

Compass Gold Corporation
Condensed Consolidated Interim Financial Statements
Nine months ended September 30, 2017

Unaudited – Expressed in Canadian Dollars

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Compass Gold Corporation
Condensed consolidated statements of financial position
(Unaudited – Expressed in Canadian dollars)

	Notes	September 30, 2017	December 31, 2016
ASSETS			
Current assets			
Cash		\$ 239,626	\$ 1,775
Receivables	3	9,430	320
Prepays		-	1,313
TOTAL ASSETS		\$ 249,056	\$ 3,408
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	4	\$ 69,495	\$ 58,790
Borrowings	5	-	62,458
TOTAL LIABILITIES		69,495	121,248
SHAREHOLDERS' EQUITY			
Share capital	6	\$ 10,828,189	\$ 10,286,129
Reserves	7	1,975,836	1,953,146
Deficit		(12,624,464)	(12,357,115)
TOTAL SHAREHOLDERS' EQUITY		179,561	(117,840)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 246,056	\$ 3,408

ON BEHALF OF THE BOARD

/s/ Larry Phillips

Ian Spence, President and Chief Executive

/s/ Lara Iacusso

Lara Iacusso, Chief Financial Officer

Compass Gold Corporation
Condensed consolidated statement of comprehensive loss
(Unaudited – Expressed in Canadian dollars)

	Note	3 months ended September 30, 2017	3 months ended September 30, 2016	9 months ended September 30, 2017	9 months ended September 30, 2016
EXPENSES					
Consulting fees		\$ 42,281	3,000	\$ 100,574	9,000
Director Fees		60,000	-	60,000	-
Foreign exchange loss		-	-	449	-
General and admin expenses		2,014	1,574	4,602	5,067
Insurance			-	6,242	7,518
Interest and bank charges		203	-	2,265	785
Listing and registration fees		9,555	1,902	16,999	9,887
Professional fees		34,664	1,200	49,817	3,380
Rent		2,900	-	2,900	-
Travel expense		4,028	-	23,501	-
TOTAL NET AND COMPREHENSIVE LOSS		\$ (155,645)	\$ (7,676)	\$ (267,349)	\$ (35,637)
LOSS PER SHARE – BASIC AND DILUTED	6	\$ 0.01	\$ 0.00	\$ 0.03	\$ 0.01

See accompanying notes to the condensed consolidated interim financial statements

Compass Gold Corporation
Condensed consolidated statement of changes in shareholders' equity
(Unaudited – Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Deficit	Total Equity
	Number of shares	Amount			
Balance at January 1, 2016	3,805,078	\$ 10,286,129	\$ 1,953,146	\$(12,292,389)	\$ (53,114)
Net and comprehensive loss	-	-	-	(35,637)	(35,637)
Balance at September 30, 2016	3,805,078	\$ 10,286,129	\$ 1,953,146	\$(12,328,026)	\$ (88,751)
Balance at January 1, 2017	3,805,078	\$ 10,286,129	\$ 1,953,146	\$(12,357,115)	\$ (117,840)
Net and comprehensive loss	-	-	-	(267,349)	(267,349)
Transactions with the owners, in their capacity as owners, and other transfers:					
Shares issued for cash	10,000,000	500,000	-	-	500,000
Shares issued for debt	1,904,761	100,000	-	-	100,000
Share issue costs	-	(57,940)	22,690	-	(35,250)
Balance at September 30, 2017	15,709,839	\$ 10,828,189	\$ 1,975,836	\$(12,624,464)	\$ 179,561

See accompanying notes to the condensed consolidated interim financial statements

Compass Gold Corporation
Condensed consolidated statements of cash flows
(Unaudited – Expressed in Canadian dollars)

	3 months ended September 30, 2017	3 months ended September 30, 2016	9 months ended September 30, 2017	9 months ended September 30, 2016
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net loss	\$ (155,646)	\$ (7,676)	\$ (267,349)	\$ (35,637)
Changes in non-cash working capital items:				
Other receivables	(6,933)	(230)	(9,110)	496
Prepayments	1,250	-	1,313	-
Trade payable and accrued liabilities	41,826	(502)	10,705	9,383
Cash flows used in operating activities	(119,503)	(8,408)	(264,441)	(25,758)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan received, net of repayments	-	8,511	37,542	25,011
Private placement funds received	-	-	500,000	-
Share issue expenses	-	-	(35,250)	-
Cash flows from financing activities	-	8,511	502,292	25,011
NET INCREASE/(DECREASE) IN CASH	(119,503)	103	237,851	(747)
CASH, BEGINNING	359,129	988	1,775	1,838
CASH, ENDING	\$ 239,626	\$ 1,091	\$ 239,626	\$ 1,091
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for interest	\$ -	\$ -	\$ 5,078	\$ 785

1. Nature and continuance of operations

Compass Gold Corporation (the “Company”) was incorporated on July 1, 2002, under the laws of Alberta and continued into British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties. As at September 30, 2017, the Company’s shares are traded on the NEX Board of the TSX Venture Exchange (“TSX-V”) under the symbol “CVB-H”. The registered office of the Company is located at Suite 1430, 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

These condensed consolidated interim 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. As at September 30, 2017 the Company was in the process of completing the acquisition of Mali Gold Exploration Pty Ltd (Refer Note 11) and was undertaking activities in connection with that. This included capital raising activities. The Company’s continuation as a going concern is dependent upon its ability to acquire new business activities and and/or raise equity capital or borrowings sufficient to meet current and future obligations. Subsequent to September 30, 2017, as part of the acquisition of Mali Gold Exploration Pty Ltd, the Company completed a \$6,000,000 private placement (refer Note 11). Management intends to finance operating costs over the next twelve months with cash on hand, and/or private placement of common shares.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on November 29, 2017 by the directors of the Company.

Statement of compliance

These condensed consolidated interim financial statements comply with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements do not include all the information required of a complete set of consolidated financial statements and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and the performance of the Company since the end of its last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2016, which were prepared in accordance with IFRS as issued by the IASB.

Basis of preparation

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of their application as the most recent annual consolidated financial statements of the Company for the year ended December 31, 2016. The condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments which are measured at fair value. The condensed consolidated financial statements are presented in Canadian dollars, unless otherwise indicated.

3. Receivables

	September 30, 2017	December 31, 2016
Taxes recoverable	\$ 9,430	\$ 320

4. Trade payables and accrued liabilities

	September 30, 2017	December 31, 2016
Trade payables	\$ 69,495	\$ 2,417
Amounts due to related parties	-	39,000
Accrued liabilities	-	13,857
Accrued interest	-	3,516
	\$ 69,495	\$ 58,790

5. Borrowings

	September 30, 2017	December 31, 2016
Loan from a director		
Balance, beginning of period	\$ 62,458	\$ 15,132
Additions	-	47,326
Loan assigned to third parties	(59,000)	-
Loans repaid	(3,458)	-
Balance, end of period	\$ -	\$ 62,458
Loan from third parties		
Balance, beginning of period	\$ -	\$ -
Additions	41,000	-
Loan assigned from director	59,000	-
Shares for debt transaction	(100,000)	-
Balance, end of period	\$ -	\$ -

During the year ended December 31, 2016, a company controlled by a director advanced funds to the Company. This loan is unsecured and repayable on demand. Interest is charged at a rate of 10% per annum. Refer Note 8 – Related Parties.

During the nine months ended September 30, 2017, part 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.

On May 15, 2017, \$100,000 of loans was converted to equity under a share for debt transaction agreed to by the Company. Refer Note 6.

There are currently no loan arrangements in place with any related party.

6. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2017, there were 15,709,839 issued and fully paid common shares (December 31, 2016 – 3,805,078).

During the reporting period, the following issues of securities occurred:

(a) Private Placement

On May 4, 2017, the Company closed a private placement to raise gross proceeds of \$500,000 by the issue of 10,000,000 units at a price of \$0.05 per unit. Each unit is 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 \$0.07 per share until May 4, 2018.

As part of the private placement, cash finders' fees totalling \$22,750 were paid and 420,000 compensation options were issued to qualified persons acting as finders. Each compensation option is exercisable into units of the Company, each unit comprising one additional 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 \$0.07 per share until May 4, 2018.

(b) Shares for Debt Transaction

On May 15, 2017, the Company issued a total of 1,904,761 units in the Company to settle a total of \$100,000 of loans. Each unit is 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 \$0.07 per share until May 15, 2018.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the 3 month period ended September 30, 2017 was based on the loss attributable to common shareholders of \$155,645 (2016 – \$7,676) and the weighted average number of common shares outstanding of \$15,709,839 (2016 – 3,805,078).

The calculation of basic and diluted loss per share for the 9 month period ended September 30, 2017 was based on the loss attributable to common shareholders of \$267,349 (2016 – \$37,637) and the weighted average number of common shares outstanding of \$10,225,800 (2016 – 3,805,078).

Diluted loss per share did not include the effect of the options and warrants outstanding as the effect would be anti-dilutive.

6. Share capital (Cont.)

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

Options granted typically vest on grant date except for an eligible person who undertake investor relations activity which will have vesting period in stages over a 12 month period with a 20% vesting on the date of grant and 20% each three months thereafter.

The changes in options during the nine month period ended September 30, 2017 and the year ended December 31, 2016 are as follows:

	September 30, 2017		December 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	2,500	\$ 4.80	3,750	\$ 5.27
Options expired	(2,500)	(4.80)	(1,250)	(6.20)
Options Issued	420,000	0.05	-	-
Options outstanding, end of period	420,000	\$ 0.05	2,500	\$ 4.80
Options exercisable, end of period	420,000	\$ 0.05	2,500	\$ 4.80

There were no stock options outstanding as at September 30, 2017 other than 420,000 compensation options. Each compensation option is exercisable into units of the Company, each unit comprising one additional 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 \$0.07 per share until May 4, 2018.

Warrants

The changes in warrants during the nine month period ended September 30, 2017 and the year ended December 31, 2016 are as follows:

	September 30, 2017		December 31, 2016	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Warrants outstanding, beginning of period	-	\$ -	-	\$ -
Warrants issued	11,904,761	\$ 0.07	-	-
Warrants outstanding, end of period	11,904,761	\$ 0.07	-	\$ -
Warrants exercisable, end of period	11,904,761	\$ 0.07	-	\$ -

6. Share capital (Cont.)

Warrants (Cont.)

Details of warrants outstanding as at September 30, 2017 are as follows:

Weighted average exercise price	Weighted average remaining contractual life	Number of options Outstanding
0.07	0.59	10,000,000
0.07	0.62	1,904,761
0.07	0.61	11,904,761

7. Reserves

Share-based payment reserve

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

8. Related party transactions

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

	September 30, 2017	December 31, 2016
Directors of the Company – trade payables and accruals	\$ 30,015	\$ 39,000
Directors of the Company – interest accrued	\$ -	\$ 3,516
	\$ 30,015	\$ 42,516

The following amounts due to related parties are included in other liabilities:

	September 30, 2017	December 31, 2016
Directors of the Company (note 5)	\$ -	\$ 62,458
	\$ -	\$ 62,458

Related party transactions

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

	9 months ended September 30, 2017	9 months ended September 30, 2016
Director fees – Companies controlled by a director	\$ 60,000	\$ -
Consulting fees – Companies controlled by a director	\$ 45,000	\$ 9,000
Interest paid – Companies controlled by a director	5,078	-
	\$ 110,078	\$ 9,000

The consulting fees are included in the key management personnel compensation below.

The interest paid represents accrued interest on the loan from a director, the terms of which are set out in Note 5.

8. Related party transactions (Cont.)

Key management personnel compensation

	9 months ended September 30, 2017	9 months ended September 30, 2016
Short-term employee benefits – directors’ fees	\$ 60,000	\$ -
Short-term employee benefits – consulting fees	45,000	9,000
	\$ 105,000	\$ 9,000

9. Segmented information

Operating segments

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

Geographic segments

As at balance date, the Company did not hold any exploration assets. The Company is headquartered in Vancouver, Canada.

10. Non-cash transactions

During the nine months ended September 30, 2017 and 2016, other than the shares for debt transaction as set out in Note 6(b), there were no non-cash transactions that are not reflected in the statement of cash flows.

11. Subsequent events

On November 29, 2017, the Company completed the acquisition of the Sikasso gold property located in Mali, West Africa owned by Mali Gold Exploration Pty Ltd ("MGE") ("Transaction"). The Transaction comprised the following:

- (i) the acquisition of all the issued and outstanding shares of MGE in exchange for the issue of 12,000,000 Post-Consolidation Shares (as defined below) in the Company ("Acquisition");
- (ii) the consolidation of the Company's shares on the basis of one new share for every five existing shares held (each new share referred to herein as a "Post-Consolidation Share") ("the Consolidation");
- (iii) the completion of a non-brokered private placement of Units to raise gross proceeds of \$6,000,000 at a purchase price of \$0.50 per Unit ("Financing");
- (iv) The appointment of Larry Phillips as President and Chief Executive Officer of the Company;
- (v) The resignation of Malcom Carson and Lara Iacusso from the Board of the Company and the appointment of Bill Pugliese and Joe Conway as Directors; and
- (vi) Shareholder approval was obtained for the Company to be continued into Ontario and the Company is finalizing this process.

Each Unit issued in the Financing comprised one common share of the Company 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 and has an expiry date of November 29, 2020. Proceeds are to be used for exploration of the Sikasso property and for working capital purposes;

In connection with the Financing, the Company paid cash Finders Fees and reserved for issuance a total of 536,849 compensation options ("the Compensation Options") to eligible finders. Each Compensation Option entitles the holder to purchase one Unit in the Company at an issue price of \$0.50 until November 29, 2019. Upon exercise, the Company will issue one common share of the Company and one non-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 and has an expiry date of November 29, 2020

In connection with the Transaction, the Company also issued 200,000 Units to its financial advisor. The Units have the same terms as the Financing.

As at November 29, and subject to rounding resulting from the Consolidation, the Company has the following securities on issue:

- 27,341,967 common shares;
- 2,000,000 share purchase warrants with an expiry date of May 4, 2018 and an exercise price of \$0.35;
- 380,952 share purchase warrants with an expiry date of May 15, 2018 and an exercise price of \$0.35;
- 12,200,000 share purchase warrants with an expiry date of November 29, 2020 and an exercise price of \$0.75;
- 84,000 Compensation Options with an expiry date of May 4, 2018 and an exercise price of \$0.25;
- 536,849 Compensation Options with an expiry date of November 29, 2019 and an exercise price of \$0.50.