per-share for each class of share.	Nil	Nil	Nil

Immediately after the completion of the transaction in November 2017, the Company implemented its initial exploration program. This increased activity in support of the Company's exploration efforts has resulted in increases in management fees, professional fees and other administrative expenses and continue throughout fiscal 2018 as the Company had the working capital to support expenditures the private placements completed in November 2017 and May 2019.

5. DISCLOSURE OF OUTSTANDING SHARE CAPITAL

The Company is authorized to issue an unlimited number of voting common shares, an unlimited number of non-voting first preferred shares and an unlimited number of non-voting second preferred shares.

As of December 31, 2018, the Company had the following capital stock position:

Common shares outstanding	29,738,522
Warrants outstanding	12,200,000
Broker warrants outstanding	536,849
Options outstanding	2,025,000

Basic common shares outstanding total 29,738,522. Fully diluted shares outstanding, which includes all issued common shares, warrants, broker warrants and options, totals 45,037,220. For further information on the Company's capital, please refer to the notes of the Financial Statements (Note 9 – Share Capital, Note 10 - Reserves).

Effective on May 4, 2018, the Company announced that all of the 2,000,000 warrants with an expiry date of May 4, 2018 were exercised at a price of $0.35, along with the 84,000 broker warrants, for total proceeds of $750,400. A further 228,571 warrants with an expiry of May 15, 2018 were exercised at $0.35 for total proceeds of $79,999.

6. QUARTERLY RESULTS

Selected quarterly information for the most recently completed eight quarters is presented below in Canadian currency ($), and in accordance with International Financial Reporting Standards.

	2018 Q4 $000's	Q3 $000's	Q2 $000's	Q1 $000's	**2017** Q4 $000's	Q3 $000's	Q2 $000's	Q1 $000's
Revenues	-	-	-	-	-	-	-	-
Loss for the period	(631)	(224)	(176)	(216)	(785)	(156)	(103)	(9)
Loss per share	(0.02)	(0.01)	(0.01)	(0.00)	(0.13)	(0.05)	(0.05)	(0.01)

The first two quarters of 2018 reflect a significant increase in expenditures as result of Compass becoming an active Company, through the acquisition of the MGE that was completed on November 29, 2017 and incurring normal operational expenditures for an exploration company of the size and activities of the Company. In fiscal 2017, expenditures in the fourth quarter were high as a result of closing the transaction. Prior to the fourth quarter in 2017, expenditures were gradually increasing as the Company worked towards completing the transaction.

The Company continued with their exploration activities in Q4 of 2019. The season lasted longer than usual which resulted in a later start too the next stage of the project plan.

7. LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2018 the Company had working capital of $1,449,773 (December 31, 2017 $5,282,779). Cash and cash equivalents as at December 31, 2018 were $1,668,915, compared to $5,436,302 as at December 31, 2017. The Company has no long-term debt and no long-term liabilities.

Concurrent with the closing the acquisition of MGE, on November 29, 2017, the Company closed a private placement to raise gross proceeds of $6,000,000 by the issuance of 12,000,000 units at a price of $0.50 per unit. Each unit was comprised of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.75 per share until November 29, 2020.

As noted in the Company's Management Information Circular under Principal Purpose of Funds for the November 29, 2017 special meeting, the use of the proceeds for the $6.0 million private placement is noted below in the table in column titled "Maximum value of Proceeds to Spend".

The table below compares, in tabular form, discourse that the Company has previously made about how it was going to use proceeds. The amounts presented are approximate.

Description	**Maximum value of Proceeds to Spend**	**Actual Expenditures incurred to December 31, 2018 (approximately)**	**Variance**
Cost of the Company to Complete Acquisition and Private Placement	400,000	460,000	(60,000)
General and Administrative Expenses for the next 12 months	590,000	780,000	(190,000)
Exploration and maintenance Costs on the Sikasso Property	4,200,000	3,960,800	239,200
Unallocated working capital	590,000	(270,000)	860,000
Total	**$ 5,780,000**	**$ 4,930,800**	**$ 849,200**

The costs to close to the private placement and acquisition were the result of higher than expected professional fees incurred. General and Administrative expenses are higher than expected due to additional director fees and management fees that were not included in the original value of proceeds to spend.

The actual expenditures for the Siasso Property year to date are lower than budget for the first nine months of the year. The Company is planning for Phase 2, as described below under the heading "Future Activities". The Company has the financial resources to complete the planned exploration program for the current year without seeking additional financial capital

Review of Interim Statement of Cash flows

Cash Used in Operating Activities

Cash used in operating activities during the year ended December 31, 2018 was $714,544 compared with $478,609 of cash used in operating activities during the year ended December 31, 2017. Cash was mostly spent on management and director fees, professional fees, listing and registration fees, and administrative costs.

Cash Used in Investing Activities

The expenditures show the project activity from December 31, 2017 to December 31, 2018, which is essentially twelve months of activity. For more detail see Section 2.

For the year ended December 31, 2017, acquisition costs directly related to the Acquisition of MGE was $102,000. The expenditures show the activity from November 29, 2018, the day of closing the Acquisition of MGE, to December 31, 2017, which is basically one month of activity. This is the total cash expenditures and does not include accrued items for the one month period.

Cash Generated by Financing Activities

For the year ended December 31, 2018, source of cash was from the exercise of warrants which generated $830,399 of cash.

For the year ended December 31, 2017, the Company completed two private placements. The first one was completed on May 4, 2017, that generated proceeds of $500,000 by the issue of 2,000,000 units at a price of $0.25 per unit. The second private placement was completed in conjunction with the Acquisition of MGE where the Company closed a private placement for gross proceeds of $6,000,000 by the issue of 12,000,000 units at a price of $0.50 per unit. Each unit is comprised of one common share and one transferable common share purchase warrant.

8. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are described in detail in Note 11 of the Financial Statements

For further clarification, management and director fees of $453,851 (2017 - $252,250) for the year ended were paid or accrued. These fees are payable to Company officers and directors or companies controlled by or associated with Company officers or directors as follows:

- The President and Chief Executive Officer of the Company (the "**CEO**"), Larry Phillips, was paid $180,000 (2017 – $50,000). Larry Phillips became the CEO on November 29, 2017. Such consideration was paid to a management company pursuant to which Mr. Phillips provides the CEO services.

- The Chief Financial Officer of the Company (the "**CFO**"), Louis Nagy, was paid $78,000 (2017 – 9,750). Such consideration was paid to a management company pursuant to which Mr. Nagy provides the CFO services. The previous CFO was paid $61,500 in the same period last year and resigned on December 12, 2017.

- The Exploration Manager of the Company, Madani Diallo, who is a non-executive director of the Company, was paid $181,904 (2017 – 12,375). Such consideration was paid to a company pursuant to which Dr. Diallo provides services to the Company, on a consultancy basis, relating to the oversight of project work at the Sikasso Property. These costs are capitalized.

- Non-management directors of the Company were paid, in aggregate, fees of $130,000 (2017 – 95,000), such fees paid on a quarterly basis.

9. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

10. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash, receivables and trade payables. Cash, which is measured at its face value, representing fair value, is classified as loans and receivables. Receivables are measured at amortized cost and classified as receivables. Trade payables, which are measured at amortized cost, are classified as other financial liabilities. Other liabilities are classified as other financial liabilities, which are subsequently measured at amortized cost. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

For the years ended December 31, 2018 and December 31, 2017, the Company had no derivative assets or embedded derivatives.

It is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The Financial Risk and Capital management of the Company is described in further details in Note 12 of the Financial Statements.

11. FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: expectations regarding the Company's ability to source new assets or business or raise capital, and other future activities to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the Company's ability to source potential assets or business or obtain additional financing on satisfactory terms.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to: fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands and competition for skilled personnel, as well as those risk factors listed in the Risks and Uncertainties section below.

12. EMERGING MARKET DISCLOSURE

The Company's principal property interests are located in Mali, an emerging market, and are held indirectly through locally incorporated subsidiaries for the purpose of compliance with local laws. Operating in an emerging market exposes the Company to certain risks and uncertainties that may not exist or that are significantly less likely to exist in other jurisdictions, such as Canada or the United States. In order to manage and mitigate these risks, the Company has designed a system of corporate governance for itself and its subsidiaries. These systems are coordinated by management and overseen by the Board. Further information concerning these systems and the operations of the Company in Mali are described in greater detail below.

Notwithstanding any additional potential risks or uncertainties arising from operating in Mali, it should be noted that many notable mining companies operate in the vicinity of the Company (both juniors and majors), including: Rangold Resources; AngloGold Ashani; Endeavour Mining; Resolute Mining; Perseus Mining; Hummingbird Resources; Okio Resources; Birimian Limited; Robex Resources; and Cora Gold.

Mining Rights / Asset Verification

The Company's principal property interests include five prospecting permits (which collectively comprise the Sikasso Property) referred to as: Quassada, Sankarani, Kourou, Tiéouléna and Kalé. The Sikasso Property is described in detail in the technical report prepared for the Company dated August 31, 2017 entitled "NI 43-101 Technical Report on the Sikasso Property, Republic of Mali" (the "**Technical Report**").

In connection with its acquisition of MGE in November 2017, the Company conducted extensive due diligence on MGE and its interest in the Sikasso Property. Due diligence with respect to MGE and its interest in the Sikasso Property included searches of applicable government registries and a review of applicable title documents. Further, the Company obtained legal opinions from reputable legal counsel in Mali with respect to the good standing of each of the Mali subsidiaries and with respect to the ownership and good standing of the permits comprising the Sikasso Property.

In connection with the preparation of the Company's most recent audited annual financial statements, the Company requested and received updated legal opinions from legal counsel in Mali with respect to the good standing of each of the Mali subsidiaries and with respect to the ownership and good standing of the permits comprising the Sikasso Property.

A detailed description of the permits, the system of mineral rights/tenure in Mali and certain due diligence undertaken by the Company in respect of its acquisition of the Sikasso Property (through its acquisition of MGE) is set out in the Technical Report. The Technical Report includes, among other things, copies of corporate and title opinions rendered to the Company.

Legal Right to Conduct Operations / Laws and Customs

Mali has an established and stable regime with respect to mining rights and, as a result, the Company and other foreign mining companies are generally able to operate predictably and stably in that country. The system of mineral rights/tenure in Mali is described in detail in the Technical Report. As indicated above, many foreign mining companies (both juniors and majors) operate in Mali under this regime.

The Company has obtained all permits required for the conduct of its business as presently conducted. Apart from the mining permits comprising the Sikasso Property, the Company holds, or may be required to obtain in the future, certain customary or routine permits, licenses or other regulatory approvals in the ordinary course of its operations.

The principal business operations and activities of the Company relate to the exploration for minerals on the Sikasso Property. The Quassada, Sankarani, Kourou, Tiéouléna and Kalé permits, respectively, allow the Company to conduct exploration activities on the lands subject thereto.

In order to acquire an exploration permit in Mali, a locally incorporated company is required to directly hold the permit. For this reason, the permits comprising the Sikasso Property are held through Mali subsidiaries. The Organization for the Harmonization of Business Law in Africa ("**OHADA**"), of which Mali is a member state, allows for 100% foreign ownership of companies. OHADA is an international treaty regulating commercial companies and economic entities in certain West and Central African countries and the stated purpose of the initiative is to facilitate and encourage both domestic and foreign investment in the member states.

In addition, the Company (or its Mali subsidiaries) is required to hold certain standard business licenses, file taxes and otherwise comply with local and federal laws generally applicable to a company with business operations or activities in Mali. Except for the exploration permits comprising the Sikasso Property, there are no permits, licenses or other regulatory approvals that would be considered material to the operations of the Company at this time.

In order to comply with Malian laws, the Company relies on directors, employees and/or consultants with local experience in Mali, including Madani Diallo, a director and consultant of the Company resident in Mali. Dr. Diallo has extensive mining experience in Mali and is principally responsible for overseeing project work in respect of the Sikasso Property. The Company also relies on external service providers with specific Mali expertise as required or when deemed prudent (including accounting professionals, legal counsel and technical consultants).

The Company has retained reputable legal counsel in Mali on various occasions to provide necessary or prudent advice, guidance and/or opinions relating to the Company, including as to the Company's the Company's (and its subsidiaries') legal right to conduct business in Mali.

The Company is not aware of, and has not received notice of, any non-compliance with any requirements with respect to permits, licenses or other regulatory approvals required to carry on its business in Mali as currently conducted. Further, the Company is not aware of any material restrictions against foreign investment in Malian companies, nor any material legal requirements imposed on foreign ownership of Malian mining companies.

Corporate Structure

The Board is responsible for the overall stewardship of the Company and, as such, supervises the management of the business and affairs of the Company. More specifically, the Board is responsible for reviewing the strategic business plans and corporate objectives, and approving acquisitions, dispositions, investments, capital expenditures and other transactions and matters that are material to the Company including those of its material subsidiaries and the Sikasso Property.

All of the Malian subsidiaries holding the permits comprising the Sikasso Property are wholly-owned by the Company (either directly or indirectly). As such, the Company is able to control the subsidiaries, through the election of directors and appointment of officers. The directors, officers and employees of each of the subsidiaries are effectively obligated, either directly or indirectly, to follow the directions of management of the Company, including with respect the assets of the subsidiaries (including bank accounts). As described above, there are no restrictions on foreign corporations holding shares of Malian corporations. Further, there are no director residency requirements applicable to Mali corporations. The Company is, therefore, able to appoint directors and officers of its own choosing.

The Company conducts its banking in Mali through banks of international repute, which are subject to international standards. Differences in banking systems and controls between Canada and Mali are addressed by having stringent controls over cash kept in the jurisdiction, especially with respect to access to cash, cash disbursements, appropriate authorization levels, and performing and reviewing bank reconciliations on at least a monthly basis. In executing certain normal course monetary transactions, funds are transferred between the Company and its subsidiaries by way of wire transfer.

All material disbursements of corporate funds and operating capital to the Company's Malian subsidiaries are reviewed and approved by the Board (or its designees), and are based upon pre-approved budget expenditures. Annual budgets (as updated from time to time) are developed by management of the Company. Annual budgets and quarterly updates on budgets are approved by the Board. Treasury is managed exclusively in Canada. The Mali subsidiaries periodically request funds to pay for goods and services as per approved budget, and 'cash calls' are made on a monthly basis. When 'cash calls' are received by the Company, they are reviewed against the Company's current approved budget and year-to-date expenditures and management of the Company performs a detailed review of all significant invoices and contracts to support expenditures. All 'cash calls' must be approved by management of the Company. Financing reports, including with respect to expenditures, are presented to the Audit Committee and the Board on at least a quarterly basis.

The subsidiaries of the Company are not currently generating revenue. If and when the Malian subsidiaries start generating significant revenue, the Company may be required to adopt additional policies and/or procedures in this regard.

With respect to oversight of the Company's operations in Mali, Dr. Madani Diallo, a director, consultant and significant shareholder of the Company, is resident in Mali and is an active participant in the operations and affairs of the Company and its subsidiaries. Specifically, Dr. Diallo is responsible for overseeing project work in respect of the Sikasso Property. Dr. Diallo has extensive mining experience in Mali. In addition, the Company has retained Sandy Archibald (PGeo), the author of the Technical Report, as a technical consultant on a monthly retainer. As required, Mr. Archibald visits Mali on a regular basis (three to four times annually) to meet with the technical team in the Bamako office, the field office and at the permit areas.

At the present time and based on its present stage of development the Company is of the view that there are no material risks associated with its corporate structure and that any risks are effectively managed based on the controls described above and elsewhere herein.

The minute books of the Company and its subsidiaries are located and maintained in the local jurisdictions by legal counsel or corporate administrators. Specifically, the minute books and corporate records of the Mali subsidiaries are located in Bamko, Mali. There are no restrictions on the Board's access to the books and records of the Company.

Board and Management Experience in Mali

Key members of the Board and management have experience running operations in emerging markets, including Mali. James Henderson (Director and Chairman), Larry Phillips (Director and Chief Executive Officer), Dr. Madani Diallo (Director) and Joseph Conway (Director) all have direct and relevant experience conducting business in Mali.

- Mr. Henderson is the former chairman of Oklo Resources Limited (ASX:OKU), a company with gold mining projects in Mali. Mr. Henderson was also formerly a senior officer and significant shareholder of MGE prior to its acquisition by the Company.

- Mr. Phillips was previously a senior officer at IAMGOLD Corporation, holding the positions of Executive Vice President, Corporate Affairs and General Counsel. Among other jurisdictions, including various emerging market jurisdictions, IAMGOLD held interests in Mali (Sadiola and Yatela Gold Mines) during Mr. Phillips' tenure at that company.

- Dr. Diallo is a Professional Geochemist with over 25 years of experience in mineral exploration with a focus on developing gold and base metals exploration programs in West Africa. Dr. Diallo has held many senior roles including country manager, exploration manager, geochemist and project manager. Dr. Diallo is Executive Director, Country Manager of Oklo Resources Limited (OKU:ASX) and was also formerly a senior officer and significant shareholder of MGE prior to its acquisition by the Company. Dr. Diallo, who is resident in Mali, is responsible for overseeing project work in respect of the Sikasso Property.

- Mr. Conway was previously a senior officer at IAMGOLD Corporation, holding the positions of President and Chief Executive Officer. Among other jurisdictions, including various emerging market jurisdictions, IAMGOLD held interests in Mali (Sadiola and Yatela Gold Mines) during Mr. Conway's tenure at that company.

For the benefit of current directors and officers that do not have specific prior experience in operating in Mali, the Company has retained the former officers, directors and service providers of MGE to assist with the transition of the responsibilities to the new management team and service providers.

The Board, through its corporate governance practices, regularly receives management and technical updates, risk assessments and progress reports in connection with its operations in Mali. Through these updates, assessments and reports, the Board is continually gaining familiarity with the operations, laws and risks associated with operations in that jurisdiction.

The Company is of the view that, collectively, the directors and management possess adequate experience in Mali to effectively operate the Company – in particular, having regard to the Company's current business activities and stage of development.

Judgments and Remedies

The Company is a corporation existing under the *Business Corporations Act* (Ontario) and is a reporting Company in British Columbia, Alberta and Ontario. Shareholders of the Company have all rights and remedies available to them under the OBCA and applicable securities laws.

The fact that the material properties of the Company are located in Mali and the fact that certain of the subsidiaries of the Company are incorporated under Malian law does not affect an investor's ability to exercise statutory rights and remedies as against the Company under Canadian securities law. However. the enforcement of judgment obtained in a Canadian court could be adversely affected by the fact that certain of the Company's assets are located in Mali. Further, certain directors or officers are resident outside of Canada. The enforcement of judgment obtained in a Canadian court against a director not resident in Canada may be adversely affected by the fact that such director or officer resides outside of Canada.

Language / Communication

The official language of Mali is French; however, many other native African languages are more widely used. Dr. Madani Diallo, a director and consultant of the Company, is responsible for overseeing project work in respect of the Sikasso Property. Dr. Diallo is resident in Mali and is fluent in both English and French.

All director and management meetings are held in English. Meeting materials are prepared in English. If and when required, contracts, meeting materials and other relevant documents are translated into English with third party software or translators (as the context requires). Contracts outside of Mali are completed in English, which includes major contracts with project related expenditures.

13. RISKS AND UNCERTAINTIES

Exploration, Development and Operating Risks

The exploration for, discovery and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not reduce or eliminate. While the discovery of gold and other minerals may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Substantial expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of mineral products, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

Mineral Exploration and Development

The exploration and development of mineral projects is highly speculative in nature and involves a high degree of financial and other risks, and success in exploration and subsequent exploitation is dependent upon a number of factors including, but not limited to, quality of management, availability of geological expertise and the availability of capital. The Company's activities on its mineral properties, including at its Sikasso Property, are predominantly exploratory in nature and, therefore, are subject to a significant degree of risk. The Company cannot give any assurance that its current or future exploration efforts will result in the discovery of mineral resources. As well, mineral deposits, even though discovered, may be insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by additional factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and other factors, which may make a mineral deposit unprofitable to exploit. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that the funds required for development can be obtained on a timely basis. Development at the Company's mineral properties, specifically its Sikasso Property, will only follow upon significant further exploration work, and the completion of feasibility or other economic studies.

Should a producing mine be developed at the Sikasso Property, for which the Company can provide no assurance, other factors will ultimately impact whether mineral extraction and processing can be conducted economically, including obtaining all necessary consents, permits and approvals for the development of the mine, actual mineralization, consistency and reliability of ore grades and future commodity prices, as well as the effective design, construction and operation of processing facilities.

Financial Resources

The exploration and development programs on the Company's mineral properties, specifically its Sikasso Property, will require significant additional financing. The amount of required financing may be substantial. Failure to obtain sufficient and timely financing may result in delaying or indefinitely postponing exploration, development or production activities at the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If the Company obtains debt financing, it will be exposed to the risk of leverage and its operations could become subject to restrictive loan and lease covenants and undertakings. If the Company obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such financings.

Title to Properties

Although the nature and extent of the interests of the Company in the properties in which it holds an interest, specifically the Sikasso Property, have been reviewed by or on behalf of the Company, and title opinions have been obtained by the Company with regard to the Sikasso Property, there may still be undetected title defects affecting such properties. Accordingly, the properties in which the Company holds an interest may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties to which such defects relate. Further, there can be no assurance that the Company will be able to secure the grant or the renewal of exploration permits or other tenures on terms satisfactory to it, or that governments having jurisdiction over the Company's mineral properties will not revoke or significantly alter such permits or other tenures or that such permits and tenures will not be challenged or impugned.

Business Risk

Substantial expenditures are required to be made by the Company to establish ore reserves. The mineral interests being explored by the Company, specifically at the Sikasso Property, are in the exploration stage only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

Financing Risk

The Company currently has no significant source of operating cash flow and no revenues from operations. To fund future investments in its mineral properties the Company requires capital. The Company may not have sufficient internally generated cash flow and working capital and may have to access the capital markets. Subject to economic conditions at the time, there can be no assurance the Company would be able to raise additional debt or equity financing on acceptable terms. If the Company cannot finance its future projects it could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Risks Associated with Operations in Mali

The Company's operations in Mali are exposed to various levels of political, economic and other risks and uncertainties and any changes in the political or economic climate in Mali, or other countries in Africa, even if minor in nature, may adversely affect our exploration activities. These risks and uncertainties vary from time to time and include, but are not limited to: labour disputes, invalidation of governmental orders and permits, uncertain political and economic environments, potential for bribery and corruption, high risk of inflation, currency devaluation, high interest rates, sovereign risk, war (including in neighbouring states), military repression, civil disturbances and terrorist actions, arbitrary changes in laws or policies, consents, rejections or waivers granted, corruption, arbitrary foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, difficulty obtaining key equipment and components for equipment and inadequate infrastructure.

In March 2012, Mali was subject to an attempted coup d'état that resulted in the suspension of the constitution, the partial closing of the borders and the general disruption of business activities in the country. Subsequently, the presence of United Nations, French and Mali troops in the country has had the effect of increasing security and rendering stability to the nation. However, military conflicts with terrorist insurgents and bouts of violence have continued, primarily in the northern and central regions of Mali. To date the conflict in Mali has been principally contained to the northern and central regions of Mali. The gold mining regions of Mali are principally located in the southern regions of Mali. As such, the operations of the Company and other mining companies have, to date, not been disrupted in any material respect; however, companies operating in the region (including the Company) continually monitor and assess the situation and potential risks.

These risks may limit or disrupt our operations and exploration activities, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation, all of which would have a material adverse effect on the Company's operations.

Political Risk in Mali

While the Government of Mali has supported the development of its natural resources by foreign companies, there is no assurance that the government will not in the future adopt different policies or new interpretations respecting foreign ownership of mineral resources, rates of exchange, environmental protection, labor relations, and repatriation of income or return of capital. Any limitation on transfer of cash or other assets between the Company and our subsidiaries could restrict our ability to fund our operations, or it could materially adversely affect our financial condition and results of operations.

Moreover, mining tax regimes in foreign jurisdictions are subject to differing interpretations and constant changes and may not include fiscal stability provisions. Our interpretation of taxation law, including fiscal stability provisions, as applied to our transactions and activities may not coincide with that of the tax authorities. As a result, taxes may increase and transactions may be challenged by tax authorities and our operations may be assessed, which could result in significant taxes, penalties and interest. We may also encounter difficulties in obtaining reimbursement of refundable tax from tax authorities.

The possibility that the government may adopt substantially different policies or interpretations, which might extend to the expropriation of assets, cannot be ruled out. Political risk also includes the possibility of civil disturbances and political instability in our or neighboring countries as well as threats to the security of our mines and workforce due to political unrest, civil wars or terrorist attacks. Any such activity may disrupt our operations, limit our ability to hire and keep qualified personnel as well as restrict our access to capital.

Asset Location and Legal Proceedings

A substantial portion of the assets of the Company are located outside of Canada, and a majority of its subsidiaries are located outside of Canada. Accordingly, it may be difficult for investors to enforce within Canada any judgments obtained against the Company, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws. Consequently, investors may be effectively prevented from pursuing remedies against the Company under Canadian securities laws.

Certain directors and officers of the Company reside outside of Canada and substantially all of the assets of these persons are located outside of Canada. It may not be possible for shareholders to effect service of process against the Company's directors and officers who are not resident in Canada. In the event a judgment is obtained in a Canadian court against one or more of the directors or officers for violations of Canadian securities laws, it may not be possible to enforce such judgment against those directors and officers not resident in Canada.

Permits

The Company's current and anticipated future operations, including further exploration and development activities on the Company's properties, including the Sikasso Property, require permits from various governmental authorities. There can be no assurance that all permits that the Company requires will be obtainable on reasonable terms, or at all. Delays or a failure to obtain such permits, or a failure to comply with the terms of any such permits that the Company has obtained, could have a material adverse impact on the Company.

Gold Price

The ability of the Company to raise capital is dependent on the price of gold. Gold prices fluctuate on a daily basis and are affected by a number of factors beyond the control of the Company, including the U.S. dollar exchange rate with other currencies, central bank lending and sales, producer hedging activities, global demand, production costs, confidence in the global monetary system, expectations of the future rate of inflation, the availability and attractiveness of alternative investment vehicles, the strength of the U.S. dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events or conditions.

The future trend in the price of gold cannot be predicted with any degree of certainty. The market price of gold affects the economics of any potential development project and the viability of current operations, as well as having an impact on the perceptions of investors with respect to gold equities and, therefore, the ability of the Company to raise capital. A decrease in the market price of gold and other metals could affect the Company's ability to finance the exploration and development of the Company's properties could curtail further exploration or development due to lack of capacity to finance. There can be no assurance that the market price of gold will remain at current levels, that such prices will increase or that market prices will not fall.

Currency Risk

By virtue of the location of its exploration activities, the Company incurs certain costs and expenses in Malian currency. The currency of Mali is the West African CFA franc ("**CFAF**"). Exchange rates historical and may in the future vary substantially. Financings by the Company typically raise funds in Canadian dollars. The majority of exploration expenditures are incurred in CFAF exposing the Company to potential significant foreign currency translation and transaction exposures, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. The Company currently does not hedge against other currencies and maintains the majority of its cash in Canadian dollars.

Government Regulation

The exploration and development activities of the Company require licenses, permits or other approvals from various federal, provincial and local governmental authorities and such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, land claims of indigenous people and other matters. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration and development activities may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. It is also possible that future laws and regulations, or a more stringent enforcement of current laws and regulations by governmental authorities, could case additional expense, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the Company's operations. Where required, obtaining necessary permits can be a complex, time consuming process and the Company cannot assure that any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with certain exploration or development activities. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities and or to maintain continued operations that economically justify the cost.

Operating Hazards and Risks

Mineral exploration involves many risks. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs.

Environmental Compliance

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to permitting, property reclamation, discharge of hazardous material and other matters. These laws and regulations may change at any time prior to the granting of necessary approvals. The support of local politicians and/or communities may be required to obtain necessary permits and approvals and such support cannot be assured.

Conflicts of Interest of Directors

Certain of the directors of the Company are associated with other companies involved in the mining industry. These associations may give rise to conflicts of interest from time to time. The Company's policy on conflicts of interest complies with the procedures established in the *Business Companies Act* (Ontario), which sets out the necessity of full disclosure of any conflict of interest prior to the Board dealing with the subject matter giving rise to the conflict of interest and the interested party refraining from voting on such matter. The directors are further required to act honestly and in good faith with a view to the best interests of the Company and its shareholders.

The Company is Dependent on Key Officers and Employees

The Company is dependent on the efforts of key officers, including its Chief Executive Officer and Exploration Manager. The loss of the services of any of the Company's key officers and employees could have an adverse effect on the Company, which could have a material adverse effect on the Company's future cash flows, earnings, results of operations and financial conditions. The Company does not have and currently has no plans to obtain key man insurance with respect to any of its key employees. In addition, the Company may need to recruit and retain other qualified managerial and technical employees to build and maintain its operations. If the Company requires such persons and is unable to successfully recruit and retain them, its development and growth could be significantly curtailed.

Limited Operating History

An investment in securities of the Company should be considered highly speculative due to the nature of the Company's business. The Company has no history of earnings, it has not paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate future. None of the Company's properties have commenced commercial production and the Company has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that the Company will be able to develop any of its properties profitably or that its activities will generate positive cash flow.

Furthermore, the Company may be subject to legal proceedings and/or judgments in foreign jurisdictions.

14. AUDIT COMMITTEE UPDATE

The Company's Audit Committee is currently comprised of Messrs. James Henderson (Chairman), Joseph Conway and William Pugliese.

Each of Messrs. Joseph Conway and William Pugliese is considered to be "independent" within the meaning of National Instrument 52-110 *Audit Committee* ("**NI 52-110**"). Mr. Henderson is not considered to be "independent" within the meaning of NI 52-110 as a result of his previous role as an officer of Mali Gold Exploration Pty Ltd, which became a wholly-owned subsidiary of the Company.

Mr. Henderson has previously been disclosed, incorrectly, as being "independent" within the meaning of 52-110 in certain prior disclosure documents of the Company, including the Company's most recent management information circular dated as of August 21, 2018. The Company hereby confirms that Mr. Henderson is currently not considered to be "independent" within the meaning of 52-110.

15. ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.comFor further detail, see the Company's Financial Statements. Additional information about the Company can also be found on the company's website (www.compassgoldcorp.com) and www.sedar.com.

COMPASS GOLD CORPORATION
CORPORATE DIRECTORY

Trading Symbol – CVB-V
Exchange - TSX-V

Head Office
Compass Gold Corporation
Suite 1400, 330 Bay Street,
Toronto, Ontario, Canada

Tel: 1-416-596-0996
Fax: 1-416-596-6902
Email: info@compassgoldcorp.com
Website: www.compassgold corp.com

Officers and Directors
James Henderson, (Chairman and Director)
Larry Phillips (CEO and Director))
Madani Diallo, (Director)
Joseph Conway (Director)
William Pugliese (Director)
Louis Nagy (CFO and Corporate Secretary)

Members of the Audit Committee
James Henderson
Joseph Conway
William Pugliese

Members of the Compensation Committee
James Henderson
Joseph Conway
William Pugliese

Legal Counsel, Canada and Registered Office
Wildeboer Dellelce LLP
365 Bay Street, Suite 800
Toronto Ontario, M5H 2V1

Tel: 1-416-361-3121
Fax: 1-416-361-1790

Auditors
Dale Matheson Carr-Hilton Lebonte LLP
Suíte 1500-1140 W. Pender Street
Vancouver, B.C. V6E 4G1, Canada

Tel: 1-604-687-4747
Fax: 1-604-689-2778

Transfer Agent
Computershare Investor Services
3rd Floor- 510 Burrard St.
Vancouver BC

Tel: 1-604-661-9400 ext 4479