

Neither the TSX Venture Exchange nor any securities commission has in any way passed upon the merits of the transaction described herein and any representation to the contrary is an offence.

**NOTICE AND
INFORMATION CIRCULAR**

for

Annual and Special General Meeting

of

COMPASS GOLD CORPORATION



To be held on Thursday, November 16, 2017

**Dated as of
October 13, 2017**

COMPASS GOLD CORPORATION

Suite 1430, 800 West Pender Street
Vancouver, British Columbia V6C 2V6

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the "**Meeting**") of shareholders of Compass Gold Corporation (the "**Company**") will be held at 10th Floor, 595 Howe Street, Vancouver, British Columbia, on November 16, 2017 at the hour of 4:00 p.m. (Vancouver time) for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the financial year ended December 31, 2016, together with the reports of the auditor thereon;
2. to elect directors of the Company for the ensuing year;
3. to appoint Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, as auditor of the Company for the ensuing year and to authorize the directors to fix their remuneration;
4. to ratify and approve the Company's existing 10% rolling stock option plan;
5. to consider, and if thought fit, to pass, with or without variation, an ordinary resolution of disinterested shareholders approving the adoption of a restricted share unit plan, as more particularly described in the Circular;
6. to consider and, if thought fit, to pass, by a majority of the applicable minority, a resolution (the "**Acquisition Resolution**") authorizing and approving the Company's acquisition of all of the issued and outstanding shares of Mali Gold Exploration Pty Ltd. in exchange for common shares of the Company;
7. subject to approval of the Acquisition Resolution, to consider and, if thought fit, to pass a special resolution (the "**Continuance Resolution**") approving the continuation of the Company's corporate existence from the *Business Corporations Act* (British Columbia) to the *Business Corporations Act* (Ontario);
8. subject to approval of the Continuance Resolution, to consider and, if thought fit, to pass, a resolution confirming the repeal of all existing by-laws of the Company and the enactment of a new By-Law No. 1, conditional on the continuance of the Company into the Province of Ontario; and
9. to approve the transaction of such further or other business as may properly come before the Meeting and any adjournment thereof.

Accompanying this Notice is the Information Circular in respect of the Meeting, which includes the full text of the above resolutions and detailed information relating to the matters to be addressed at the Meeting, and a form of Proxy. The Information Circular is incorporated by reference into this Notice. Shareholders unable to attend the Meeting in person should read the notes to the Proxy and complete and return the Proxy to the Company's Transfer Agent, Computershare Investor Services by mail or delivery to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or as otherwise indicated in the instructions contained on the form of proxy. All proxies must be received no later than 48 hours prior to the commencement of the Meeting.

If you are a non-registered holder of shares of the Company and received these materials through your broker or another intermediary, please complete and return the form of proxy in accordance with instructions provided to you by your broker or such other intermediary.

The enclosed form of proxy appoints nominees of management as proxyholder and you may amend the proxy, if you wish, by inserting in the space provided the name of the person you wish to represent you as proxyholder at the Meeting.

DATED this 13th day of October, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

"James Henderson"

Director

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GLOSSARY OF DEFINED TERMS

The following is a glossary of certain terms used in this Information Circular, including the Summary that follows. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Certain additional terms are also defined within the body of this Information Circular and in such cases will have the meanings ascribed thereto.

Acquisition	The acquisition by Compass Sub of all of the issued and outstanding shares of MGE in exchange for Consideration Shares pursuant to the terms and conditions of the Share Exchange Agreement.
Acquisition Resolution	The Ordinary Resolution approving the Transaction to be voted on, with or without variation, by the Minority Shareholders at the Meeting, the full text of which is set out in Schedule "F" hereto.
BCBCA	<i>Business Corporations Act</i> (British Columbia).
Board	The board of directors of the Company.
Closing	The closing of the Transaction.
Company	Compass Gold Corporation, a corporation existing under the laws of British Columbia.
Compass Shareholders	At any time, the holders at that time of Compass Shares.
Compass Shares	Common shares in the capital of the Company.
Compass Sub	Compass Gold Exploration Corporation, a wholly-owned subsidiary of Compass.
Consideration Shares	Post-Consolidation Shares to be issued to the MGE Shareholders in exchange for their MGE Shares.
Consolidation	The consolidation of Compass Shares on the basis of one (1) Post-Consolidation Share for every five (5) pre-Consolidation Compass Shares.
Continuance	The continuation of the Company's corporate existence from the BCBCA to the OBCA.
Diallo	Madani Diallo, a director and security holder of the Company and a director of MGE and holder of MGE Shares.
Final TSXV Bulletin	The TSXV Bulletin which is issued following Closing and the submission of all required documentation and that evidences the final TSXV acceptance of the Transaction.
Henderson	James Henderson, the President and Chief Executive Officer, Chairman and a director and security holder of the Company; director of MGE; and the controlling shareholder of Transocean, which owns MGE Shares.
Henderson Group	Henderson, and the following corporations which are beneficially owned or controlled, directly or indirectly, as to 50% or more by Henderson: Transocean, Transocean Securities Pty Ltd, JH & KM Pty Ltd. and Jalonex Investments Pty. Ltd.

Information Circular	This information circular to be sent to the Compass Shareholders in connection with the Meeting.
Licences	Means the Kourou and Tiéouléna licences, Ouassada and Kalé licences and the Sankarani licence.
Meeting	The annual general and special meeting of Compass Shareholders to be held at 4:00 p.m. (Vancouver time) on November 16, 2017 and any adjournment or postponement thereof.
MGE	Mali Gold Exploration Pty Ltd., a corporation existing under the laws of Australia.
MGE Properties	The mineral property interests owned by MGE comprising Ouassada, Kalé, Sankarani, Kourou and Tiéouléna, also referred to as the Sikasso Property
MGE Related Shareholders	Transocean, Diallo and Phillips
MGE Sale and Purchase Agreement	Has the meaning ascribed to it under the heading "Three Year History of MGE"
MGE Shareholders	Means all the registered shareholders of MGE
MGE Subsidiaries	SERM sarl, REM sarl and ML Commodities sarl
Minority Shareholders	The holders of Compass Shares, other than the Henderson Group, Diallo, and Phillips.
MI 61-101	Multilateral Instrument 61-101 <i>Protection of Minority Security Holders in Special Transactions</i> .
NI 43-101	National Instrument 43-101 <i>Standards of Disclosure for Mineral Projects</i> .
Non-Registered Shareholder	Non-Registered Shareholder has the meaning given to that term under the heading "General Proxy Information – Non-Registered Shareholders".
OBCA	Business Corporations Act (<i>Ontario</i>).
Ordinary Resolution	A resolution required to be approved by greater than one-half (1/2) or 50% of the votes cast by those Minority Shareholders who (being entitled to do so) vote in person or by proxy at the Meeting.
Oversubscription Right	The right of Compass to accept up to \$2 million in oversubscriptions in the Private Placement (resulting in aggregate gross proceeds of up to \$8 million).
Phillips	Larry Phillips, a director and security holder of the Company and a holder of MGE Shares.
Post-Consolidation Shares	Compass Shares following the Consolidation.
Private Placement	The private placement of Post-Consolidation Shares at \$0.50 per share, to raise aggregate gross proceeds of a minimum of \$5 million to a maximum of \$6 million, subject to the Oversubscription Right. Unless otherwise indicated, references to the Private Placement refer to a private placement for gross proceeds of \$6 million.

Proposed Directors	Joe Conway and Bill Pugliese.
Record Date	October 13, 2017, being the date for determining Compass Shareholders entitled to receive notice of and vote at the Meeting.
Registered Shareholder	A shareholder of record of Compass Shares.
Resulting Issuer	The Company upon completion of the Transaction.
Royalty Agreements	Means: (i) Royalty Deed among Africa Resources SARL, Transocean Asset Development Pty Ltd. and Madani Diallo (dated Jan 20, 2011), and Assignment of Royalty Deed (dated March 20, 2012); (ii) Royalty Deed among ML Commodities SARL, Transocean Asset Development Pty Ltd. and Madani Diallo (dated Feb 16, 2011); and (iii) Royalty Deed among SERM SARL, Transocean Asset Development Pty Ltd. and Madani Diallo (dated Jan 20, 2011).
RSU Plan	The Restricted Share Unit Plan of the Resulting Issuer.
Securities Acts	The Securities Acts or the equivalent securities legislation of each of the provinces of Canada, as amended.
Securities Legislation	The Securities Acts and the equivalent securities legislation of the territories of Canada, each as now enacted or as amended and the applicable rules, regulations, rulings, orders, instruments and forms made or promulgated under such statutes, as well as the rules, regulations, by-laws and policies of the TSXV.
SEDAR	System for Electronic Document Analysis and Retrieval.
Share Exchange Agreement	The Share Exchange Agreement dated as of August 22, 2017 among Compass, Compass Sub, MGE and the MGE Shareholders, a copy of which is available on SEDAR at www.sedar.com .
Sikasso Property	The mineral property interests owned by MGE comprising Ouassada, Kalé, Sankarani, Kourou and Tiéouléna, also referred to as the MGE Properties or the Property .
Special Committee	The committee of independent directors of the Company, being Lara Iacusso and Malcom Carson, formed to review and evaluate the terms of the Transaction and make a recommendation with respect thereto to the Board.
Stock Option Plan	The 10% rolling stock option plan approved by the shareholders on June 30, 2010, and subsequently re-approved each year by the shareholders.
Technical Report	The technical report titled "NI 43-101 Technical Report on the Sikasso Property, Republic of Mali" dated August 31, 2017, prepared by Dr. Sandy M. Archibald, P.Geol., of Aurum Exploration Services.
Transaction	The Consolidation, Private Placement and Acquisition, and as the context requires, the Continuance.

Transocean	Transocean Asset Development Pty Ltd., a corporation currently existing under the laws of Australia and which is controlled by Henderson.
U.S. Securities Act	The United States <i>Securities Act of 1933</i> , as amended.
TSXV	TSX Venture Exchange.

GLOSSARY OF TECHNICAL TERMS

In this Information Circular, metric measures are used with respect to mineral properties located in Mali. All tonnages are reported in metric tons of 1,000 kilograms. Gold values are reported in grams per metric ton (g/t), parts per million (ppm) or parts per billion (ppb). Other abbreviations of technical terms used in this Information Circular are set forth below:

Au	Chemical symbol for Gold
cm	Centimetre
Ga	billion years
g/t	grams per metric tonne – gold content. Synonymous with parts per million (ppm).
g/m³	grams per cubic meter g/t
Kg	kilogram (32.1507 (Troy) oz to 1 kg)
Km	Kilometres
km²	square kilometres
m	Meters
m²	square meter
m³	cubic meter
Moz	Millions of (troy) ounces
Mt	millions of tonnes
oz	troy ounce = equalling 31.10348 grams
ppb	parts per billion (1,000 ppb = 1 ppm)
ppm	parts per million. Synonymous with grams per metric tonne (precious metal contents).
RC	Reverse Circulation drilling
t	ton
°	Degree (note bearings are described in degrees only, eg SE = 135°)

REPORTING CURRENCIES

Unless otherwise indicated, all references to "\$", "Cdn\$" or "dollars" in this Information Circular refer to Canadian dollars, all references to "A\$" or "AUD" in this Information Circular refer to Australian dollars and all references to "€" or "EUR" in this Information Circular refer to Euros. References to "FCFA" are to West African CFA francs.

On June 30, 2017, the Bank of Canada daily rate of exchange was CAD\$1.00 = A\$0.9968 or A\$1.00 = CAD\$1.0032. On October 13, 2017, the Bank of Canada daily rate of exchange was CAD\$1.00 = A\$0.9842 or A\$1.00 = CAD\$1.0161.

FORWARD-LOOKING STATEMENTS

This Information Circular contains forward-looking statements or forward-looking information within the meaning of applicable Securities Legislation (hereinafter collectively referred to as "**forward-looking statements**") concerning the Company's plans and expectations in respect of the Transaction, the MGE properties, the Company's operations and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements contained in this Information Circular include statements with respect to:

- expectations relating to the potential benefits of the Transaction;
- expectations regarding the potential mineralization and geological merits of the MGE Properties;
- the Resulting Issuer's goals regarding raising capital and conducting further exploration and development of its mineral exploration projects;
- the Resulting Issuer's proposed plans for drilling and other exploration work on its projects;
- expectations regarding the continuity of mineral deposits, including in relation to adjacent or other properties (including producing or past-producing properties) that are in the vicinity or same region as the MGE's projects;
- expectations regarding any environmental issues that may affect planned or future exploration programs;
- exploration program cost estimates;
- statements with respect to the future price of gold and other metals;
- timing and completion of geological studies and reports;

- receipt and timing of permitting and other third party approvals;
- expectations regarding discussions with or involvement of the community and local groups in relation to the Company's planned operations on its mineral projects in Mali; and
- government regulation of mineral exploration and development operations in Mali.

Forward-looking statements are subject to a variety of risks and uncertainties, which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation:

- risks and uncertainties relating to the interpretation of drill results and other exploration data, and the geology, grade and continuity of mineral deposits;
- the possibility that future exploration results will not be consistent with the Company's expectations;
- risks related to the ability to obtain financing needed to fund the exploration plans of the Resulting Issuer;
- market conditions and volatility and global economic conditions;
- risks related to the inherent uncertainty of exploration cost estimates and the potential for unexpected costs and expenses;
- risks related to gold, silver, base metal and other commodity price fluctuations;
- risks related to the availability of suitable drilling and other exploration equipment and personnel;
- risks related to metallurgical characteristics of mineralization contained within the MGE's properties are yet to be fully determined, and could be a significant risk factor;
- changes in project parameters as plans continue to be refined;
- mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with or interruptions in the exploration and development process;
- the potential for delays in exploration or development activities;
- the potential for delays in completion of geological reports, or that the contents of geological reports will not be consistent with the Company's expectations;
- the uncertainty of profitability based upon the Company's history of losses;
- risks related to foreign exchange rate fluctuations;
- risks related to environmental regulation and liability;
- risks associated with failure to maintain community and local groups' acceptance, agreements, and permissions (generally referred to as "**social licence**");

- political and regulatory risks associated with mining and exploration in Mali;
- competition and loss of key management and personnel;
- insurance and tax risks; and
- general risks and uncertainties related to the Resulting Issuer's prospects, properties and business strategy.

These forward-looking statements are based on certain assumptions which the Company believes are reasonable, including that:

- current gold, silver, base metal and other commodity prices will be sustained, or will improve, and global market conditions will stabilize;
- additional financing required by the Resulting Issuer will be available on reasonable terms;
- all necessary government approvals and social licences necessary for the planned exploration and development of the MGE Properties will be obtained in a timely manner and on terms acceptable to the Resulting Issuer;
- the Resulting Issuer will not experience any material accident, labour dispute or failure of plant or equipment or other material disruption in the Resulting Issuer's planned exploration programs;
- exploration equipment and personnel will continue to be available on reasonable terms;
- key management and directors will continue to be retained by the Resulting Issuer; and
- any proposed future development of the Resulting's mineral projects will be viable operationally and economically and proceed as expected.

Assumptions relating to the potential mineralization on the MGE Properties are discussed in the Technical Report, which are incorporated by reference in this Information Circular.

Some of the important risks and uncertainties that could affect forward-looking statements are also described in further detail in "The Transaction – Transaction Risk Factors", "Information Concerning MGE – Risk Factors" and "Information Concerning the Resulting Issuer – Risk Factors" in this Information Circular. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Compass Shareholders and investors are therefore cautioned against placing undue reliance on forward-looking statements.

Additional risks and uncertainties not currently known to the Company, or that the Company currently deems to be immaterial, may also materially and adversely affect the Company's business and prospects.

SUMMARY

The following is a summary of the principal features of the Transaction and certain other matters and should be read together with the more detailed information and financial data and statements contained elsewhere in this Information Circular, including the schedules hereto. This Summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere herein.

THE MEETING

The Meeting will be held on November 16, 2017 at 4:00 p.m. (Vancouver time) at 10th Floor, 595 Howe Street, Vancouver, British Columbia. The Record Date for determining the Compass Shareholders eligible to vote at the Meeting is October 13, 2017.

This Information Circular is furnished in connection with the solicitation of proxies by management of each of Compass for use at the Meeting.

At the Meeting, the Company Shareholders will be asked to consider, and if thought advisable, to pass various matters typically considered at an annual general meeting, including approval of the new RSU Plan. Compass Shareholders will also be asked to pass the special resolution to approve the Continuance. In addition, Minority Shareholders will be asked to consider and, if thought advisable, to pass the Acquisition Resolution. See "The Transaction" in this Information Circular.

SUMMARY OF THE COMPANY, MGE AND THE TRANSACTION

The Company

The Company, a company existing under the BCBCA, is a junior mineral exploration issuer listed on the NEX Board of the TSXV. The Company has currently has no active business. The Transaction will constitute the Company's "reactivation" transaction under the policies of the TSXV, which resulted in the Company being transferred from the NEX board of the TSXV to Tier 2 of the TSXV. See "Information Concerning the Company".

MGE

MGE is a private company existing under the laws of the Commonwealth of Australia, currently owned by the MGE Shareholders. MGE was established to identify, investigate and pursue acquisition resource properties of merit in Africa. It holds 100% of the MGE Properties, subject to the royalty interest established pursuant to the Royalty Agreements.

See "Information Concerning MGE".

Upon completion of the Acquisition, MGE will become an indirect, wholly-owned subsidiary of the Company and the Company will thereby indirectly hold a 100% interest in the MGE Properties. See "Information Concerning the Resulting Issuer".

The Transaction

The Acquisition

Pursuant to the Share Exchange Agreement, the Company has agreed to purchase, through Compass Sub, the MGE Shares from the MGE Shareholders in consideration for the issuance of the Consideration Shares, subject to receipt of all necessary regulatory and shareholder approvals. Accordingly, on the Closing, MGE will become an indirect, wholly-owned subsidiary of the Company. The terms and conditions of the Share Exchange Agreement as described herein are qualified in their entirety by

reference to the full text of the Share Exchange Agreement, a copy of which is available on the Company's SEDAR profile at www.sedar.com.

The Acquisition is a "related party transaction" under MI 61-101. See "The Transaction".

Private Placement

Compass and MGE have agreed to use their commercially reasonable best efforts to complete the Private Placement concurrently with the completion of the Acquisition. Subject to approval from MGE, Compass may exercise its Oversubscription Right, which would result in aggregate gross proceeds of up to \$8 million.

Consolidation and Continuation

Compass has agreed to use its commercially reasonable best efforts to complete the Consolidation and Continuation concurrently with the completion of the Acquisition. Completion of the Consolidation and the Continuation are conditions to closing of the Acquisition.

Escrow of Consideration Shares

Pursuant to the requirements of the TSXV, the Consideration Shares held by principals of the Resulting Issuer will be placed in escrow at the Closing and will be released to the MGE Shareholders over a three year period, with 10% released on the date of the Final TSXV Bulletin and 15% released every 6 months thereafter for a period of 36 months.

Reasons for the Acquisition

The Company has been searching for exploration assets in West Africa and believes that the Acquisition will position the Company to develop and create opportunities to grow through focussed acquisition and/or increased land holdings in Mali. See also the various other reasons set forth under "The Transaction – Recommendation of the Special Committee".

Special Committee

The Board appointed a Special Committee consisting of independent directors to consider the Acquisition. The Special Committee determined that the terms of the Acquisition are in the best interests of the Company and fair and reasonable to the Compass Shareholders. Accordingly, the Special Committee recommended that the Board approve the Acquisition and that Minority Shareholders vote in favour of the Acquisition Resolution. See "The Acquisition – Recommendation of the Special Committee".

Recommendation of the Board

The Board has unanimously determined that the terms of the Acquisition are in the best interests of the Company and are fair and reasonable to the Company and Compass Shareholders and unanimously recommends that Compass Shareholders vote in favour of the Acquisition Resolution. In reaching its determination, the Board considered the report of the Special Committee, and the other factors described under "The Transaction – Recommendation of the Board".

The Board recommends that the Minority Shareholders vote in favour of the Acquisition Resolution.

Shareholder Approval

As the Acquisition constitutes a "related party transaction" under MI 61-101 and is a transaction with non-arm's length parties under the policies of the TSXV, the Acquisition is required to be approved at

the Meeting by a vote passed by a simple majority (over 50%) of Minority Shareholders who are entitled to vote and who vote at the Meeting. The MGE Shareholders and their related parties will not be entitled to vote on the Acquisition Resolution. See "The Transaction – Minority Shareholder Approval of the Transaction".

Available Funds

Pursuant to the Transaction, MGE will be acquired by the Company and will become an indirect, wholly-owned subsidiary of the Company. As of June 30, 2017, and assuming completion of the Private Placement, the Company and MGE collectively hold approximately \$5,765,000 in available funds. If the Transaction completes, these funds will be available to the Company to use for exploration and development of the MGE Properties and to pay for the remaining costs of the Transaction.

See "Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

The available funds will be used primarily to fund the phase 1 exploration programs on the MGE Properties as recommended in the Technical Report, for general working capital and to fund the general and administrative expenses of the Company. See "Information Concerning MGE – Mineral Properties – for details of the recommended exploration programs on the MGE Properties, respectively.

Conditions to the Acquisition

The completion of the Acquisition is subject to a number of specified conditions precedent as set forth in the Share Exchange Agreement, including:

- (a) completion of the minimum Private Placement;
- (b) receipt of all required third party and regulatory approvals in relation to the Transaction, including approval of the Acquisition Resolution at the Meeting and approval of the Transaction by the TSXV. See also "Stock Exchange Approvals" below;
- (c) Compass being satisfied, in its sole discretion, with the results of its due diligence regarding MGE, the MGE Subsidiaries and the MGE Properties; and
- (d) each party complying with its respective agreements contained in the Share Purchase Agreement, including the Company's obligation to complete the Consolidation and Continuance.

Stock Exchange Approvals

The Company has received the conditional approval of the TSXV to the Transaction. The Company cannot provide any assurances that the remaining approvals required by the TSXV in relation to the Transaction will be obtained. . See "The Transaction – Regulatory Approvals".

MGE Summary Financial Information

The following table sets out selected financial information for the periods indicated and should be considered in conjunction with the more complete information contained in the financial statements of MGE attached as Schedule "G" to this Information Circular. All information provided in the table below is presented in Australian dollars and is in accordance with International Financial Reporting Standards.

Statement of Operations and Deficit Data	Years ended June 30		
	2017 A\$	2016 A\$	2015 A\$
Revenues	-	-	-
Expenses	17,169	246	(4,793,094)
Profit (loss) for the year	(17,169)	(246)	(4,793,094)
Basic and diluted loss per common share	Nil	Nil	(0.28)

Balance Sheet Data	As at June 30	
	2017 A\$	2016 A\$
Cash and cash equivalents	2,565	2,865
Working capital	(4,712)	(9,183,095)
Exploration properties and/or equipment	5,486,220	5,816,655
Total assets	5,492,103	5,822,867
Total liabilities	10,595	9,189,307
Shareholders' equity	5,481,508	(3,366,440)

Resulting Issuer Pro Forma Summary Financial Information

The following table sets out selected pro forma financial information for the Resulting Issuer, assuming completion of the Acquisition and the Private Placement, as of June 30, 2017 (being the date of the Company's most recent financial statements), and should be considered in conjunction with the more complete information contained in the pro forma financial statements of the Company attached as Schedule "I" to this Information Circular. All currency amounts are stated in Canadian dollars.

Balance Sheet Data	As at June 30, 2017
Cash and cash equivalents	\$ 5,981,687
Working capital	5,950,507
Exploration properties	6,004,700
Total assets	11,993,443
Total liabilities	38,236
Shareholders' equity	11,955,207

Directors and Officers of the Company following the Transaction

Upon completion of the Transaction, it is proposed that Malcom Carson and Lara Iacusso will resign from the Board and Bill Pugliese and Joe Conway will be appointed. See "Information Concerning MGE".

Risk Factors

Compass Shareholders should carefully consider all of the information disclosed in this Information Circular prior to voting on the matters being put before them at the Meeting under this Information Circular.

There are risk factors associated with the Transaction, including: (i) uncertainty as to whether the Transaction will have a positive impact on the Company; (ii) the completion of the Transaction will dilute the interests of Compass Shareholders and will result in current Compass Shareholders holding approximately 11% of the Post-Consolidation Shares of the Resulting Issuer; and (iii) other risks described in greater detail elsewhere in the Information Circular.

There are risks associated with the business of MGE, which will form the business of the Company on completion of the Transaction, that should be considered by investors, including (i) the need for additional capital, principally through equity financing and the risk that such funds may not be raised; (ii) the speculative nature of mineral exploration and the early stages of MGE's properties; (iii) the effect of changes in commodity prices; (iv) the location of MGE's property interests in the Republic of Mali and associated political risks; (v) regulatory risks that development will not be acceptable for social, environmental or other reasons; (vi) reliance on management; (vii) the potential for conflicts of interest; and (viii) other risks associated with MGE as described in greater detail elsewhere in the Information Circular.

See "The Transaction – Transaction Risk Factors", "Information Concerning MGE – Risk Factors" and "Information Concerning the Resulting Issuer – Risk Factors".

COMPASS GOLD CORPORATION
Suite 1430, 800 West Pender Street
Vancouver, British Columbia
V6C 2V6

INFORMATION CIRCULAR

(As at October 13, 2017, except as indicated)

ANNUAL GENERAL AND SPECIAL MEETING MATTERS

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting and any adjournments thereof.

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and regular employees of the Company or by agents retained for that purpose. The Company may reimburse shareholders, nominees or agents for any costs incurred in obtaining from their principals proper authorization to execute proxies. The Company may also reimburse brokers and other persons holding shares in their own name or in the names of their nominees for expenses incurred in sending proxies and proxy materials to the beneficial owners thereof to obtain their proxies. All costs of all solicitations on behalf of management of the Company will be borne by the Company.

The Company has set October 13, 2017 as the Record Date for determining Compass Shareholders entitled to vote at the Meeting.

APPOINTMENT OF PROXYHOLDER

A duly completed form of proxy for the Company will constitute the persons named in the enclosed form of proxy as the Compass Shareholder's proxyholder. The persons whose names are printed in the enclosed form of proxy for the Meeting are directors or officers of the Company (collectively, the "Management Proxyholders").

A Compass Shareholder has the right to appoint a person other than the Management Proxyholders, to represent the Compass Shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a Compass Shareholder.

VOTING BY PROXY

Compass Shares represented by properly executed proxies of the relevant Company and in the accompanying form will be voted or withheld from voting on each respective matter where a poll is requested or required in accordance with the instructions of the Compass Shareholder.

If no choice is specified and one of the Management Proxyholders is appointed by a Compass Shareholder as proxyholder, it is intended that such person vote in favour of the matters to be voted on at the Meeting.

The enclosed form of proxy also confers discretionary authority upon the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Each proxy must be dated and signed by the Intermediary (see "Non-Registered Shareholders" below) acting on behalf of a Compass Shareholder or by the Compass Shareholder or his/her attorney authorized in writing. In the case of a corporation, the proxy must be dated and executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation.

Completed forms of the proxy must be returned to the Company's registrar and transfer agent, Computershare Investor Services by mail or delivery to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or as otherwise indicated in the instructions contained on the form of proxy (including, where applicable, through the transfer agent's internet and telephone proxy voting services). All proxies in respect of the Meeting must be completed and received not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the commencement of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

NON-REGISTERED SHAREHOLDERS

Only registered Compass Shareholders or duly appointed proxyholders are permitted to vote at the Meeting.

Most Compass Shareholders are "non-registered" shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the "**Non-Registered Shareholder**") but which are registered either in the name of: (a) an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of said shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIFs, RESPs and similar plans); or (b) a clearing agency (such as the Canadian Depository for Securities Limited (the "**CDS**") of which the Intermediary is a participant. The Company has distributed copies of the Notice of Meeting, this Information Circular and the Proxy (collectively, the "**Meeting Materials**") to its Registered Shareholders and to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either be given:

- (a) a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deliver it to the Company's transfer agent** as provided above; or
- (b) more typically, a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "**proxy authorization form**") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Non-Registered Shareholders to direct the voting of the shares which they beneficially own. Should a Non-Registered Shareholder receive one of the above forms and wish to vote at the Meeting in person, the Non-Registered Shareholder should strike out the names of the Management Proxyholders and insert the Non-Registered Shareholder's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

REVOCABILITY OF PROXY

Any registered Compass Shareholder who has returned a proxy may revoke it at any time before it has been used. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered Compass Shareholder or by his attorney authorized in writing or, if the registered Compass Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Company as follows:

Compass Gold Corporation
c/o DuMoulin Black LLP
10th Floor – 595 Howe Street
Vancouver, British Columbia
Canada V6C 2T5

at any time up to and including the last business day preceding the date of the relevant Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of such Meeting. **Only Registered Shareholders have the right to revoke a proxy. Non-Registered Shareholders who wish to change**

their vote must, at least 7 days before the respective Meeting, arrange for their respective Intermediaries to revoke the proxy on their behalf.

INFORMATION CONCERNING THE MEETING

TIME, DATE AND PLACE

The Meeting will be held at the 10th Floor, 595 Howe Street, Vancouver, British Columbia, on November 16, 2017 at the hour of 4:00 p.m. (Vancouver time) as set forth in the Notice of Meeting.

RECORD DATE AND VOTING SHARES

The Company is authorized to issue an unlimited number of Compass Shares without par value and an unlimited number of preferred shares without par value. As at the Record Date, 15,709,839 Compass Shares were issued and outstanding and no preferred shares were issued and outstanding. The Compass Shares are listed for trading on the NEX Board of the TSXV.

The Record Date for the determination of the Compass Shareholders entitled to receive notice of, attend and vote at the Meeting was fixed by the Board as October 13, 2017. Persons who are Registered Shareholders at the close of business on the Record Date will be entitled to receive notice of and, subject to the Minority Shareholder approval requirements of MI 61-101 in relation to the Acquisition Resolution, to vote at the Meeting, and will be entitled to one vote for each share held. Voting at the Meeting will be by a show of hands, each Compass Shareholder present having one vote, unless a poll is requested or required whereupon each Compass Shareholder or proxyholder present is entitled to one vote for each Compass Share held. No group of Compass Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Shares.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, or controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all Compass Shares.

FINANCIAL STATEMENTS

The audited financial statements of the Company for the financial year ended December 31, 2016, together with the auditor's report on those statements and Management Discussion and Analysis, will be presented to the shareholders at the Meeting.

ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are elected or appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted by the Management Proxyholders for the nominees herein listed.

The number of directors to be elected at the Meeting has been fixed at five (5).

The Board has an Audit Committee and a Compensation Committee, the members of each of which are set out below.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

Name, Jurisdiction of Residence and Position	Principal Occupation or Employment and, if not a Previously Elected Director, Occupation During the Past 5 Years	Previous Service as a Director	Number of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽³⁾
James Henderson⁽¹⁾ <i>Mosman, NSW</i> <i>Australia</i> Director and Chairman	Executive Chairman of Transocean Group Pty Ltd.	Since April 12, 2010	595,137 ⁽⁴⁾
Lara Iacusso <i>Rushcutters Bay, NSW</i> <i>Australia</i> Director and Chief Financial Officer	Director of Transocean Group Pty Ltd.	Since June 30, 2010	144,683 ⁽⁵⁾
Madani Diallo⁽²⁾ <i>Bamako, Mali</i> Director	President of M-Consulting Geologists	Since April 12, 2010	455,044
Malcolm Carson⁽¹⁾⁽²⁾ <i>Cremorne, NSW</i> <i>Australia</i> Director	Managing Director of Mineral Resource Consultants	Since October 1, 2009	3,958 ⁽⁶⁾
Larry Phillips⁽¹⁾⁽²⁾ <i>Toronto, Canada</i> Director	President of Corplex Management Services.	Since May 8, 2012	25,000

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Shares beneficially owned, or over which control or direction is exercised, directly or indirectly, as at October 13, 2017 based upon information furnished to the Company by individual directors. Unless otherwise indicated, such shares are held directly.

(4) Of these Shares, 23,152 are held by Mr. Henderson directly, 57,850 are held in the name of Jalonex Investments Pty Ltd., 313,568 are held in the name of JH & KM Pty Ltd., 170,120 are held in the name of Transocean Finance Pty Ltd, and 30,447 are held in the name of Transocean Securities Pty Ltd., all of which are companies controlled by Henderson.

(5) These Shares are held indirectly in the name of Portafortuna Pty Ltd., a private company controlled by Lara Iacusso.

(6) These Shares are held indirectly in the name of The Carson Family Trust, a private trust controlled by Malcolm Carson.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

To the knowledge of the Company, no proposed director:

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer (“CEO”) or chief financial officer (“CFO”) of any company (including the Company) that:
 - (i) was subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, to a cease trade or similar order or an order that denied the relevant company access to any exemption under Securities Legislation, that was in effect for a period of more than 30 consecutive days; or

- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under Securities Legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO of such company but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to Securities Legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The following directors of the Company hold directorships in other reporting issuers (or the equivalent in a foreign jurisdiction) as set out below:

<i>Name of Director</i>	<i>Name of Other Reporting Issuer</i>
Malcolm Carson	Dampier Gold Limited Allegiance Coal Limited Pacific Wildcat Resources Corp.
James Henderson	Nil
Madani Diallo	Oklo Resources Limited
Lara Iacusso	Nil
Larry Phillips	California Gold Mining Inc. Gowest Gold Limited

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

During the financial year ended December 31, 2016, Malcolm Carson, Madani Diallo and Larry Phillips were independent directors of the Company as defined by National Instrument 52-110 *Audit Committees* ("NI 52-110"). During the financial year ended December 31, 2016, the independent directors were responsible for determining compensation for the directors and senior management, based on recommendations from the Compensation Committee. The independent directors determined management compensation without reference to formal objectives, criteria or analysis.

The Company's compensation philosophy for executive officers follows three underlying principles:

- (a) to provide compensation packages that encourage and motivate performance;
- (b) to be competitive with other companies of similar size and scope of operations so as to attract and retain talented executives; and
- (c) to align the interests of its executive officers with the long-term interests of the Company and its shareholders through stock related programs.

When determining compensation policies and individual compensation levels for the Company's executive officers, the Compensation Committee takes into consideration a variety of factors. These factors include the overall financial and operating performance of the Company, and the Compensation Committee's and the Board's overall assessment of:

- (a) each executive officer's individual performance and contribution towards meeting corporate objectives;
- (b) each executive officer's level of responsibility;
- (c) each executive officer's length of service; and
- (d) industry comparables.

The Compensation Committee does not benchmark the Company's executive compensation program, but from time to time does review compensation practices of companies of similar size and stage of development to ensure the compensation paid is competitive within the Company's industry and geographic location while taking into account the financial and other resources of the Company. The Company has targeted its executive compensation practices to be at the low to mid end of the range for those companies which it has reviewed of comparable stage of development and market capitalization.

The Compensation Committee also obtains executive compensation data from third-party providers of compensation data in the local Vancouver, Canada mineral exploration sector. The Company has not retained a compensation consultant or advisor at any time during the most recently completed 24 month period, to assist the Board or Compensation Committee in determining compensation for any of the Company's directors or executive officers. The Compensation Committee intends to agree annually and on an as-needed basis, with input from management, on the specific work to be undertaken from time to time by external human resources consultants.

Given its size and stage of development, the Company's process for determining executive compensation is fairly simple and does not include benchmarking or any formal objectives, criteria or analysis.

Compensation Mix

In keeping with the Company's philosophy to link senior executive compensation to corporate performance and to motivate senior executives to achieve exceptional levels of performance, the Company has adopted a model that includes both base salary or consultancy fees and "at-risk" compensation, comprised of participation in the Company's Stock Option Plan, as described below under the heading "Long Term Incentive Plan (Stock Options)". In addition, the Company may award performance bonuses based on executive's meeting short-term performance milestones.

The awarding of options under the Stock Option Plan is undertaken by the Compensation Committee from time to time, generally at a time where key events have occurred, or otherwise as part of an

annual review. The value of options awarded is intended to form a part of the compensation mix for executives.

Base Salary or Consultancy Fees

Based on the current size of the Company's operations, the Company principally relies on consultants to carry out specific roles, including executive roles.

Base salary or consultancy fee levels reflect the fixed component of pay that compensates executives for fulfilling their roles and responsibilities and assists in the attraction and retention of highly qualified executives. Base salaries or consultancy fees are not determined based on a specific formula or performance goal and are reviewed annually to ensure they reflect each respective executive's performance and experience in fulfilling his or her role and to ensure executive retention. Currently base salaries and consultancy fees are set at below industry standard levels to make more capital available for development of the Company's assets. Compensation is made up with the provision of stock options (see below for description). The Company may also grant short-term incentives to executives and directors, including the grant of cash awards or bonuses for achievement of personal or corporate goals. There is no current formula for how short term incentives are utilized in the Corporation's total compensation package, and the Corporation has not, to date, established any fixed personal or corporate goals for Named Executive Officers as part of a short term incentive program. No short term incentives in the form of cash or bonuses have been granted to Named Executive Officers during the financial year ended December 31, 2016. The Company will continue to review salary and consultancy fee levels as the Company grows and will revise compensation if appropriate.

Long Term Incentive Plan (Stock Options)

Long-term incentives are performance-based grants of stock options. The stock option awards are intended to align executive interests with those of shareholders by tying compensation to share performance and to assist in retention through vesting provisions. Grants of stock options are based on:

- (a) the executive's performance;
- (b) the executive's level of responsibility within the Company;
- (c) the number and exercise price of stock options previously issued to the executive;
- (d) the difference between the executive's salary and that paid in comparable companies; and
- (e) the overall aggregate total compensation package provided to the executive. A Black-Scholes valuation is used to determine the value of any stock options which are awarded.

The Compensation Committee makes recommendations to the Board concerning the Company's Stock Option Plan based on the above criteria. Options are typically granted on an annual basis in connection with the review of executives' compensation packages, but may be granted at any time the Compensation Committee considers appropriate. Options may also be granted to executives upon hire or promotion and as special recognition for extraordinary performance. Options granted under the Stock Option Plan expire no more than 10 years after the date of grant, and they may be granted at an exercise price no less than the market price of the Company's shares less any discount permitted by the TSXV. The Board has traditionally limited the expiry date of options granted to 5 years at an exercise equal to market price and has not imposed vesting requirements on options granted. The terms of outstanding options are considered when the decision to grant new options is made, to ensure that the terms of the Company's stock options are as consistent as possible.

Risks Associated with Compensation Policies and Practices

Neither the Board nor the Compensation Committee has considered the implications of the risks associated with the Corporation's compensation practices.

Named Executive Officer Purchase of Financial Instruments

Under the Company's compensation policies and practices, Named Executive Officers and directors are not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

Chief Executive Officer Compensation

The components of Chief Executive Officer compensation are the same as those which apply to the other senior executive officers of the Company, namely base salary or retainer consultancy fee, long-term equity incentives and discretionary performance bonuses (which are subject to targets or specific performance being achieved). The Compensation Committee presents its recommendations to the Board with respect to the Chief Executive Officer's compensation. In setting the recommended salary or retainer consultancy fee of the Chief Executive Officer, the Compensation Committee takes into consideration the recommendations of independent consultants and the salaries paid to other chief executive officers in the mineral exploration industry, as described above under the heading "Compensation Discussion and Analysis". In setting the salary or retainer amount, performance bonus and long-term incentives for the Chief Executive Officer, the Compensation Committee evaluates the performance of the Chief Executive Officer in light of his impact on the achievement of the Company's goals and objectives.

Composition of the Compensation Committee

The Compensation Committee has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards. In this regard, the Compensation Committee makes recommendations to the Board.

The Compensation Committee is composed of Mr. Larry Phillips, Mr. Malcolm Carson and Dr. Madani Diallo, all of whom are "independent directors" as defined under NI 52-110 at the relevant times. See "Statement of Corporate Governance Practices – Board of Directors' Independence" for additional information.

The Board believes that the Compensation Committee collectively have the skills and experience that enable the Compensation Committee to make decisions on the suitability of the Company's compensation policies and practices that are consistent with a reasonable assessment of the Company's risk profile. Set out below are details of each member of the Compensation Committee's relevant education and experience.

Mr. Phillips

Mr. Phillips is one of the four founders of IAMGOLD. For over 20 years Larry was a senior executive with a leading role in all international investments, joint ventures and government relationships, helping build the company into one of the largest gold mining companies in the world, trading on the TSX and NYSE. He took early retirement in June 2011 as part of a broader corporate succession plan. While at

IAMGOLD, Larry served as a Director of The World Gold Council. Prior to that, he was the managing partner of a Toronto-based law firm specializing in corporate commercial law.

Mr. Phillips is currently the President of Complex Management Services in Toronto, providing advisory services in international business and governmental affairs to private and public companies. He has served as an Executive in Residence and a part-time lecturer at Queens University School of Business. He is a Director and Chair of the Governance Committee for Gowest Gold (TSXV:GWA), and a director of California Gold Mining Inc. (TSXV:CGM).

Mr. Carson

Mr. Carson is an Australian geologist and geoscientist and member of the Australian Institute of Mining and Metallurgy. Mr. Carson has worked as a consultant to the natural resources industry for over 30 years, most recently as the Managing Director of Natural Resource Consultants in Australia. Mr. Carson is an Executive Director of Pacific Wildcat Corporation (PAW:TSX), Executive Chairman of Dampier Gold Limited (DAU:ASX) and a director of Allegiance Coal Limited (AHQ:ASX). Mr. Carson has experience in the management of various companies has the ability to read and understand financial reporting especially as this relates to reporting company disclosure obligations under relevant securities laws.

Dr. Diallo

Dr. Madani 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 received a Master of Science in Geochemistry and Mineralogy (1976) and a Ph.D. in Geochemistry (1979) from the University of Tashkent, Uzbekistan. As a senior officer and advisor to publicly listed companies including AngloGold Ashanti, Dr. Diallo has the ability to read and understand financial reporting especially as this relates to reporting company disclosure obligations under relevant securities laws. Dr. Diallo is also an Executive Director of Oklo Resources Ltd. (OKU:ASX).

Option-based Awards

The Stock Option Plan has been used to provide stock options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSXV, and closely align the interests of the executive officers with the interests of shareholders.

Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6, Statement of Executive Compensation ("**Form 51-102F6**") sets forth all annual and long term compensation for services in all capacities to the Company or any of its subsidiaries for the three most recently completed financial years of the Company (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of each Chief Executive Officer and the Chief Financial Officer who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the Chief Executive Officer and the Chief Financial Officer), as at December 31, 2016 whose total compensation was, individually, more than \$150,000 for the financial

year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively, the "Named Executive Officers" or "NEO's").

Summary Compensation Table

NEO Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Ian Spence CEO	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Lara Iacusso CFO ⁽¹⁾	2016	Nil	Nil	Nil	Nil	Nil	Nil	12,000 ⁽²⁾	12,000
	2015	Nil	Nil	Nil	Nil	Nil	Nil	12,000 ⁽²⁾	12,000
	2014	Nil	Nil	Nil	Nil	Nil	Nil	14,933 ⁽²⁾	14,933

(1) Lara Iacusso also received compensation for services as a director, which compensation has been included in the figures provided in this Summary Compensation Table.

(2) These fees were paid/accrued to Portafortuna Pty Ltd., a company controlled by Lara Iacusso.

There are no current remuneration arrangements for the CEO.

For the period from January 2017 to June 2017, the CFO was paid an amount of \$1,000 per month for the general administration and CFO role for the Company. From July 2017, the remuneration of the CFO was amended to allow for the increased services required as part of preparing the Company for the Transaction. For the period from July through to the date of the Closing, proposed to be November 2017, the CFO will be paid a monthly amount of \$10,000. Other than this arrangement, there are no other remuneration arrangements in place for the CFO.

Following the Closing, all remuneration arrangements of the NEOs will be reviewed by the Compensation Committee and the Board.

Incentive Plan Awards

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards or option-based awards held by a NEO.

During the year ended December 31, 2016, there were no grants of share-based or option-based awards by the company to a NEO.

Incentive Plan Awards - Value Vested or Earned During the Year

The value vested or earned for all incentive plan awards during the completed financial year ended December 31, 2016 by each NEO are as follows:

**Value Vested or Earned for Incentive Plan Awards During the
Financial Year Ending December 31, 2016**

<i>NEO Name</i>	<i>Option-Based Awards - Value Vested During The Year (\$)</i>	<i>Share-Based Awards - Value Vested During The Year (\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</i>
Lara Iacusso CFO	Nil ⁽¹⁾	Nil	Nil
Ian Spence CEO	Nil ⁽¹⁾	Nil	Nil

- (1) This amount is the dollar value that would have been realized if the options had been exercised on the grant date, as all options were fully vested on the date of grant. The amount is computed by obtaining the difference between the market price of the Shares underlying the options at grant date and the exercise price of the options under the option-based award.

Narrative Discussion

As disclosed above, the Company did not vest or award and options during the financial year ended December 31, 2016.

Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination and Change of Control Benefits

The Company does not have a contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company, or a change in responsibilities of the NEO following a change in control.

Director Compensation

Director Compensation Table

The following table sets forth all amounts of compensation provided to the directors, who are each not also a Named Executive Officer, for the financial year ended December 31, 2016:

Director Compensation Table

<i>Director Name</i> ⁽¹⁾	<i>Fees Earned</i> (\$)	<i>Share-Based Awards</i> (\$)	<i>Option-Based Awards</i> (\$)	<i>Non-Equity Incentive Plan Compensation</i> (\$)	<i>Pension Value</i> (\$)	<i>All Other Compensation</i> (\$)	<i>Total</i> (\$)
James Henderson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Madani Diallo	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Malcolm Carson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Larry Phillips	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Relevant disclosure has been provided in the Summary Compensation Table above, for directors who receive compensation for their services in their capacity as directors who are also Named Executive Officers.

Narrative Discussion

During the year ended December 31, 2016, the Company was largely inactive and (other than as discussed in relation to the CFO) no fees or compensation were paid to the directors. From July 2017, the remuneration to James Henderson and Larry Phillips was amended to allow for their increased services required as part of preparing the Company for the Transaction. For the period from July through to the date of the Closing, which is expected to occur in November 2017, Mr. Henderson and Mr. Phillips will be paid a monthly amount of \$10,000 each. Other than this arrangement, there are no other remuneration arrangements in place for the directors.

The Compensation Committee and the board intend to review all remuneration arrangements following the Closing of the Transaction.

Other than amounts disclosed above, the Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

The Company has the Stock Option Plan for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options to the Company's directors is to assist the Company in compensating, attracting, retaining and motivating the directors and to closely align the personal interests of the directors to that of the Company's shareholders.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards or option-based awards held by a Director.

During the financial year ended December 31, 2016, there were no grants of share-based or option-based awards by the company to a Director.

The board intends to make a grant of options to existing directors and management of not more than 120,000 options subsequently to the Consolidation and at or prior to the Closing, subject to the approval

of the TSXV. The allocation or terms of these options have not yet been agreed as at the date of this Information Circular. The award of the options is intended to form part of the remuneration of the board and management for the period up to the Closing.

Incentive Plan Awards - Value Vested or Earned During the Year

The value vested or earned for all incentive plan awards during the completed financial year ended December 31, 2016 by each Director are as follows:

**Value Vested or Earned for Incentive Plan Awards During the
Financial Year Ending December 31, 2016**

<i>Director Name</i>	<i>Option-Based Awards - Value Vested During The Year ⁽¹⁾ (\$)</i>	<i>Share-Based Awards - Value Vested During The Year (\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</i>
Madani Diallo	Nil	N/A	N/A
Malcolm Carson	Nil	N/A	N/A
Larry Phillips	Nil	N/A	N/A

- (1) This amount is the dollar value that would have been realized if the options had been exercised on the grant date, as all options were fully vested on the date of grant. The amount is computed by obtaining the difference between the market price of the Shares underlying the options at grant date and the exercise price of the options under the option-based award.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has in place a 10% rolling Stock Option Plan. The Stock Option Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Stock Option Plan is administered by the directors of the Company. The Stock Option Plan provides that options will be issued pursuant to option agreements to directors, officers, employees or consultants of the Company or a subsidiary of the Company. All options expire on a date not later than five years after the issuance of such option. There are currently no options outstanding to purchase Compass Shares. See "Information Concerning the Company – Authorized and Issued Share Capital – Stock Options".

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2016.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights (b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</i>
<i>Equity compensation plans approved by security holders (the Stock Option Plan)</i>	2,500 ⁽²⁾	\$4.80	1,568,483 ⁽¹⁾
<i>Equity compensation plans not approved by security holders (the Stock Option Plan)</i>	Nil	N/A	Nil
Total	2,500 ⁽²⁾	\$4.80	1,568,483

(1) The number of securities remaining available for future issuance under the Company's Stock Option Plan as at the end of the Company's most recently completed financial year is calculated based on 10% of the Company's issued and outstanding Shares as at such date (being 10% of 15,709,839= 1,570,983).

(2) Since the end of the financial year ended December 31, 2016, 2,500 options to purchase Shares expired unexercised.

As noted above, the board intends to make a grant of options to the board and management of not more than 120,000 options, subsequently to the Consolidation and at or prior to the Closing, on terms to the approved by the TSXV.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at October 13, 2017, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company or its subsidiaries which is owing to the Company or its subsidiaries, or which is owing to another entity and is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, whether entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such person:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or
- (ii) is indebted to another entity, whose indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries,

in relation to a securities purchase program or other program.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set forth below, none of the directors or executive officers of the Company, any person who has held such a position at any time since the beginning of the last completed financial year of the Company, no proposed nominee for election as a director of the Company, or any associate or affiliate of any of the foregoing persons, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

APPOINTMENT AND REMUNERATION OF AUDITORS

Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, of Vancouver, British Columbia was appointed the auditors of the Company on February 17, 2009. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Dale Matheson Carr-Hilton Labonte LLP as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the directors.

MANAGEMENT CONTRACTS

No management functions of the Company are performed to any substantial degree by a person other than its directors or executive officers.

AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter

Composition of the Audit Committee

The following are the members of the Audit Committee:

James Henderson	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Malcolm Carson	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Larry Phillips	Independent ⁽¹⁾	Financially literate ⁽¹⁾

(1) As defined by NI 52-110.

The Audit Committee currently comprises a majority of independent directors.

Relevant Education and Experience

Mr. Henderson

Mr. Henderson is the founder and Executive Chairman of Transocean Securities which was established in 1987. He has over 30 years' experience in providing financial advisory services in Canada and overseas across a wide range of industries including mining and resources, healthcare and medical devices, aged care and clean energy. Mr. Henderson specializes in providing advice to emerging companies relating to corporate transactions and strategies, and has led teams on a variety of transactions including mergers, acquisitions, dispositions, takeovers and capital raisings in Australia, Canada, the UK, the USA and Africa. He is an experienced chairman, board member, chief executive officer and corporate adviser of both public and private companies. Mr. Henderson is the former chairman of Oklo Resources Limited (ASX:OKU) (Oklo) and led the successful acquisition by Oklo of the Company's former gold assets also based in Mali. Oklo has grown from an initial market capitalization at the time of the transaction of C\$6 million to approximately C\$80 million today. Mr. Henderson is a qualified Chartered Accountant and has the ability to read and understand financial reporting especially as this relates to reporting company disclosure obligations under relevant securities laws. Mr. Henderson holds a B. Comm. from the University of Western Australia and is an Associate of the Institute of Chartered Accountants.

Mr. Carson and Mr. Phillips

Relevant education and experience form Mr. Carson and Mr. Phillips is set out in "Executive Compensation - Composition of the Compensation Committee" above.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

External Auditors Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
December 31, 2016	\$10,180	\$Nil	\$1,200	\$Nil
December 31, 2015	\$10,000	\$Nil	\$2,250	\$Nil

Exemption in Section 6.1 of NI 52-110

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

A summary of the responsibilities and activities and the membership of each of the Committees is set out below.

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

Independence of Members of Board

Currently the Company's Board consists of five directors, four of whom are independent based upon the test for independence as set forth in NI 52-110.

James Henderson, Malcolm Carson, Madani Diallo and Larry Phillips are independent. Lara Iacusso is not independent as she is the CFO of the Company.

Management Supervision by Board

The size of the Company is such that all the Company's operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors are actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. The independent directors are however able to meet at any time without any members of management, including the non-independent directors, being present. Further supervision is performed through the Audit Committee which is composed of a majority of independent directors who meet with the Company's auditors without management being in attendance.

Participation of Directors in Other Reporting Issuers

The participation of the directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

Orientation and Continuing Education

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. information respecting the functioning of the Board and its committees and copies of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company; and
3. access to management.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

Ethical Business Conduct

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The Board has adopted a Code of Conduct and has instructed its management and employees to abide by the Code.

Nomination and Assessment

The Board has responsibility for identifying potential Board candidates, although a formal process has not been adopted. The Board assesses potential candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors.

The nominees are generally the result of recruitment efforts by the Board members, including discussions among Board members, the Chairman and the Chief Executive Officer. The Board monitors but does not formally assess the performance of individual Board members or committee members and their contributions.

Compensation of Directors and the CEO

The members of the Compensation Committee are Larry Phillips, Malcolm Carson and Madani Diallo, all of whom are independent. The Compensation Committee has responsibility for determining compensation for the directors and senior management.

The Compensation Committee does not benchmark the Company's executive compensation program, but from time to time does review compensation practices of companies of similar size and stage of development to ensure the compensation paid is competitive within the Company's industry and geographic location while taking into account the financial and other resources of the Company. In setting the compensation, the Compensation Committee annually reviews the performance of the CEO in light of the Company's objectives and considers other factors that may have impacted the success of the Company in achieving its objectives.

The Board has adopted a written charter that sets forth the responsibilities of the Compensation Committee and gives the Compensation Committee the authority to engage outside experts to assist in identifying potential candidates if considered advisable. The key responsibilities of the Compensation Committee are:

- determining and approving the compensation of the Corporation's Chief Executive Officer;
- reviewing and approving compensation for the Corporation's other executive officers;
- fulfilling the Board's oversight responsibilities with respect to the Corporation's overall compensation policies, plans and programs;
- overseeing an evaluation of management succession planning; and
- performing other activities related to the Corporation's compensation plans and structure, including preparing and reviewing any disclosure on executive compensation included in the Corporation's information circular in accordance with applicable rules and regulations promulgated by the Canadian provincial securities regulatory authorities.

A copy of the Charter of the Compensation Committee is available upon request from the Corporate Secretary of the Corporation.

Board Committees

As the directors are actively involved in the operations of the Company and the size of the Company's operations does not warrant a larger board of directors, the Board has determined that additional committees other than the Audit Committee and the Compensation Committee are not necessary at this stage of the Company's development.

Assessments

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its directors. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

Compensation Committee

The Compensation Committee is responsible for reviewing all overall compensation strategy, objectives and policies; annually reviewing and assessing the performance of the executive officers; recommending to the Board the compensation of the executive officers; reviewing executive appointments; and recommending the adequacy and form of directors' compensation.

For information relating to the Compensation Committee's report on executive compensation, see "Executive Compensation" above. This Committee meets at least once annually. Currently, the members are Malcolm Carson, Madani Diallo and Larry Philips, all of whom are independent directors.

Expectations of Management

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

RATIFICATION OF STOCK OPTION PLAN

The Company has the existing Stock Option Plan which was first approved by the shareholders of the Company on June 30, 2010, and subsequently re-approved by the shareholders on August 18, 2011, November 1, 2012, May 29, 2015 and December 7, 2016. The number of Shares which may be issued pursuant to options previously granted and those granted under the Stock Option Plan is a maximum of 10% of the issued and outstanding Shares of the Company at the time of the grant. In addition, the number of Shares which may be reserved for issuance to any one individual may not exceed 5% of the issued and outstanding Shares on a yearly basis, or 2% if the optionee is engaged in investor relations activities or is a consultant.

The purpose of the Stock Option Plan is to allow the Company to grant options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to five years as determined by the Board and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted, less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of TSXV. The Stock Option Plan contains no vesting requirements, but permits the Board to specify a vesting schedule in its discretion. The Stock Option Plan provides that if a change of control, as defined therein, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

Under the policies of TSXV, all "rolling" stock option plans that is, plans which set the number of Shares issuable at a maximum of 10% of the issued and outstanding Shares, must be approved and ratified by shareholders and TSXV on an annual basis.

Therefore, at the Meeting, shareholders will be asked to pass a resolution in the following form:

"UPON MOTION, IT IS RESOLVED that the Company approve and ratify, subject to regulatory approval, the stock option plan pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of the grant, with a maximum of 5% of the Company's issued and outstanding common shares being reserved to any one person on a yearly basis."

THE BOARD RECOMMENDS THAT THE COMPANY'S SHAREHOLDERS VOTE FOR THE RESOLUTION APPROVING THE STOCK OPTION PLAN. PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE SHARES ARE TO BE VOTED AGAINST SUCH APPROVAL.

THE RSU PLAN

At the Meeting, Compass Shareholders will be asked to consider and, if deemed advisable, approve the adoption by the Resulting Issuer of the RSU Plan. The purpose of the RSU Plan is to allow for certain discretionary bonuses and similar awards as an incentive and reward for selected eligible persons related to the achievement of long-term financial and strategic objectives of the Resulting Issuer and the resulting increases in Resulting Issuer shareholder value. The RSU Plan is intended to promote a greater alignment of interests between the Resulting Issuer shareholders and the selected eligible persons by providing an opportunity to participate in increases in the value of the Resulting Issuer. RSUs are akin to "phantom shares" that track the value of the underlying shares of the Resulting Issuer but do not entitle the recipient (an "RSU Grantee") to the actual underlying shares until such RSUs vest.

Summary of the RSU Plan

Set out below is a summary of the RSU Plan. This summary is qualified in its entirety by the full text of the RSU Plan, a copy of which is attached hereto as Schedule B to this Circular.

Eligible Participants

Eligible Participants Participation in the RSU Plan is restricted to employees and officers of the Resulting Issuer (an "RSU Eligible Person"). Employees, including directors who are also employees, are eligible to participate in the RSU Plan.

Administration of Plan

The RSU Plan will permit the Resulting Issuer Board to grant awards of RSUs to an RSU grantee. Upon vesting, the RSUs will be converted on a one-for-one basis for freely tradable, non-restricted Post-Consolidation Shares. The Resulting Issuer Board shall have the discretion to stipulate the length of time for vesting and to determine various performance objectives based on certain business criteria as a pre-condition to a RSU vesting. It is the Resulting Issuer Board's intent that all RSUs will only vest upon the lapse of a certain time period or the achievement of performance objectives designed to advance the

Resulting Issuer's business interests and increase the value of the Resulting Issuer. The performance objectives to be met will be established by the Resulting Issuer Board at the time of grant of the RSU. RSUs shall expire if they have not vested prior to an expiry date to be set by the Resulting Board, which shall be no later than December 31 of the third calendar year after the year in which the RSUs have been granted, and will be terminated to the extent the performance objectives or other vesting criteria have not been met.

RSUs will remain outstanding and vest in accordance with their terms notwithstanding the subsequent termination of employment of an RSU Grantee, unless the RSU Grantee is terminated by the Resulting Issuer with cause, in which case all RSU awards of the RSU Grantee, whether vested or unvested will be forfeited and cancelled without payment. Upon resignation of a participant, RSUs for which performance and other vesting criteria have been met will remain outstanding, and all other RSUs will be forfeited for no consideration. If any RSU Grantee (other than a U.S. participant) ceases to be eligible under the RSU Plan due to retirement, death or disability or termination without cause, unvested RSUs will not be cancelled but will continue to remain outstanding and vest in accordance with the terms of the RSU Plan for a period of 60 days after the termination date. Any RSUs granted to such RSU Grantee which have not become vested on or before the date that is 60 days from the termination date will terminate and become null and void as of such date. If any RSU Grantee who is a U.S. participant ceases to be eligible under the RSU Plan due to death or disability or termination without cause, any RSUs granted to such RSU Grantee that are then outstanding but unvested will become fully vested as of the occurrence of such event.

In the event of a change of control of the Resulting Issuer and the subsequent termination of the RSU Grantee, or a decrease or diminishment of the RSU Grantee's duties, the RSUs will immediately vest and RSU awards will be paid out in Resulting Issuer Shares or, in the event the Resulting Issuer is unable to obtain the required regulatory approvals, a cash amount equal to the fair market value of the Post-Consolidation Shares underlying the RSUs.

Payment of RSU Awards

RSU awards are currently designed to be paid out on the trigger date (which, with respect to an RSU, is the date set by the Resulting Issuer Board in the applicable award agreement, and if no date is set by the Resulting Issuer Board, then December 1 of the third calendar year following the grant date of the RSU) in Post-Consolidation Shares or, in the event the Resulting Issuer is unable to obtain the required regulatory approvals, a cash amount equal to the fair market value of the Resulting Issuer underlying the RSUs, less any applicable withholding tax.

Maximum Number of Post-Consolidation Shares Issued

The maximum number of Post-Consolidation Shares available for issuance upon the vesting of RSUs under the RSU Plan, in the aggregate, shall not exceed 1,367,148 Post-Consolidation Shares, subject to any adjustments under the terms of the RSU Plan. The maximum number of post-consolidated shares issuable pursuant to the RSU Plan, together with the Stock Option Plan, shall not exceed 10% of the Resulting Issuer's issued and outstanding shares.

Any Post-Consolidation Shares subject to a RSU which has been granted under the RSU Plan and which is settled, cancelled or terminated in accordance with the terms of the RSU Plan, shall again be available under the RSU Plan.

Dividends

In the event a cash dividend is paid on Post-Consolidation Shares, an RSU Grantee will be credited with the number of RSUs equal to the amount obtained by: (i) multiplying the amount of the dividend per Resulting Issuer Share by the aggregate number of RSUs that were credited to the RSU Grantee's account as of the record date for payment of the dividend and (ii) dividing by the fair market value of the Post-Consolidation Shares on the date on which the dividend is paid.

Fractional Entitlements

Where an RSU Grantee would be entitled to receive a fractional Resulting Issuer Share in respect of any fractional vested RSU, the Resulting Issuer shall pay to such RSU Grantee, in lieu of such fractional Resulting Issuer Share, cash equal to the fair market value of such fractional Resulting Issuer.

Transferability

RSUs may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of (other than to the beneficiary or estate of an RSU Eligible Person, as the case may be, upon the death of the RSU Grantee) during the vesting period.

Amendments to the RSU Plan

The RSU Plan may be amended or discontinued by the Resulting Issuer Board at any time, subject to applicable regulatory and Resulting Issuer Shareholder approvals, provided that no such amendment may materially and adversely affect any RSU previously granted under the RSU Plan without the consent of the RSU holder, except to the extent required by law. The Resulting Issuer Board may, without notice, at any time and from time to time, without Resulting Shareholder approval, amend the RSU Plan or any provisions thereof in such manner as the Board, in its sole discretion, determines appropriate including, without limitation:

- for the purposes of making formal minor or technical modifications to any of the provisions of the RSU Plan;
- to correct any ambiguity, defective provision, error or omission in the provisions of the RSU Plan;
- to change the vesting provisions of RSUs;
- to change the termination provisions of RSUs or the RSU Plan which does not entail an extension beyond the original expiry date of the RSU; or
- to make any amendments necessary or advisable because of any change in applicable law,
- provided, however, that no such amendment of the RSU Plan may be made without the consent of each affected participant in the RSU Plan if such amendment would adversely affect the rights of such affected participant(s) under the RSU Plan.

Shareholder Approval and Confirmation

At the Meeting, the Compass Shareholders will be asked to approve the RSU Plan. In order for the RSU resolution to be passed, it must be approved by a simple majority of the aggregate votes cast by

disinterested Compass Shareholders who vote in person or by proxy at the Meeting. The persons named in the enclosed form of proxy, if named as proxy, intend to vote for the approval of the RSU. The Board has approved the terms of the RSU Plan and recommends that the Compass Shareholders vote FOR the approval of the RSU Plan.

Therefore, at the Meeting, shareholders will be asked to pass a resolution in the following form:

"UPON MOTION, IT IS RESOLVED that the Company approve, subject to regulatory approval, the RSU Plan (as defined and described in the Company's information circular dated October 13, 2017) pursuant to which the directors may, from time to time, authorize the issuance aggregate up to a maximum of 1,367,148 post-consolidation common shares of the Company in respect of restricted share units."

THE BOARD RECOMMENDS THAT THE COMPANY'S SHAREHOLDERS VOTE FOR THE RESOLUTION APPROVING THE RSU PLAN. PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE SHARES ARE TO BE VOTED AGAINST SUCH APPROVAL.

The approval of the RSU Plan will be of on-going relevance to Compass only if the Acquisition Resolution is approved. See "Information Concerning the Acquisition" in this Circular.

CONTINUANCE INTO ONTARIO

The Company is currently existing under the BCBCA. The Company is seeking shareholder approval to continue the Company's corporate existence to Ontario under the OBCA.

As most of the management of the Resulting Issuer will be located in Ontario, management believes that it will be more efficient and cost effective for the Company to be governed by the laws of Ontario.

Upon the Continuance, the BCBCA will cease to apply to the Company and the Company will hereupon become subject to the OBCA, as if it had been originally incorporated as an Ontario company. The Continuation will not result in any change in business of the Company or its assets, liabilities or net worth. The Continuation is not a reorganization, an amalgamation or a merger.

If the special resolution approving the Continuance is approved at the Meeting, it is proposed the Company shall apply to and file all necessary documentation with the Registrar under the BCBCA for an authorization to continue into the Province of Ontario. Immediately following the receipt of the Registrar's authorization, it is proposed that the Company shall apply for a certificate of continuance and file articles of continuance under the OBCA to continue the Company into Ontario. The articles of continuance will constitute the governing instrument of the continued company under the OBCA and the certificate of continuance issued by the Director will be deemed to be the certificate of incorporation of the continued company.

Comparison of Rights Under the OBCA and the BCBCA

The provisions of the OBCA dealing with shareholder rights and protections are generally comparable to those contained in the BCBCA. Shareholders of the Company will not lose any significant rights or protection as a result of the Continuance.

The following is a summary comparison of the provisions of the OBCA and the BCBCA which pertain to the rights of shareholders. This summary is not intended to be exhaustive and shareholders should

consult their legal advisors regarding all of the implications of the Continuance.

Notwithstanding the alteration of shareholders' rights and obligations under the OBCA and the articles of incorporation and by-laws for the Company, the Company will still be bound by the rules and policies of the TSXV as well as the applicable securities legislation.

Charter Documents

Under the BCBCA, the charter documents consist of a "Notice of Articles", which sets forth the name of the Company and the amount and type of authorized capital, and "Articles" which govern the management of the Company (collectively, the "**Charter Documents**"). The Notice of Articles is filed with the Registrar of Companies and the Articles are filed only with the Company's registered and records office.

Under the OBCA, the Company has "articles", which set forth the name of the Company and the amount and type of authorized capital, and "bylaws" which govern the management of the Company. The articles are filed with the Director under the OBCA and the bylaws are filed with the Company's registered and records office.

Therefore, the current articles of the Company, which are suitable for a company governed by the BCBCA and not for a corporation governed by the OBCA, will have to be changed to new by-laws (the "**By-laws**") that are suitable for an Ontario corporation. The repeal of the existing Articles of the Company and the adoption of the By-laws has been approved by the directors, subject to the prior completion of the Continuation. Upon the Continuation becoming effective, the former articles of the Company will be repealed and replaced with the By-Laws as set out under the heading "Matters to be relied upon at the Meeting – Adoption of New General By-Law".

Sale of the Company's Undertaking

The OBCA requires approval of the holders of two-thirds of the shares of a corporation represented at a duly called meeting to approve a sale, lease or exchange of all or substantially all of the property of a corporation. Each share of the corporation carries the right to vote in respect of a sale, lease or exchange of all or substantially all of the property of a corporation whether or not it otherwise carries the right to vote. Holders of shares of a class or series can vote separately only if that class or series is affected by the sale, lease or exchange in a manner different from the shares of another class or series.

Under the BCBCA, the directors of a company may dispose of all or substantially all of the business or undertaking of such company only if it is in the ordinary course of the company's business or with shareholder approval authorized by special resolution. Under the BCBCA a special resolution requires the approval of a "special majority", which means the majority specified in a corporation's articles of at least two-thirds and not more than by three-quarters of the votes cast by those shareholders voting in person or by proxy at a meeting of the company.

Amendments to the Charter Documents

Under the OBCA substantive changes to the Charter Documents require a resolution passed by not less than two-thirds of the votes cast by the shareholders voting on the resolution authorizing the alteration and, where the certain specified rights of the holders of a class of shares are affected differently by the alteration than the rights of the holders of other classes of shares, a resolution passed by not less than two-thirds of the votes cast by the holders of all of the shares of a corporation, whether or not they

carry the right to vote, and a special resolution of each class, or series, as the case may be, even if such class or series is not otherwise entitled to vote. A resolution to amalgamate an OBCA corporation requires a special resolution passed by the holders of each class of shares or series of shares, whether or not such shares otherwise carry the right to vote, if such class or series of shares are affected differently.

Changes to the articles of a corporation under the BCBCA will be affected by the type of resolution specified in the articles of a corporation, which, for many alterations, including change of name or alterations to the articles, could provide for approval solely by a resolution of the directors. In the absence of anything in the articles, most corporate alterations will require a special resolution. Alteration of the special rights and restrictions attached to issued shares requires, in addition to any resolution provided for by the Articles, consent by a special resolution of the holders of the class or series of shares affected. A proposed amalgamation or continuation of a corporation out of the jurisdiction requires a special resolution as described above.

Rights of Dissent and Appraisal

The BCBCA provides that shareholders, including beneficial holders, who dissent from certain actions being taken by a company, may exercise a right of dissent and require such company to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable where a company proposes to:

- alter the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;
- adopt an amalgamation agreement;
- approve an amalgamation under Division 4 of Part 9 of the BCBCA;
- approve an arrangement, the terms of which arrangement permit dissent;
- authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking; and
- authorize the continuation of the company into a jurisdiction other than British Columbia.

The OBCA contains a similar dissent remedy, although the procedure for exercising this remedy is different from that contained in the BCBCA.

Oppression Remedies

Under the OBCA a shareholder, beneficial shareholder, former shareholder or beneficial shareholder, director, former director, officer, former officer of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, and in the case of an offering corporation the Ontario Securities Commission, may apply to a court for an order to rectify the matters complained of where in respect of a corporation or any of its affiliates, any act or omission of a corporation or its affiliates effects a result, the business or affairs of a corporation or its affiliates are or have been exercised in a manner that is oppressive or unfairly prejudicial to, or that unfairly disregards the interest of, any security holder, creditor, director or officer.

The oppression remedy under the BCBCA is similar to the remedy found in the OBCA, with a few differences. Under the OBCA, the applicant can complain not only about acts of the corporation and its

directors but also acts of an affiliate of the corporation and the affiliate's directors, whereas under the BCBCA, the shareholder can only complain of oppressive conduct of a company. In addition, under the BCBCA the applicant must bring the application in a “timely manner”, which is not required under the OBCA.

Shareholder Derivative Actions

Under the BCBCA, a shareholder, including a beneficial shareholder or a director of a company may, with leave of the court, bring an action in the name and on behalf of the company to enforce an obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such an obligation. An applicant may also, with leave of the court, defend a legal proceeding brought against a corporation.

A broader right to bring a derivative action is contained in the OBCA and this right extends to officers, former shareholders, directors or officers of a corporation or its affiliates, and any person who, in the discretion of the court, is a proper person to make an application to court to bring a derivative action. In addition, the OBCA permits derivative actions to be commenced in the name and on behalf of a corporation or any of its subsidiaries.

Requisition of Meetings

The OBCA permits the holders of not less than 5% of the issued shares that carry the right to vote at a meeting sought to be held to require the directors to call and hold a meeting of the shareholders of the corporation for the purposes stated in the requisition. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

The BCBCA provides that one or more shareholders of a company holding not less than 5% of the issued voting shares of the company may give notice to the directors requiring them to call and hold a general meeting which meeting must be held within 4 months.

Form of Proxy and Information Circular

The BCBCA requires a reporting company, such as the Company, to provide with notice of a general meeting a form of proxy for use by every shareholder entitled to vote at such meeting as well as an information circular containing prescribed information regarding the matters to be dealt with at the meeting.

The OBCA contains provisions which likewise require the mandatory solicitation of proxies and delivery of a management proxy circular.

Place of Meetings

The OBCA provides that meetings of shareholders may be held either inside or outside Ontario as the directors may determine.

The BCBCA requires all meetings of shareholders to be held in British Columbia unless a location outside British Columbia is provided for in the articles, approved by an ordinary resolution before the meeting or approved in writing by the Registrar under the BCBCA.

Directors

The OBCA requires that at least 25% of the directors be resident Canadians.

The BCBCA provides that a public company must have at least 3 directors but does not have any residency requirements for a company's directors.

Dissent Rights to the Continuance

Section 309 of the BCBCA gives to registered shareholders who object to the continuance of the Company out of British Columbia the right to dissent (the "**Dissent Right**") under Division 2 of Part 8 in respect of the Continuance and to be paid the fair value of their Compass Shares determined as of the day before the resolution approving the Continuance was passed.

Persons who are beneficial owners of Compass Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should contact the registered shareholder for assistance with exercising the Dissent Right.

The Dissent Right is briefly summarized below, but shareholders are referred to the full text of Sections 237 to 247 of the BCBCA attached to this Circular as Schedule "D" for a complete understanding of the Dissent Right under the BCBCA.

The statutory provisions dealing with the right of dissent are technical and complex. Any Shareholders who wish to exercise their right of dissent should seek independent legal advice, as failure to comply strictly with the provisions of Sections 237-247 of the BCBCA may prejudice their right of dissent.

Shareholders registered as such on October 13, 2017 may exercise rights of dissent pursuant to and in the manner set forth in Sections 237-247 of the BCBCA, provided that the notice of dissent duly executed by such Shareholder is received by the Company two business days in advance of the date of the Meeting. Dissenting Shareholders (the "**Dissenting Shareholder**") are ultimately entitled to be paid fair value for their dissenting shares (the "**Dissenting Shares**") and shall be deemed to have transferred their Dissenting Shares to the Company.

A vote against the Continuance Resolution, an abstention from voting in respect of the Continuance Resolution, or the execution or exercise of a Proxy to vote against the Continuance Resolution does not constitute a notice of dissent, but a Shareholder need not vote against the Continuance Resolution in order to dissent. However, a Shareholder who consents to or votes in favour of the Continuance Resolution, other than as a proxy for a shareholder whose proxy required an affirmative vote, or otherwise acts inconsistently with the dissent, will cease to be entitled to exercise any right of dissent (the "**Dissent Rights**").

Prior to the Continuance becoming effective, the Company will send a notice of intention to act to each Dissenting Shareholder stating that the Continuance Resolution has been passed and informing the Dissenting Shareholder of their intention to act on such Continuance Resolution. A notice of intention need not be sent to any Shareholder who voted in favour of the Continuance Resolution or who has withdrawn his notice of dissent. Within one month of the date of the notice given by the Company of its intention to act, the Dissenting Shareholder is required to send written notice to the Company that he or she requires the Company to purchase all of his or her shares and at the same time to deliver certificates representing those shares to the Company. Upon such delivery, the Dissenting Shareholder will be bound to sell and the Company will be bound to purchase the shares subject to the demand for a payment equal to their fair value as of the day before the day on which the Continuance Resolution was

passed by the Shareholders, excluding any appreciation or depreciation in anticipation of the vote (unless such exclusion would be inequitable). Every Dissenting Shareholder who has delivered a demand for payment must be paid the same price as the other Dissenting Shareholders.

A Dissenting Shareholder who has sent a demand for payment, or the Company, may apply to the Court which may:

- a) require the Dissenting Shareholder to sell and the Company, to purchase the shares in respect of which a notice of dissent has been validly given;
- b) set the price and terms of the purchase and sale, or order that the price and terms be established by arbitration, in either case having due regard for the rights of creditors;
- c) join in the application of any other Dissenting Shareholder who has delivered a demand for payment; and
- d) make consequential orders and give such directions as it considers appropriate.

No Dissenting Shareholder who has delivered a demand for payment may vote or exercise or assert any rights of a Shareholder in respect of their shares for which a demand for payment has been given, other than the rights to receive payment for those shares. Until a Dissenting Shareholder who has delivered a demand for payment is paid in full, that Dissenting Shareholder may exercise and assert all the rights of a creditor of the Company. No Dissenting Shareholder may withdraw his demand for payment unless the Company consents.

Strict adherence to the procedures set forth above will be required and failure to do so may result in the loss of all the Dissent Rights. Accordingly, each Shareholder who might desire to exercise the Dissent Rights should carefully consider and fully comply with the provisions set forth above and below and consult his or her legal advisor.

Sections 237-247 of the BCBCA

The following is a brief summary of the provisions of Sections 237-247 of the BCBCA. A Dissenting Shareholder who duly gives notice of dissent to the Continuance may require the Company, if the Continuance becomes effective, to purchase all of the shares held by such shareholder at the fair value of such shares as of the day before the date on which the special resolution was passed. A shareholder may give notice of dissent in respect of the Continuance by registered mail addressed to the Company at the addresses for the dissent notices (the "Dissent Notices") noted below. **The Dissent Notice must be received at the appropriate office of the Company, as specified below, at least 2 business days before the Meeting.** As a result of giving notice of dissent such shareholder may, on receiving a notice of intention to act under Sections 237-247 of the BCBCA, require the Company to purchase all the shares of such shareholder in respect of which the Dissent Notice was given. The text of Sections 237-247 of the BCBCA is set out in Schedule "D" to this Circular.

Address for the Dissent Notices

All of the Dissent Notices to the Company shall be addressed to:

Compass Gold Corporation
c/o DuMoulin Black LLP
10th Floor – 595 Howe Street

Vancouver, British Columbia
Canada V6C 2T5

The directors of the Company may elect not to proceed with the transactions contemplated in the Continuance Resolution if any of the Dissent Notices are received.

Shareholders who wish to exercise Dissent Rights should carefully review the dissent procedures described in Sections 237 to 247 of the BCBCA attached to this Circular as Schedule "D" and seek legal advice, as failure to adhere strictly to the Dissent Right requirements may result in the loss of any right to dissent.

Shareholder Approval

The Continuance must be approved by the affirmative vote of at least two-thirds of the votes cast by shareholders on the resolution in person or by proxy at the Meeting.

THE BOARD RECOMMENDS THAT THE COMPANY'S SHAREHOLDERS VOTE FOR THE SPECIAL RESOLUTION APPROVING THE CONTINUANCE. PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE SPECIAL RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE SHARES ARE TO BE VOTED AGAINST SUCH APPROVAL. In the event Shareholder approval is not given, the Company will not proceed with the Continuance.

ADOPTION OF NEW GENERAL BY-LAW

If the Continuance is approved and effected, By-Law No. 1 under the OBCA which has been conditionally approved by the board of directors will be implemented as the Company's general by-law. The shareholders will be asked to consider and, if thought appropriate, approve, a resolution confirming By-Law No. 1, a copy of which is attached hereto as Schedule "E".

By-Law No. 1 is standard in its form and governs all aspects of the business and affairs of the Company, such as the establishment of a quorum for meetings of directors and shareholders, the conduct of such meeting, signing authorities, the appointment of officers, the description of the officers' duties, the establishment of committees of the board of directors, the authority of persons to contract on behalf of the Company and similar matters.

Shareholders are being asked to consider and, if deemed advisable, approve and pass the following resolution:

"BE IT RESOLVED THAT:

1. any existing by-laws of the Company be repealed and By-Law No. 1, being a general by-law in the form attached to the management information circular dated October 13, 2017, as Schedule "E" be and is hereby confirmed as a by-law of the Company; and
2. any one or more directors or officers be and are hereby authorized, upon the board of directors resolving to give effect to this resolution, to take all necessary steps and proceedings, and to execute and deliver and file any and all applications, declarations, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to the provisions of this resolution."

In order to confirm By-Law No. 1, at least a majority of the votes cast at the Meeting by shareholders must be voted in favour of the resolution confirming the same.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE FOREGOING RESOLUTION REPEALING THE EXISTING BY-LAWS AND CONFIRMING THE ADOPTION OF BY- LAW NO. 1. BY-LAW NO. 1 MUST BE APPROVED BY THE MAJORITY OF VOTES CAST AT THE MEETING ON THE RESOLUTION, UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER COMPASS SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding Compass Shares, except as set forth below. The table below also sets forth the number and percentage of the outstanding Compass Shares owned or over which control or direction is exercised by each director and officer of Compass, and, where known after reasonable enquiry, each associate of a director or officer of the Company and any person or company acting jointly or in concert with a director or officer of the Company.

For the purpose of this disclosure, "associate" of a person means: (a) an issuer of which the person beneficially owns or controls, directly or indirectly, voting securities entitling the person to more than 10% of the voting rights attached to outstanding securities of the issuer; (b) any partner of the person; (c) any trust or estate in which the person has a substantial beneficial interest or in respect of which a person serves as trustee or similar capacity; and (d) a relative of that person if the relative has the same home as that person.

<i>Name and Relationship to the Company</i>	<i>No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly (non-diluted)</i>	<i>Percentage of Outstanding Compass Shares (non-diluted)</i>
Jamie Henderson Chairman and Director	595,137 ⁽¹⁾	3.79%
Madani Diallo Director	455,044	2.90%
Lara Iacusso Chief Financial Officer, Director	144,683 ⁽²⁾	0.92%
Malcolm Carson Director	3,958 ⁽³⁾	0.02%
Larry Philips Director	25,000	0.16%
Ian Spence Chief Executive Officer	12,303	0.08%
Danica Topolewski Corporate Secretary	Nil	N/A

(1) Of these Compass Shares, 23,152 are held by Mr. Henderson directly, 57,850 are held in the name of Jalonex Investments Pty Ltd., 313,568 are held in the name of JH & KM Pty Ltd., 170,120 are held in the name of Transocean Finance Pty Ltd. and 30,447 are held in the name of Transocean Securities Pty Ltd., all of which are companies controlled by Henderson. Mr. Henderson also beneficially holds: 300,000 warrants 300,000 Compass Shares at an exercise price of \$0.07 with an expiry date of May 4, 2018.

- (2) All of these Compass Shares are held in the name of Portafortuna Pty Ltd., a company controlled by Ms. Iacusso. Ms. Iacusso also beneficially holds warrants exercisable to purchase 100,000 Compass Shares at an exercise price of \$0.07 with an expiry date of May 4, 2018.
- (3) All of these Compass Shares are held in the name of The Carson Family Trust, a trust controlled by Mr. Carson.

None of the persons listed in the table above are expected to receive any direct or indirect benefit as a result of the Transaction, other than the MGE Shareholders in connection with the consideration to be received by them pursuant to the Transaction. See also "Interest of Certain Persons in Matters to be Acted Upon" below.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set forth below, none of the directors or executive officers of the Company, any person who has held such a position since the beginning of the last completed financial year of the Company, or any associate or affiliate of any of the foregoing persons, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

The Transaction involves the acquisition by the Company from the MGE Shareholders 100% of the issued shares in MGE. The MGE Shareholders are (or are affiliates of, in the case of Transocean) directors and/or executive officers of the Company and have a material interest in the Transaction. The following table sets forth the current security holdings of the MGE Shareholders, and their affiliates and associates, in the Company and their expected holdings in the Company on completion of the Transaction (based on the number of issued and outstanding Compass Shares on the date hereof and assuming completion of the Private Placement):

<i>Name and Position with the Company</i>	<i>No. of Compass securities currently held⁽¹⁾</i>	<i>% of Compass Shares currently held (non-diluted and partially diluted)⁽⁴⁾</i>	<i>No. of Consideration Shares and Consideration Warrants to be issued under the Transaction⁽⁵⁾</i>	<i>No. of Compass Shares to be held on completion of the Transaction (non-diluted and partially diluted)⁽⁴⁾⁽⁶⁾</i>	<i>% of Compass Shares to be held on completion of the Transaction (non-diluted and partially diluted)⁽⁴⁾</i>
Jamie Henderson Chairman and Director	595,137 Compass Shares ⁽²⁾ 300,000 share purchase warrants ⁽³⁾	3.79% (non-diluted) 5.59% (partially diluted)	3,077,587 Consideration Shares	3,196,614 Compass Shares (non-diluted) 3,256,614 Compass Shares (partially diluted)	11.7% (non-diluted) 11.9% (partially diluted)
Madani Diallo Director	455,044 Compass Shares	2.90% (non-diluted) 2.90% (partially diluted)	3,077,586 Consideration Shares	3,168,595 Compass Shares (non-diluted) 3,168,595 Compass Shares (partially diluted)	11.6% (non-diluted) 11.6% (partially diluted)

<i>Name and Position with the Company</i>	<i>No. of Compass securities currently held⁽¹⁾</i>	<i>% of Compass Shares currently held (non-diluted and partially diluted)⁽⁴⁾</i>	<i>No. of Consideration Shares and Consideration Warrants to be issued under the Transaction⁽⁵⁾</i>	<i>No. of Compass Shares to be held on completion of the Transaction (non-diluted and partially diluted)⁽⁴⁾⁽⁶⁾</i>	<i>% of Compass Shares to be held on completion of the Transaction (non-diluted and partially diluted)⁽⁴⁾</i>
Larry Phillips Director	25,000 Compass Shares	0.16% (non-diluted) 0.16% (partially diluted)	400,000 Consideration Shares	405,000 Compass Shares (non-diluted) 405,000 Compass Shares (partially diluted)	1.5% (non-diluted) 1.5% (partially diluted)

- (1) The number of securities currently held does not reflect the impact of the Consolidation.
- (2) Of these Compass Shares, 23,152 are held by Mr. Henderson directly, 57,850 are held in the name of Jalonex Investments Pty Ltd., 313,568 are held in the name of JH & KM Pty Ltd., 170,120 are held in the name of Transocean Finance Pty Ltd. and 30,447 are held in the name of Transocean Securities Pty Ltd., all of which are companies controlled by Henderson.
- (3) The warrants are held in the name of JH & KM Pty Ltd.
- (4) The partially diluted calculation assumes that the named person exercises all outstanding stock options and share purchase warrants held by the person to acquire Compass Shares, and that no other outstanding securities are exercised by any other person to acquire Compass Shares.
- (5) 90% of these securities are required to be placed and held in escrow following the Closing. See "Information Concerning the Resulting Issuer – Escrowed Securities".
- (6) The number of shares to be issued on completion of the Transaction includes the impact of the Consolidation and assumes the holder does not participate in the Private Placement.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this section, "Informed Person" means (i) a director or executive officer of the Company; (ii) a director or executive officer of a person or company that is itself an Informed Person or subsidiary of the Company; and (iii) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company.

Except as disclosed in this Information Circular in relation to the Transaction, no Informed Person, or any associate or affiliate of any Informed Person, has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries, other than as set forth below.

THE TRANSACTION

GENERAL

Pursuant to the Share Exchange Agreement, the Company has agreed to purchase, through Compass Sub, the MGE Shares from the MGE Shareholders in consideration for the issuance of the Consideration Shares, subject to receipt of all necessary regulatory and shareholder approvals. Accordingly, on the Closing MGE will become an indirect, wholly-owned subsidiary of the Company. The terms and conditions of the Share Exchange Agreement as described herein are qualified in their entirety by

reference to the full text of the Share Exchange Agreement available on the Company's SEDAR page at www.sedar.com. See "Share Exchange Agreement" below.

RELATED PARTY TRANSACTION

As the Acquisition involves the purchase by the Company of assets (the MGE Shares) from "related parties" of the Company (the MGE Related Shareholders), the Acquisition constitutes a "related party Acquisition" under MI 61-101. As a result, among other things, the Acquisition cannot be completed unless approved at the Meeting by the Minority Shareholders (see "Minority Shareholder Approval of the Acquisition" below).

The Acquisition is exempt from the formal valuation requirements of MI 61-101 due to the fact that the Company is listed on the TSXV and not listed on a more senior exchange.

There are currently 15,709,839 Compass Shares outstanding (3,141,967 on a Post-Consolidation basis). After giving effect to the Transaction, there will be approximately 27,341,967. Post-Consolidation Compass Shares, of which approximately 11% will be held by the current Compass Shareholders. See "General Meeting Matters – Interest of Certain Persons in Matters to be Acted Upon".

ARRANGEMENTS BETWEEN THE COMPANY AND SECURITY HOLDERS

Other than the Share Exchange Agreement, there is no agreement, commitment or understanding made or, to the Company's knowledge, proposed to be made between the Company and a security holder of the Company relating to the Transaction.

BACKGROUND TO THE TRANSACTION

Since April 2014, the Company has been listed on the NEX board of the TSXV and its sole business has been identifying and evaluating mining assets with a view to completing a transaction that would constitute a "Reactivation" within the meaning of TSXV policies. In June 2017, the Company received a proposal from MGE for the Company to acquire or otherwise merge with MGE.

REASONS FOR THE TRANSACTION

The Company has positioned itself as an emerging mineral exploration company in the highly prospective gold producing areas in South West and Western Mali. Mali is the third largest gold producer in Africa. The Transaction will result in 100% control over the MGE Properties (or Sikasso Property) comprising gold exploration permits covering 1,179 square kilometers located within Mali's Birimian Greenstone Belt, one of the fastest growing gold production and exploration area in the world. The Company believes that acquisition of 100% of these assets will position the Company to develop the existing MGE projects and create opportunities to grow through focussed acquisition and/or increased land holdings in West Africa. See also the various other reasons set forth under "The Transaction – Recommendation of the Special Committee".

SUMMARY OF SPECIAL COMMITTEE PROCEEDINGS

On July 7, 2017, the Board formed the Special Committee to review all aspects of the transaction proposed by MGE, as well as other potential transactions available to the Company.

The Board determined that the members of the Special Committee are independent directors within the meaning of MI 61-101, which is adopted under Policy 5.9 of the TSXV, in relation to the Acquisition, as neither member of the Special Committee:

- (a) is an "interested party" (as that term is defined in MI 61-101) in the Acquisition;
- (b) is currently, or has been at any time during the 12 months before the date of the Share Exchange Agreement, an employee, associated entity or issuer insider of an interested party (as those terms are defined in MI 61-101), or of an affiliated entity of an interested party, other than solely in his capacity as a director of the Company;
- (c) is currently, or has been at any time during the 12 months before the date of the Share Exchange Agreement, an adviser to an interested party in connection with the Transaction, or an employee, associated entity or issuer insider of an adviser to an interested party in connection with the Transaction, or of an affiliated entity of such an adviser, other than solely in his capacity as a director of the Company;
- (d) has a material financial interest in an interested party or an affiliated entity of an interested party; or
- (e) would reasonably be expected to receive a benefit as a consequence of the Acquisition that is not also available to Minority Shareholders including, without limitation, the opportunity to obtain a financial interest in an interested party, an affiliated entity of an interested party, the Company or a successor to the business of the Company.

The mandate of the Special Committee included, among other things, if it determined whether to pursue a transaction with MGE, to negotiate the terms of the proposed transaction, and the settlement of the terms of the definitive agreement to be entered into by the Company, in consultation with management and financial and legal advisors.

Between July 12, 2017 and August 22, 2017, the Special Committee and MGE conducted discussions and negotiations regarding the terms of a potential transaction between the two companies and the Company conducted initial due diligence regarding MGE. On July 13, 2017, the Company entered into a binding letter of intent with MGE and its principal shareholders with respect to the Acquisition, as described in the Company's news release of July 13, 2017. The letter of intent provided that the Company's obligations to proceed with the Acquisition were subject to, among other things, the Special Committee recommending approval of the Acquisition by the Board.

Between July 13, 2017 and August 22, 2017, the Special Committee conducted additional due diligence regarding MGE and the Sikasso Property, including reviewing a draft of the Technical Report and preparing an interim due diligence report. During this time, the Special Committee also negotiated with MGE regarding the terms of the Share Exchange Agreement.

RECOMMENDATION OF THE SPECIAL COMMITTEE

During August 2017, the Special Committee reviewed its findings and the proposed terms of the Share Exchange Agreement and found that fair and in the best interests of the Company and its shareholders for the Company to enter into the Share Exchange Agreement and proceed with the Acquisition. The Special Committee evaluated all factors considered relevant by it in light of its knowledge of the

business and operations of the Company and MGE, and in light of its business judgment. While the Special Committee did not find it practicable to quantify or otherwise attempt to assign relative weights to the specific factors considered in its determination, the Special Committee placed particular emphasis on the potential of the Sikasso Property, as described in the draft Technical Report.

On that basis, the Special Committee provided its report to the Board and recommended to the Board that it approve the Acquisition and enter into the Share Exchange Agreement.

On August 22, 2017, the Board accepted the recommendation of the Special Committee and approved the Acquisition and Share Exchange Agreement. The Company announced the execution of the Share Exchange Agreement on August 23, 2017.

RECOMMENDATIONS OF THE BOARD

The Board has unanimously determined, based upon, among other things, the considerations noted below, that the terms of the Transaction are in the best interests of the Company and are fair to Compass Shareholders, and unanimously recommends that the Minority Shareholders vote in favour of the Acquisition Resolution approving the Transaction.

In arriving at its conclusion, the Board considered, among other matters:

- (a) the recommendation of the Special Committee;
- (b) information with respect to the financial condition, business and operations, on both an historical and prospective basis, of the Company and MGE including information in respect of the Company and MGE on a pro forma consolidated basis;
- (c) information provided by MGE with respect to its assets, including the Technical Report;
- (d) other potential reorganization transactions that the Company could pursue; and
- (e) that the Minority Shareholders must approve the Acquisition Resolution.

The Board consider the same factors outlined by the Special Committee, as described above under "Recommendation of the Special Committee", make the Acquisition advantageous to the Company and Compass Shareholders.

TRANSACTION RISK FACTORS

MGE's business should continue to be considered as a highly speculative investment and the transactions contemplated herein should be considered of a high-risk nature. Compass Shareholders should carefully consider all of the information disclosed in this Information Circular prior to voting on the Acquisition Resolution. In addition to the other information presented in this Information Circular (without limitation, see also "Information Concerning MGE – Risk Factors" and "Information Concerning the Resulting Issuer – Risk Factors"), the following risk factors should be given special consideration in relation to the Transaction:

1. Uncertainty as to whether the Transaction will ultimately have a positive impact on the Company.

2. The completion of the Transaction will dilute the interests of Compass Shareholders and will result in the former MGE Shareholders holding approximately 44% of the outstanding shares of the Resulting Issuer (assuming completion of the maximum Private Placement, but no exercise of the Oversubscription Right).
3. There is no assurance that the Transaction, including the Private Placement, can be completed as proposed and that all necessary regulatory approvals will be obtained.
4. There is no assurance that the business of the Company, after completing the Transaction, will be successful.

MINORITY SHAREHOLDER APPROVAL OF THE TRANSACTION

Pursuant to MI 61-101 and the requirements of the TSXV, the Company cannot complete the Transaction unless it is first approved by the Minority Shareholders at the Meeting by way of an Ordinary Resolution.

Excluded Votes

To the knowledge of the Board and management, the following Compass Shareholders are required to be excluded from voting on the Acquisition Resolution at the Meeting pursuant to MI 61-101, as such persons are either "interested parties" in the Transaction, a "related party" of an interested party or a "joint actor" with any of the foregoing persons in respect of the Transaction (as such terms are defined in MI 61-101):

<i>Related Party</i>	<i>No. of Compass Shares beneficially held</i>
Diallo	455,044
Henderson	595,137
Phillips	25,000
Total:	1,075,181

Acquisition Resolution

At the Meeting, Minority Shareholders will be asked to consider and, if thought advisable, pass the Acquisition Resolution, the full text of which is set forth in Schedule "F" to this Information Circular.

If the Acquisition Resolution is not approved at the Meeting, the Transaction will not be completed, the Share Exchange Agreement will be terminated and the Company have no interest in MGE.

Notwithstanding the approval of the Acquisition Resolution by Compass Shareholders, the Acquisition Resolution authorizes the directors of the Company to abandon the Transaction without further approval from Compass Shareholders at any time prior to the closing of the Transaction.

REGULATORY APPROVALS

The Company has received the conditional approval of the TSXV to the Transaction. The Transaction is characterized as a "Reviewable Transaction" under applicable TSXV policy as well as a related party transaction that is subject to MI 61-101 as adopted by TSXV policy. If the Acquisition Resolution is approved at the Meeting, the Company must file customary submissions and documents with the TSXV to obtain the final approval of the TSXV to complete the Transaction.

The Company cannot provide any assurances that the remaining approvals required by the TSXV in relation to the Transaction will be obtained.

FEES AND EXPENSES

The total cost of and implementing the Transaction is estimated to be approximately \$400,000, including, without limitation, amounts paid or payable to financial advisors, legal counsel, auditors, printers, transfer agents, authors of technical reports, applications and filing fees to stock exchanges and other regulatory authorities, due diligence reviews, preparation of the technical reports, preparation and distribution of all necessary disclosure and other documents, preparation of the Share Exchange Agreement and other agreements, and other steps to implement the Transaction. Pursuant to the Share Exchange Agreement, the Company has agreed to fund \$50,000 in costs incurred by MGE and the MGE Shareholders in relation to the Share Exchange Agreement.

SHARE EXCHANGE AGREEMENT

The Transaction will be completed in accordance with the terms and conditions of the Share Exchange Agreement.

The general description of the Share Exchange Agreement which follows is qualified in its entirety by reference to the full text of the Share Exchange Agreement was filed on SEDAR on August 28, 2017.

General

The Company, the Compass Sub, MGE and the MGE Shareholders (collectively referred to in this section "Share Exchange Agreement" as the "**parties**" or individually as a "**party**") entered into the Share Exchange Agreement which is dated effective August 22, 2017.

In the Share Exchange Agreement, the parties provided representations and warranties to one another regarding certain customary commercial matters, including corporate, legal and other matters, relating to their respective affairs. In particular, the MGE Shareholders and MGE provided detailed representations and warranties in relation to the affairs and properties of MGE, and the MGE Shareholders provided representations and warranties in relation to their title to the MGE Shares to be transferred to the Company at the Closing.

The parties have agreed to use all reasonable commercial efforts to obtain, in a timely manner, all necessary shareholder and regulatory approvals, including in respect of the Company the approval of the Compass Shareholders and the TSXV, to the Transaction.

From the effective date of the Share Exchange Agreement up to the time of Closing, MGE has agreed (and the MGE Shareholders have agreed to cause MGE), among other things, to conduct the business of

MGE only in the ordinary course in the same manner as previously conducted; maintain its payables and other liabilities at levels consistent with past practice; not engage in any material transactions; make no distributions, dividends or special bonuses and issue no shares or securities convertible into shares without the prior written consent of Compass; facilitate the preparation of a Technical Report, and cooperate with Compass and its agents and representatives in that respect; assist Compass with obtaining all Regulatory Approvals by providing Compass with such information and documents as Compass may reasonably request; facilitate the provision of the Title Opinion to Compass, its counsel, the TSXV and if necessary, the Sponsor; if sponsorship is required by the TSXV, cooperate with the Sponsor in respect of its work to complete a sponsorship report acceptable to the TSXV; if a valuation is required by the TSXV, cooperate with any valuator retained by compass to value the MGE Shares and, from and including the Effective Date through to and including the Time of Closing, maintain the MGE Property in good standing free and clear of all liens and encumbrances, including the payment of all fees, rentals, rates, taxes, bonds and other payments relating to the MGE Property. The MGE Shareholders have agreed, among other things, not to transfer, sell, encumber or otherwise dispose of any of the MGE Shares or any interest therein without the prior written consent of the Company.

Private Placement

Compass and MGE have agreed to use their commercially reasonable best efforts to complete the Private Placement concurrently with the completion of the Acquisition. Subject to approval from MGE, Compass may exercise its Oversubscription Right, which would result in aggregate gross proceeds of up to \$8 million. Compass may pay to eligible third parties a cash commission or finder's fee in connection with the Private Placement.

Consolidation and Continuance

Compass has agreed to use its commercially reasonable best efforts to complete the Consolidation and Continuance concurrently with the completion of the Acquisition.

Termination

Each of MGE (on its own behalf and on behalf of the MGE Shareholders) and Compass (on its own behalf and on behalf of Compass Sub), in its sole discretion, has the right to terminate Share Exchange Agreement: (a) in the event it becomes apparent the TSXV will not approve the terms of the Share Exchange Agreement or the transactions contemplated therein; (b) if any other party has breached or is in default of any material term of the Share Exchange Agreement and fails to cure or remedy such breach or default within 14 days after receiving written notice thereof from the party not in breach or default; or (c) if the Closing does not occur on or before the Drop Dead Date.

In the event the Share Exchange Agreement is terminated because the conditions precedent in favour of Compass, excluding the completion of due diligence investigations, are not satisfied, then the following will apply: (a) In respect of any Transaction Costs paid by Compass at any time after the execution of the Share Exchange Agreement, MGE and the MGE Shareholders, as applicable, shall repay such Transaction Costs to Compass within 60 days of the date of termination; and (b) MGE shall pay to Compass a break fee of \$100,000, less any Transaction Cost refunded in (a) above, within 60 days of the date of termination.

In the event the Share Exchange Agreement is terminated because the shareholders of Compass do not approve the Transaction at any meeting convened for that purpose, or because the conditions

precedent in favour of MGE are not satisfied, then the following will apply: (a) In respect of any Transaction Costs paid by Compass at any time after the execution of the Share Exchange Agreement, such Transaction Costs will be on account of Compass and Compass will have no recourse to MGE or the MGE Shareholders or reimbursement thereof; and (b) Compass shall pay a break fee of \$100,000 to MGE within 60 days of the date of termination.

Non-Solicitation

From the Effective Date until completion of the transactions contemplated in the Share Exchange Agreement or the earlier termination thereof, MGE, the MGE Shareholders and Compass have agreed to not, directly or indirectly, solicit, initiate, assist, facilitate, promote or encourage proposals or offers from, entertain or enter into discussions or negotiations with, or provide information relating to the securities, business, operations, affairs or financial condition of MGE or Compass to any persons in connection with the acquisition or distribution of any securities of MGE or Compass, or any amalgamation, merger, consolidation, arrangement, restructuring, refinancing, sale of any material assets of MGE or Compass, unless such action, matter or transaction is part of the transactions contemplated in the Share Exchange Agreement (including the Private Placement) or is satisfactory to, and is approved in writing in advance by MGE and Compass or is necessary to carry on the normal course of business.

Conditions to the Transaction Becoming Effective

The respective obligations of the parties to complete the transactions contemplated by the Share Exchange Agreement are subject to the satisfaction, on or before the Closing Date, of the following mutual conditions precedent:

- (a) Compass being in a position to close, and Compass closing, the Private Placement concurrently with the Closing;
- (b) receipt of all required third party and regulatory approvals in relation to the Transaction, including approval of the Acquisition Resolution at the Meeting and approval of the Transaction by the TSXV; and
- (c) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Share Exchange Agreement.

Conditions to Obligations of the Company

The obligations of the Company and the Compass Sub to complete the transactions contemplated by the Share Exchange Agreement are further subject to the following remaining conditions, which may be waived by the Company in whole or in part without prejudice to its right to rely on any other condition in its favour:

- (a) Compass being satisfied, in its sole discretion, with the results of its due diligence regarding MGE, the MGE Subsidiaries and the MGE Property;
- (b) MGE and all of the MGE Shareholders having complied with all of their respective covenants and agreements contained in the Share Exchange Agreement;

- (c) the representations and warranties of MGE and all of the MGE Shareholders contained in the Share Exchange Agreement being completely true as if such representations and warranties had been made by MGE and the MGE Shareholders as of the time of Closing (with modifications necessary to reflect the transactions contemplated by the Share Exchange Agreement); and
- (d) transfer of legal and beneficial ownership of all MGE Shares shall have been delivered at the Closing.

Conditions to Obligations of MGE and the MGE Shareholders

The obligations of the MGE and the MGE Shareholders to complete the transactions contemplated by the Share Exchange Agreement are further subject to the following conditions, which may be waived by MGE (on its own behalf and on behalf of the MGE Shareholders) in whole or in part without prejudice to their right to rely on any other condition in favour of MGE or the MGE Shareholders:

- (a) Compass having complied in all material respects with all of its covenants and agreements contained in the Share Exchange Agreement;
- (b) the representations and warranties of Compass contained in the Share Exchange Agreement being true in all material respects as if such representations and warranties had been made by Compass as of the time of Closing (with modifications necessary to reflect the transactions contemplated by the Share Exchange Agreement); and
- (c) all documents necessary to complete the issuance of all Consideration Shares shall have been delivered at the Closing.

INFORMATION CONCERNING MGE

The following information is provided by MGE, is presented on a pre-Transaction basis and is reflective of the current business, financial and share capital position of MGE. See "Information Concerning the Resulting Issuer" for business, financial and share capital information for MGE and the Company on a post-Transaction basis.

CORPORATE STRUCTURE OF MGE

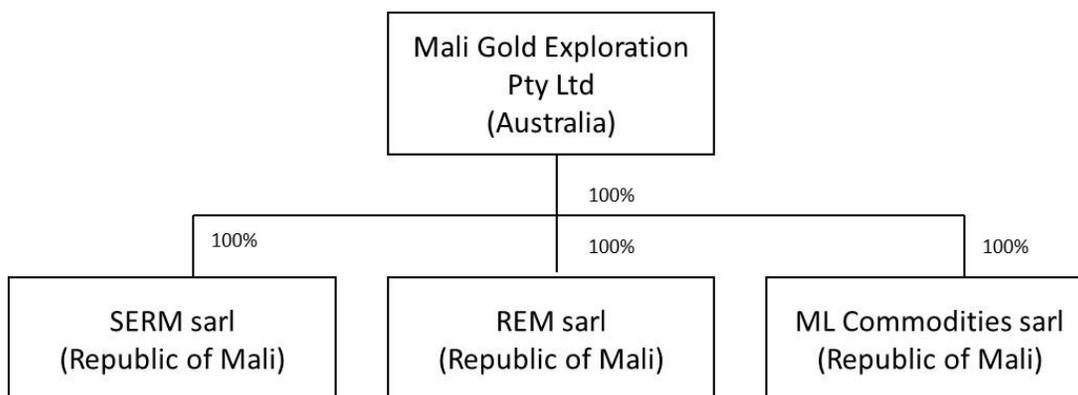
MGE was incorporated under the laws of Australia in May 2012.

The head office, registered office and records office of MGE is located at Level 5, 56 Pitt Street Sydney, NSW, 2000, Australia.

The head office, registered office and records office of the MGE Subsidiaries is located at Bamako, Faladie Sema Rue 824 Porte 202, Bamako, Mali.

Following completion of the Acquisition, the Resulting Issuer will hold 100% of the issued and outstanding MGE Shares and MGE will be a wholly-owned subsidiary of the Resulting Issuer.

MGE currently has three subsidiaries, as illustrated by the following organizational chart, with the jurisdiction of incorporation in parentheses:



General Development of the Business of Target

MGE is a private Australian exploration company that holds the MGE subsidiaries which hold gold exploration permits located in Mali that comprise the Sikasso Property.

Three Year History of MGE

MGE was incorporated under the laws of Australia in May 2012.

On May 4, 2012, MGE acquired the MGE Subsidiaries pursuant to a Sale and Purchase Agreement between MGE, the MGE Subsidiaries, Africa Resources sarl, Transocean and Diallo (the “**MGE Sale and Purchase Agreement**”). Pursuant to the MGE Sale and Purchase Agreement, MGE purchased, and Diallo and Transocean sold, all of the common shares of each of SERM, REM and ML Commodities such that MGE would hold all of the outstanding securities of each of SERM, REM and ML Commodities and 100% of each of the Licences, upon and subject to the terms and conditions set forth in the MGE Sale and Purchase Agreement. The consideration for the acquisition was the issue of 14.9 million shares in MGE – 50% to Diallo and 50% to Transocean.

On May 31 2012, MGE completed a A\$200,000 capital raising by the issue of 2,241,379 shares in MGE to an investor.

Since 2012, MGE has completed exploration work as described in further detail in the following sections. Funding was provided to MGE by the MGE Related Shareholders to undertake this exploration work and provide working capital for MGE and the MGE Subsidiaries.

In June 2017, the MGE completed a share for debt transaction in respect of loans owed to related parties of MGE. As a result, the company issued 1,558,621 shares at an issue price of \$0.15 (total \$233,794) in the Company to settle a total of \$8,704,545 of loans due to related parties. Under the arrangement, the parties agreed to forgive the balance of any further loans owed by the Company. The total amount of debt forgiven was \$8,470,751. This amount was recorded as contributed surplus.

In June 2017, MGE issued a total of 1,200,000 new shares to raise \$36,000 from proposed directors of the Resulting Issuer.

Significant Acquisitions and Dispositions

Other than the transactions outlined in the MGE Sale and Purchase Agreement described above, there have been no significant acquisitions or dispositions by MGE.

Narrative Description of the Business

MGE is a private Australian exploration company that owns the MGE subsidiaries who hold gold exploration permits over the Sikasso Property in located in gold producing regions in Mali. Its business is to explore the Sikasso Property, and, based on the exploration results and economic conditions, develop the Sikasso Property with a view to eventual gold production.

Products and Operations

At present, MGE is an exploration stage company with no producing properties and consequently has no current operating income cash flow or revenues. There is no assurance that a commercially viable mineral deposit exists at the Sikasso Property.

Specialized Skills and Knowledge

All aspects of MGE's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning and implementation of exploration programs and accounting. The MGE Related Shareholders together with the proposed directors of the Resulting Issuer have relevant specialised skills and knowledge to manage MGE.

Environmental Conditions

All aspects of MGE's field operations will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement of mining activities. Any failure to comply could result in fines and penalties.

Foreign Operations

MGE's business is located in Mali, West Africa and may be exposed to various degrees of political, economic and other risks and uncertainties. MGE's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Mali affecting foreign trade, investment and taxation.

The MGE Related Shareholders together with the proposed directors of the Resulting Issuer have substantial experience in operating and managing mining and exploration businesses in Mali.

Market and Marketing

MGE's principal product under exploration is gold. There is a worldwide gold market into which MGE could sell and, as a result, MGE would not be dependent on a particular purchaser with regard to the sale of any gold produced, if and when it reaches production. As MGE is not yet producing, it is not marketing and does not require a marketing plan or strategy.

Competitive Conditions

Companies operating in the mining industry must manage risks, which are beyond the direct control of company personnel. Among these risks are those associated with exploration, environmental damage, commodity prices, foreign exchange rates and interest rates. The mineral exploration and mining industry is very competitive and MGE will be required to compete for the acquisition of mineral permits, claims, leases and other mineral interests for exploration and development projects. As a result of this competition, the majority of which is with companies with greater financial resources than MGE, MGE may not be able to acquire or retain attractive properties in the future on terms it considers acceptable. The ability of MGE to acquire and retain mineral properties in the future will depend on its ability to operate and develop its existing properties and also on its ability to obtain additional financing to fund further exploration activities. MGE also competes with other mining companies for investment capital with which to fund such projects and for the recruitment and retention of qualified consultants and employees.

Employees

Since incorporation, MGE or its subsidiaries have not had any employees and have relied on work being undertaken by consultants as required.

Lending/Investments

Other than the MGE Subsidiaries, MGE does not currently hold any investments or owe any material long term liabilities. MGE has not adopted any specific policies or restrictions regarding investments or lending, but will ensure any investment or debt activities incurred are in the best interests of MGE and its shareholders. MGE expects that in the immediate future in order to maintain and develop its mineral properties, it will need to raise additional capital through the Private Placement.

Bankruptcy and Reorganization

There are no bankruptcies, receivership or similar proceedings against MGE, nor is MGE aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by MGE, nor has it been party to any reorganization, since its incorporation.

MATERIAL MINERAL PROJECTS

Material Mining Properties

MGE's material mineral property is the Sikasso Property located in Mali. The Technical Report regarding the Sikasso Property was filed on SEDAR on September 5, 2017. The following information regarding the Sikasso Property is derived from the Technical Report.

Property Description and Location

The Property covers a total area of 1179 km² and is located in Sikasso Region, Republic of Mali, and is comprised of four non-surveyed prospecting permits consisting of the Yanfolila Block and the isolated, non-surveyed Kalé permit. The Yanfolila Block is approximately 150 km south-southwest of Bamako, and the Kalé permit is located 230 km east-southeast of Sikasso. The approximate centre of the Property is located at 10° 58' 00" N latitude and 7° 08' 30" W longitude. The Sikasso Property location and access routes are shown in Figures 1 and 2 below.

Figure 1. Property Location and Access Routes

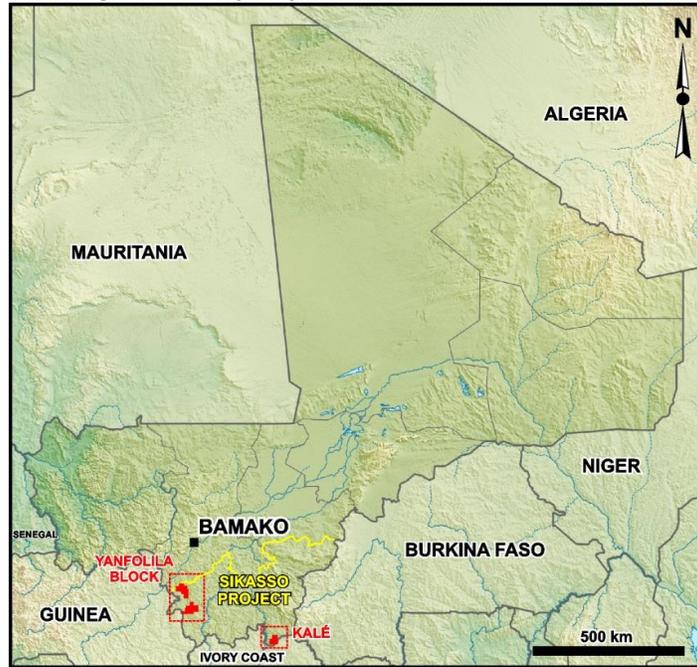
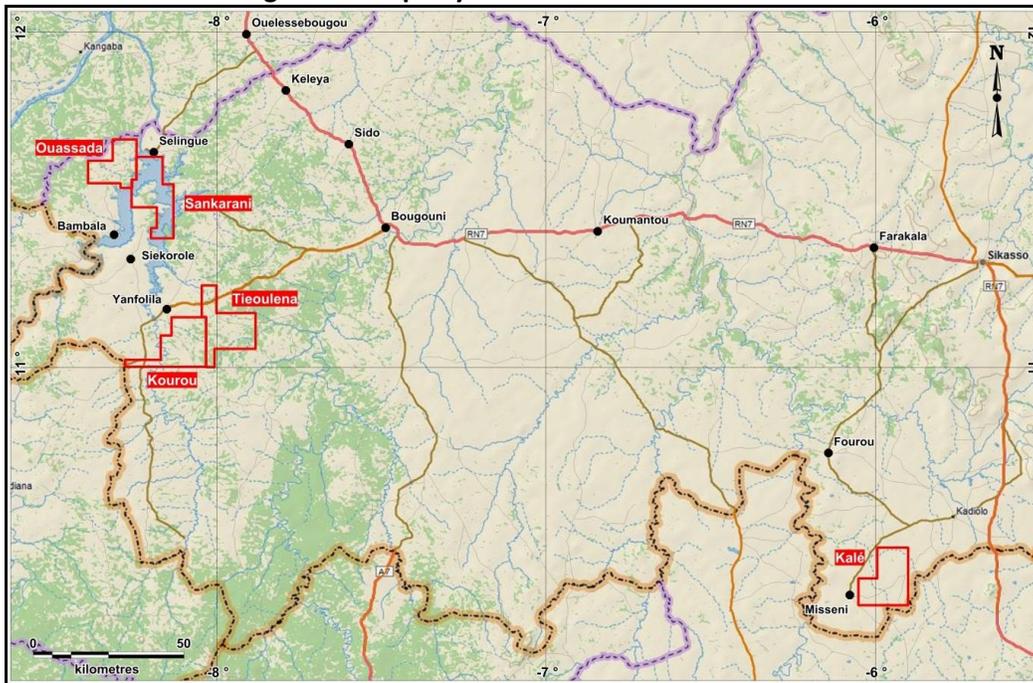


Figure 2. Property Location and Access Routes



Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access

The two northern permits (Ouassada and Sankarani) of the Yanfolila Block can be accessed by the Route Nationale 7 (RN7) paved road from Bamako to Kéléya (85 km), followed by 55 km of unpaved road to Sélingué. Access within these permits is achieved using an extensive network of minor unpaved roads and drivable tracks and footpaths. Access from the north to the main part of the Sankarani permit is via a small motorized ferry, or from the south by an unpaved secondary road from Yanfolila. The southern permits of the Yanfolila block (Tiéouléna and Kourou) are accessed via the paved RN7 from Bamako to Bougouni, and the RN8 from Bougouni to Yanfolila. Access is by minor unpaved roads and drivable tracks and footpaths within both permits.

The Kalé permit can be accessed via the 375 km paved RN7 from Bamako to Sikasso, followed by a 155 km drive on unpaved roads and tracks.

Climate

The Property is located on the southern edge of the Sahel, or sub-Saharan belt, and is characterized by a subtropical to hot climate with dry and wet seasons. The rainy season extends from May to October, with an average rainfall of 800-1000 mm per annum, and a hot dry season from October to April. Mean daily temperatures range from a high of 36°C in April to a low of 19°C in December.

Exploration activity can be conducted year round, although extra caution must be exercised on the roads and while crossing streams in the wet season (May to October).

Local Resources and Infrastructure

Mali is a landlocked country and is accessed and serviced via air, roadway, and one poorly maintained railway line running from Koulikoro (60 km east of Bamako) to the port city of Dakar in Senegal. Most freight (approximately 70%) is handled through the port of Abidjan, Côte d'Ivoire, which is then transported via the road network to the main distribution points. The Niger River is navigable by medium to large shipping vessels during the rainy season, but the river does not flow through the Sikasso Region.

Mali has twenty-nine civil airports, of which eight have paved runways; Bamako airport has the longest runway and is the largest airport (110 km from the Yanfolila Block). The only airport in the Sikasso Region is located at Sikasso (561 m in length, and unpaved; 110 km north-northeast of Kalé). However, there are no scheduled flights between Sikasso and Bamako.

The main highway (RN7) through the region between Bamako and Sikasso is paved, as is the primary road between Bougouni to Yanfolila. The majority of the major roads in the region are unpaved, and the tertiary roads are little more than tracks. Bamako and Sikasso both contain universities and many districts of the cities have modern amenities such as running water, sewerage, and hospitals. Water is sourced predominantly through wells, and tributary drainages are mostly seasonal. The Sélingué dam is the largest body of water in the project area, and is located on the northern part of the Yanfolila Block. The dam has a power output of 44 MW, with most of the power distributed to eight towns and cities, including Bamako and Yanfolila.

If the Sikasso Project proves to be economic there is sufficient space on each of the permits to cover tailings storage, waste storage and heap leach pads, if required. As stated above, there is also adequate water and power in the local area to facilitate extraction and processing, depending on the size of any mining operation. Due to the history of mining in Mali, skilled local labour is available in Mali for most aspects of any mining operation.

Physiography

The Property consists of open and rolling hills, with flat lateritic areas, cut by ephemeral stream valleys. Vegetation is generally agricultural in nature, and the Property is planted with maize and cotton, with minor areas of brush and trees most commonly located along tributaries and main drainages.

History

Gold has been documented from the Sikasso Region since ancient times; however, modern exploration did not take place on the Property until the 1960s, with the majority of mineral exploration occurring in the 1980s and 1990s. Previous exploration was in the form of licence-wide shallow soil geochemistry (with the exception of the Sankarani permit), geological mapping, and airborne geophysical surveys (magnetic and radiometric), which was conducted by exploration companies or government-funded programs. A summary of the various field programs is outlined below on Table 1:

Table 1: Summary of exploration carried out over the Property.

<i>Permit(s)</i>	<i>Date</i>	<i>Company /Project</i>	<i>Work Undertaken</i>
Kourou, Tiéouléna	1964-1965	Société Nationale de Recherche Minière ("SONARAM")	Aeromagnetic survey and alluvial gold prospecting
Kourou, Tiéouléna	1977-1978	DNGM	Geological mapping
Ouassada, Sankarani, Kourou, Tiéouléna, Kalé	1980-1989	UN-funded / Project Or Bagoé	Shallow soil geochemistry
Ouassada, Sankarani, Kourou, Tiéouléna, Kalé	1987-1988	l'ORSTOM in collaboration with l'IGN and the Defense Mapping Agency (DMA)	Regional gravity survey
Ouassada, Kourou	1992-1996	BHP	Shallow soil geochemistry
Tiéouléna	1994	Japan International Cooperation Agency (JICA)	Shallow soil geochemistry
Kalé	2000s	Randgold Resources	Not determined (no records)
Ouassada, Sankarani, Kourou, Tiéouléna, Kalé	2001	Mali government (performed by Kevron Pty Ltd)	Airborne magnetic and radiometric survey
Ouassada, Sankarani, Kourou, Tiéouléna, Kalé	2006	BRGM	Geological mapping
Kourou, Tiéouléna	2011	Africa Resources SARL	Shallow soil geochemistry

Geological Setting

Regional Geology

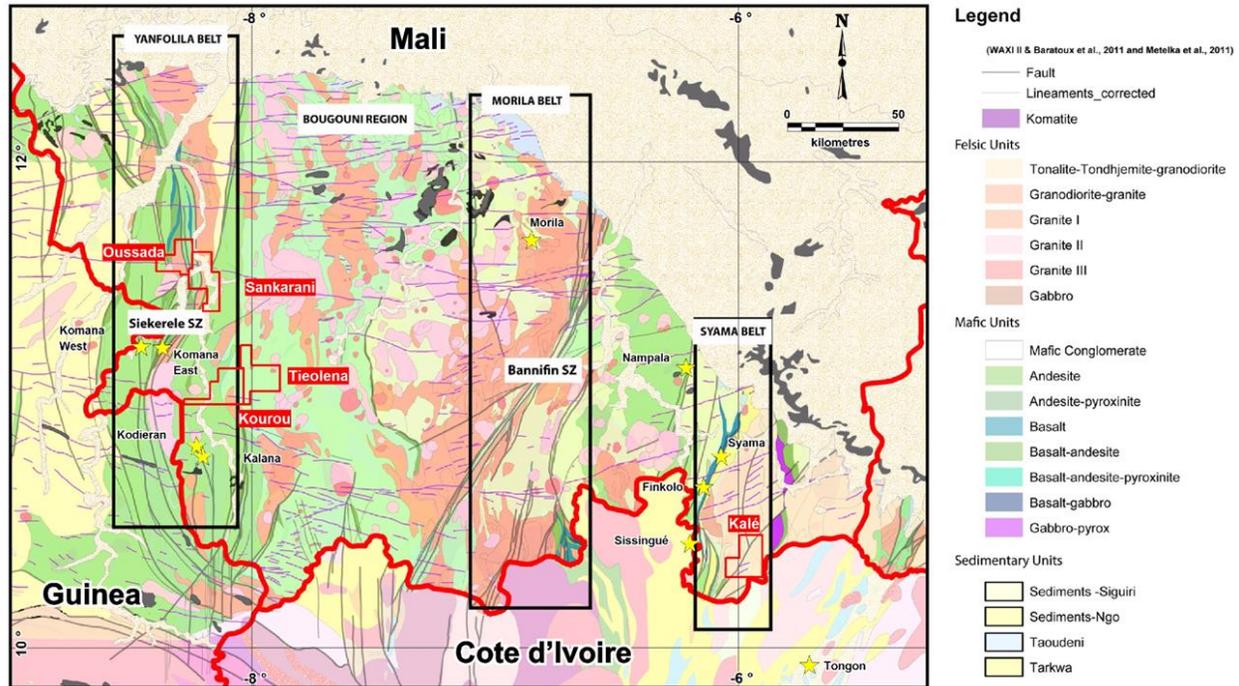
The geology of southern Mali is comprised of Birimian volcano-sedimentary belts and granitoids of the Paleoproterozoic Baoulé-Mossi terrane of the Leo-Man Rise, one of the three major blocks that comprise the West African Craton and serves as the southern boundary to the Taoudeni Basin (Figure 3). The Baoulé-Mossi domain contains three principle Birimian-Eburnean litho-structural units: 1) the N-S striking Birimian dacitic to andesitic volcano-sedimentary series of the Yanfolila-Kalana and Bagoé Basins (i.e., the Yanfolila, Morila and Syama greenstone belts), 2) a suite of granite to monzogranitic units which intrude the Birimian volcano-sedimentary units (~2,090 Ma), and 3) late dioritic to granodioritic intrusives (2,075 Ma) occurring as plugs and dykes.

The Yanfolila Belt, situated along the Mali-Guinea border, is bisected into eastern and western segments by the regional Siekerole Shear Zone. The Yanfolila belt is comprised of a suite of arc-related volcanic units (the Nani Volcanic Formation) and reworked greywacke sequences. The Nani Volcanic Formation is comprised of intercalated tholeiitic basalts and basaltic andesites, and deformed porphyritic rhyolitic to dacitic lavas, pyroclastic flows and breccias. The Ouassada, Sankarani, Kourou and Tiéouléna permits fall within the Yanfolila greenstone belt.

The Morila Belt occurs within the major granitic intrusive complex of the Bougouni region which dominates south-central Mali; this domain contains the Massigui and Doubakoro TTG granites. Within this region, the Birimian units are comprised of basalt to basaltic-andesite lavas locally interbedded with volcano-sedimentary units; all have undergone amphibolite grade metamorphism.

The Syama Belt is situated along the Mali-Burkina Faso border and is separated from the Morila Belt by the regional Benafin Shear Zone. This belt is lithologically similar to the Yanfolila Belt and is characterized by a sequence of basalts and andesites interbedded with greywackes and argillites. The entire belt is structurally segmented, strongly folded, and frequently overturned; regional plutonism occurred during the Paleoproterozoic. The Kalé permit falls within the Syama greenstone belt.

Figure 3. Simplified southern Mali geology map showing the location of the permits in this report.



Property Geology

The Yanfolila block permits (Ouassada, Sankarani, Kourou and Tiéouléna) are situated in the Yanfolila-Kalana-Manankoro basin with lithologies comprised predominantly of Birimian volcano-sedimentary units with minor syn- and post-tectonic granites occurring as small, isolated massifs, and a cover sequence of colluvium and alluvium. The area has undergone intense weathering and extensive lateritization. The Birimian series are comprised mainly of volcano-sedimentary units containing variably fine- to coarse-grained siliciclastic sediments interbedded with greywackes, siliceous greywackes, and minor intercalations of volcanic lithologies rich in feldspar and biotite. These lithologies are intruded by granitic bodies that are typically fine-grained monzogranitic to granodioritic in composition with development of some porphyritic granites and microgranites. Both Ouassada and Sankarani are cut by a late, regionally extensive, east-west trending dyke, probably composed of dolerite (diabase) and likely of Jurassic age. A discontinuous late east-west trending mafic dyke is also present on the southern part of the Kourou and Tiéouléna permits.

Structures in the area are predominantly NE, NNE, NNW and EW-trending and are related to the regional Yanfolila fault which forms a NE-trending structural corridor with secondary or splay structures oriented NNE and NNW.

The Kalé permit is situated within the Syama Belt of the granitic dominated eastern domain, rather than the mafic volcanic dominated and structurally complex western part. The West African Exploration

Initiative (WAXI) regional summary geology map (published in 2013) interprets the underlying geology as composed totally of granite, with the exception of two east-west trending mafic intrusions. Interpretation of the detailed airborne geophysical survey at Kalé by SERM SARL in 2016 suggests that in the permit might be underlain by a sequence of northeast-trending metasedimentary rocks (volcanoclastic, greywacke and shale) which have been intruded by, or juxtaposed against, granites and granodiorite (Figure 7-8). The interpretation indicates the permit is cut by a large north-northeast-trending fault.

Deposit Types

Gold deposits are intimately associated with orogenies and other plate collision events within geologic history. Most orogenic gold deposits are thought to be sourced from fluids associated with dehydration reactions during metamorphism. Other deposits might be associated with orthomagmatic fluids, or mixtures of variable proportions of metamorphic and magmatic fluids. The gold is transported up faults by hydrothermal fluids and deposited when the water cools, boils, reacts with the wall rock, or reacts with another fluid, precipitating the gold from solution, typically with pyrite and/or sulphide minerals at various depths. Owing to depth of tropical weathering and lack of erosion, gold mineralization is nearly always present in laterite and saprolite above the primary sulphide-bearing deposits. This weathering also has the effect of removing elements that are typically used as gold pathfinder elements, e.g., arsenic, antimony, mercury, etc.

The primary bedrock deposit type on the five permits is thought to be orogenic gold, which includes shear-hosted quartz veins and stringers hosted by Birimian metasediments, and quartz veins within granitic intrusions. Secondary gold mineralization is residual in nature, and includes eluvial gold deposits in laterite and saprolite above fault zones and intrusive contacts, and alluvial deposits in the drainage channels on the property. Gold is typically present in artisanal workings as small grains associated within iron-stained quartz veins, and abundant goethite/hematite (and pyrite pseudomorphs) within the oxide zone.

Exploration

Since acquiring the permits in 2011 only sporadic field exploration has been conducted on the 5 permits by the owners SERM SARL, REM SARL, and ML Commodities SARL. This work has consisted mainly of airborne geophysics, basic geological mapping, and geochemical evaluation of artisanal eluvial workings, litho-geochemical prospecting, and reinterpretation of local and regional geophysical datasets.

Geological Mapping

Limited geological mapping was performed on the Ouassada permit in 2013 and on the Kourou permit in 2009. Few outcrops are present in the area due to the deep lateritic cover, and the mapping tended to be restricted to new excavations by the artisanal miners. The mapping was aimed at identifying new outcrops to support the interpretation of the historic airborne magnetic and radiometric survey, in addition to the survey flown in 2011.

Geochemical Sampling

The majority of geochemical work has been performed at the Ouassada permit. This work includes iron-rich lateritic soil, saprolite (weathered bedrock), and eluvial material (weathered-oxidized rock, vein fragments, etc.) recovered by artisanal gold miners. This sampling focused on two main areas, Farabakoura and Kabangouè. A systematic geochemical sampling program was undertaken in 2012 and

2013 over both prospects. At Farabakoura, representative samples with an average weight of 3.1 kg of eluvium were collected from the artisanal pits by local miners at depths varying from 1 to 20 m along six 200 m spaced east-west oriented lines, at 40 to 50 m intervals. At Kabangouè the lines were also oriented east-west, but the line spacing was 75 m and the sample spacing reduced to 40 m (or less). When the material was brought to the surface the geologist collected between 1 and 5.8 kg of eluvium/laterite/saprolite and placed it in a plastic that was securely sealed. Duplicates were collected every twenty samples, and standards and blanks were inserted prior to being shipped to the assay lab.

The resulting data indicate that gold concentrations are highly variable owing to the type of material recovered, the depth of the sample, and the size of the sample, as well as the inherent variability of the mineralization. The average grade of the 342 samples analyzed is 3.11 ppm Au, with a standard deviation of 6.99 ppm Au. Fifteen percent of the samples have gold concentrations greater than 5 ppm, with the highest gold content of 89.3 ppm. All of the mineralized samples contain vein quartz fragments, and the host rock is typically described as amphibole syenite. Most of the material analyzed was eluvial in nature, but some samples were collected from bedrock.

Samples were also collected and analyzed from artisanal "ore piles" that had been transported from the excavation sites to areas where the gold was recovered. A total of 98 piles were sampled 200 m to the south of the Farabakoura workings, and an additional 40 piles at a location 2.5 km northwest of the workings. Gold grades of the eluvial material varied from 0.8 to 81.0 ppm, with an average concentration of 17.0 ppm. Similar to the in situ sampling, most of the samples contained quartz vein and amphibole syenite material. The precise location from which the ore piles originated and the variable depth of collection means that the study can only be used as a general indication of gold grades at the collection sites.

Six grab samples of saprolite were collected from the artisanal mine workings at Tarabala, in the Sankarani permit. All of the samples were saprolitic metasedimentary rock (greywackes and siltstones), and they contained gold concentrations varying from 11 ppb to 2.18 ppm Au. Three soil samples collected 100 m to the east of the gold workings at Tarabala ranged from 59 ppb to 380 ppb.

No lithogeochemical samples were collected on the Kourou, Tieloulena, or Kalé permits by the current permit holders.

Airborne Geophysics

A regional airborne geophysical survey was performed over southern Mali by Kevron Pty Ltd, as part of the EU-Mali government sponsored SYSMIN (2006) program, between February and December, 2001. The magnetic and radiometric survey was flown with a line direction of 135-315°, a line spacing of 400 m, and height of 80 m. Based on the poor resolution of this survey the permit holder decided to conduct their own survey.

During April and May of 2011, Aeroquest Airborne conducted a fixed wing aircraft aeromagnetic and radiometric survey over the Kourou and Tiéouléna permits. The Ouassada, Sankarani, and Kalé permits were flown in May 2011. The survey coverage consisted of approximately 6658 line km, including tie lines. The survey was flown using a light aircraft at a line spacing of 200 m, an elevation of 60 m, and E-W (090- 270°) flight direction. The tie-lines were flown with a line spacing of 2000 m and an N-S (000-180°) orientation. A total of 2961 line km were flown at Kourou and Tiéouléna, 1050 line km at Ouassada, 1192 line km at Sankarani, and 1455 line km at Kalé.

Magnetic and radiometric readings were detected and recorded, and the results processed by Aeroquest, with a number of gridded products generated, including: digital terrain model; total magnetic intensity (TMI); 1st vertical derivative of TMI; total radiometric count; uranium-, potassium-, and thorium- count.

The information from the plots was interpreted by the permit owner's geologists to identify different lithologies through magnetic and radiometric responses, and structures by examining the first vertical derivative data. The information was compared with field mapping, published geology maps, regional geophysical maps, and regional soil data sets with target maps constructed to aid exploration.

Remote Sensing

Several lineament studies were undertaken internally by the permit operators. The information used in these studies has come from published topographic maps, digital terrain model (DTM) data from the airborne magnetic-radiometric survey, and then compared to the results of the magnetic study. The lineament studies helped to identify and locate the presence of faults, intrusions, and geological boundaries. These interpreted features were then compared with known mineralization and historic soil survey data in order to identify exploration targets.

Mineralization

Two types of mineralization are recognized on the Sikasso Project: intrusion-hosted gold mineralization associated with igneous contacts (possibly related to regional shear zones), and shear-zone hosted orogenic gold mineralization. Owing to the intensive weathering and thick laterite development it is difficult to see the primary mineralization, and as a result most of the known gold occurs in eluvium and alluvium. Figure 3 illustrates the geographic distribution of showings within the Yanfolila Block.

The presence of gold mineralization on the Sikasso Property is indicated from the various shallow soil geochemistry surveys that have been performed in southern Mali, and recorded in the SYSMIN (1996) database. Generally, gold concentrations greater than 100 ppb are considered anomalous in southern Mali, and the Sikasso Property permits contain the following shallow soil samples greater than 100 ppb: Ouassada (4 samples, max. 260 ppb Au), Sankarani (2 samples, max. 1,060 ppb Au), Kourou (7 samples, max. 285 ppb Au), Tiéouléna (1 sample containing 405 ppb Au), Kale (3 samples, max. 1,050 ppb Au).

Ouassada Permit

Due to the degree of weathering, and the undulating terrain, the Ouassada permit contains only 20 identified outcrops. Previous work identified at least ten known gold occurrences on the permit, with all confined to artisanal workings at Farabakoura and Kabangouè. During the current due diligence exercise an additional auriferous gold vein was identified close to large eluvial workings in the main Farabakoura area. According to the published geology, the mineralized area is underlain only by amphibole-bearing syenite, but field investigations show that the workings are underlain by areas of granodiorite, a medium-grained metavolcanic unit, and foliated mica schist with pyrite-bearing siliceous bands. Sampling during the due diligence visit determined that the veined metavolcanic contained 0.83 g/t Au, whereas the pyrite-bearing siliceous unit within the saprolite contained 2.70 g/t Au. The area above the bedrock occurrence has been extensively worked to recover the eluvial gold.

Samples of bedrock mineralization collected by SERM geologists at Farabakoura contained gold concentrations of 2.75, 5.52, 40.4 and 47.6 g/t Au from quartz veins that cut an amphibole-bearing syenite. Two other samples collected from quartz veins at the same locality contained 0.12 and 0.19 g/t

Au, demonstrating the nuggety nature of the mineralization. No petrology has been performed in the samples to determine paragenesis, the precise nature of the mineralogy, and the location of the gold grains.

Extensive sampling of recovered eluvial material from 98 artisanal “ore piles” in 2013 by SERM geologists contained an average of 4.35 g/t Au with a standard deviation of 1.74 g/t Au. The material in the ore piles was recovered from various locations within the main workings, so it is difficult to prove that they are representative of the areal extent of the workings. The maximum recorded gold concentration was 14.8 g/t Au.

The currently active workings are located 350 m to the east at Dialakényi East (Figure 7-18), where several hundred people are engaged in mining the saprolite at a depth of 15-20 m, through shafts up to 10 m in depth. The eluvial material is processed (crushed and washed) close to the site and the gold is recovered through mercury amalgamation. A sample of the mined eluvium collected during the field visit contained 3.75 g/t Au.

The Kabangouè North prospect is located 1 km to the south of the Farabakoura prospect, and Kabangouè South is approximately 900 m to the south of Kabangouè North. Gold mining is carried out over an area of 800 m x 600 m with excavations within the same lateritic units as at Farabakoura.

SERM geologists in 2013 reported that gold was being recovered from quartz veins cutting quartz-feldspar porphyry, greywacke and shale, and smoky quartz veinlets cutting amphibole-bearing syenite. The rocks are highly altered and feldspars are sericitized, and sulphides have been replaced by iron oxides/hydroxides. Within the pits in the western edge of the prospect, a gabbroic unit was noted at a depth of 10 m, and it likely represents a mafic unit within the Birimian rock, rather than the east-west trending younger mafic dyke interpreted from geophysics 2 km to the north.

Measurements of quartz veins at Kabangouè North and South demonstrate that two preferred orientations are present: a northwest trending set (205-305°), and an east set (070-090°). The width of the veins is not recorded, but is likely to be on the decimetre scale based on one vein observed by the author.

Extraction methods are similar to Farabakoura, with pits extending down to a depth of 25 m due to the slightly higher elevation, and therefore a lower water table. Selected results show gold values ranging from 6 ppb (pit reject of saprolite from amphibole syenite) to 89.3 g/t Au (laterite with quartz veinlets).

Sankarani Permit

On the Sankarani permit, a bedrock gold occurrence is present 2,150 m east of Tarabala that was previously extensively worked, but is now abandoned. The workings consist of a series of trenches and pits over an area of 300 m by 150 m with a general northeast trend (54°). The pits are located approximately every 10 m, for a distance of 150 m on a northwest-southeast trend, with a spacing of 5 m between the lines of pits. Outcrops and spoil heaps of reddened siltstones, sericitic shale, and quartz vein fragments are present. The greywackes often contain 3-5 mm veinlets of bluish quartz with iron oxides, and an assay of this material yielded 0.33 g/t Au. A duplicate sample of the same material collected by a REM SARL geologist contained 0.745 g/t Au. Approximately 25 m due east of the previous sample a grab sample of iron-stained quartz vein fragments (1-2 cm wide), recovered from the spoil heaps, contained 3.44 g/t Au (and 5.40 g/t in the duplicate sample).

The government SYSMIN database notes the presence of only one bedrock gold source on the Kourou permit, located at the village of Kourou, and consisting of a series of shafts exploiting an auriferous “pegmatite” at the contact of a mica schist and a granite. Two eluvial workings discovered after the SYSMIN database was compiled were identified by REM SARL geologists. The first working is near Kossèrèfila and consists of a north-south trending zone of iron-rich laterite that is currently being worked over a width of 100 m, and a length of 200 m. All workings are shallow (apparently less than 5 m). No vein fragments were noted in the iron-rich laterite. A grab sample collected from a depth of 1 m contained 0.4 g/t Au.

A second abandoned working is located 800 m to the north of Samagouèla, and 3.25 km along trend from Kossèrèfila. According to locals the area was worked for gold intermittently for 30 years but the yields were poor. A 100 m long, 6 m wide 248° trending trench was excavated on the site with occasional shafts with depths greater than 10 m sunk at various locations along its course. Pits and shafts present at the southern end of the trench contained chloritized hydrothermally altered amphibolite (metabasite), with minor veinlets of quartz. A verification soil sample collected at the northern most shaft (reputedly containing gold) returned an assay of 72 ppb Au.

No known bedrock gold workings have been identified on the Tiéouléna permit by previous workers. However, two eluvial workings are recorded in the SYSMIN (2006) database. These workings are Somala, which is associated with quartz veins following a NE-trending fault identified by geophysics, and Balena, which is located at the inferred contact of two granites).

There are no known outcrops (mineralized or otherwise), eluvial or alluvial workings on the Kalé permit.

Drilling

No drilling has been carried out on any of the permits that comprise the Sikasso Property.

Sampling and Analysis

Three types of samples were collected by Malian contract geologists on behalf of the property owners: *In-situ* material (eluvium/laterite/saprolite) from artisanal workings, transported “ore pile” samples of material from eluvium/laterite/saprolite workings, and *in-situ* grab samples collected during general reconnaissance fieldwork in the permit areas.

In-situ artisanal workings

Samples were collected from material recovered at depth (from 1 to 20 m pits and shafts) by artisanal miners. Between 1 and 5.8 kg (averaging 3.1 kg) of material was scooped directly into clear plastic bags and the relevant sample information recorded (location, depth, sample type); a sample number written on the outside of each bag and a sample ticket was inserted into each bag, which were then sealed using adhesive tape. Either a gold standard or a blank, or occasionally a duplicate sample were inserted every 20 samples in the batch sent to the laboratory. The samples were taken directly to the ALS Mali SARL geochemical laboratory (a subsidiary of ALS Minerals), in Bamako, Mali by M Consulting staff, where the chain of custody was passed to ALS Minerals. ALS Mali SARL has ISO/IEC 17025:2005 Quality Management System accreditation.

At the laboratory all samples were weighed, fine crushed to < 2 mm (70%), split using a riffle splitter, then pulverized to < 75µm (85%) and a 50 g aliquot was analysed by fire assay with an AA finish (ALS lab code Au-AA24). The Au-AA24 assay method has a detection range from 0.005 to 10 ppm Au. Any

sample exceeding the Au-AA24 method upper detection limit of 10 ppm underwent repeat analysis using a 50 g aliquot by fire assay with a gravimetric finish (ALS lab code Au-GRA22) and a detection range of 0.05 to 1,000 ppm.

“Ore Pile” Samples

Ore piles samples were collected from transported material sourced from various artisanal pits and workings located at Farabakoura. The ore piles were sampled at the artisanal miner’s processing area located up to 800 m from the original sampling site. Samples were collected from material recovered at depth (from 1 to 20 m pits and shafts) by artisanal miners. The material was mixed and blended by the miners through transport and laying out the material in a pile or a cone. The sample was collected by making a small trench with a shovel, and the removed material was coned, then quartered to recover a 3 kg sample. The sample was then scooped directly into clear plastic bag and the relevant sample information recorded (location, sample type) and a sample number written on the outside of the bag with a sample ticket inserted into each bag, which were then sealed using adhesive tape. Although comprehensive homogenization of the sampled material was not performed, some gold separation by density likely occurred, since this was a reconnaissance program the method was deemed acceptable.

Either a blank or a gold standard was inserted every 20 samples in the batch sent to the laboratory. The samples were taken directly to the SGS Mineral Mali SARL laboratory (a subsidiary of SGS, a certified independent geochemical laboratory with ISO/IEC 17025:2005 Quality Management System accreditation) in Bamako, Mali by M Consulting staff, where the chain of custody was passed to SGS.

At the laboratory all samples were weighed, fine crushed to < 2 mm (70%), split using a riffle splitter, then pulverized to < 75µm (85%) and a 50 g aliquot was analyzed by fire assay with an AAS finish (SGS lab code FAA505). The FAA505 assay method has a detection range from 0.01 to 100 ppm Au. No samples exceeded the FAA505 method upper detection limit of 100 ppm, so no additional testing was required.

Lithochemical Prospecting Samples

Samples (typically 1-3 kg) were collected from outcrops and mineralized float and placed directly into clear plastic bags with sample tickets before being sealed by using either string or tape. The relevant sample information was recorded (location and sample type) and a sample number written on the outside of the bag in permanent marker. Either a blank or gold standards was inserted every 20 samples, with duplicate samples inserted at a lower frequency. The samples were taken directly to the ALS Mali SARL geochemical laboratory (a subsidiary of ALS Minerals), in Bamako, Mali by M Consulting staff, where the chain of custody was passed to ALS Minerals. ALS Mali SARL has ISO/IEC 17025:2005 Quality Management System accreditation.

At the laboratory all samples were weighed, fine crushed to 70% < 2 mm, split using a riffle splitter, then pulverized to 85% < 75µm and a 50 g aliquot was analyzed by fire assay with an AA finish (ALS lab code Au-AA26). The Au-AA26 assay method has a detection range from 0.01 to 100 ppm Au. No samples exceeded the Au-AA26 method upper detection limit of 100 ppm, so no additional testing was required.

ALS Mali SARL and SGS Mineral Mali SARL are independent of to the issuer, and both have ISO 9001:2008 Quality Management System accreditation.

The blank and standard assay results were monitored to ensure the values were within permissible levels. No blank samples contained detectable levels of gold, and the gold standards varied within

acceptable tolerances. Had either the blank or standard failed, M Consulting would have asked the assay laboratories to rerun the sample batch.

The author is of the opinion that industry best practices have been followed with regard to sampling, security, and analytical procedures. However, any additional work will likely require an increase in the number of inserted duplicates, blanks and standards. It is also recommended that a variety of gold standards are used to cover the range of the likely gold mineralization, e.g., 0.5 to 20 ppm Au, to better identify any weaknesses in the assay lab's analytical methods.

Security of Samples

The security of the historic samples was verified by speaking to the geologist who performed the sampling. The geologist explained the procedures he followed to minimize contamination, and also described the chain of custody of the samples. This included sealing the samples at the collection site, inserting standards and blanks to the sample batch, and delivering the samples directly to the assay laboratory before the assay laboratory assumed custody.

Data Verification

The Technical Report writer is satisfied with the adequacy of sample preparation, security and the analytical procedures used in the collection of the four rock and ten laterite (soil) samples taken during the Technical Report writer's due diligence visit to the Property. The Technical Report writer is of the opinion that the description of sampling methods and details of location, number, type, nature and spacing or density of samples collected, and the size of the area covered are all adequate for the current stage of exploration for the Property.

There was no bias in the sampling program completed during the Property visit that was undertaken to test the repeatability of sample results obtained from previous sampling campaigns. The Technical Report writer solely, as a quality control measure, designed the program.

The author visited the Property via road access from April 27, 2017 to May 2, 2017 and examined several locations to determine the overall geological setting.

The author took samples on the visit from 14 locations and these were delivered to ALS Minerals located in Bamako, Mali where they were prepared and sent on for analysis at ALS Minerals Kumasi, Ghana. Both locations are accredited ISO 17025 laboratories pursuant to NI 43-101. All the samples underwent assay package Au-AA24, which was gold by fire assay and Atomic Absorption Spectrometry (AAS). ALS Minerals Bamako and ALS Minerals Kumasi are independent of Compass and of the author of the technical report.

Mineral Resources and Mineral Reserves

Not applicable

Mining Operations

Not applicable

Exploration and Development

Not applicable

Adjacent Properties

The Yanfolila Block is located within the Yanfolila greenstone belt on the eastern boundary of the greater Siguiri Basin. In Mali, this belt contains several gold deposits including: the Komana East and West gold resource with Probable Reserves of 7.039 Mt grading 3.14 g/t, containing 709,800 oz of gold (Hummingbird Resources plc website, 2017), the Kodieran gold mine containing 33,078,400 tons of ore with a gold content of 1.78 g/t, or approximately 1.9 Moz Au (Wassoul'Or SA website, 2017), and the Kalana project that is estimated to hold a Measured plus Indicated Resource of 23.0 Mt grading 4.14 g/t, containing 3.06 Moz gold (with a 0.90 g/t cut-off), and an Inferred Resource of 1.7 Mt grading 4.51 g/t Au containing 0.24 Moz (with a 0.90 g/t cut-off), (Avnel Gold Mining website, 2017).

Investors are cautioned that the potential quantities indicated above have not been verified by the Technical Report writer and are not necessarily indicative of the mineralization on the Ouassada and Sankarani permits.

Kalé

The Kalé permit is located 25 km to the east of the Syama belt and is characterized by a sequence of highly-strained basalt and andesite interbedded with greywacke and argillite. Three gold deposits are located in this belt: Syama, Tabakoroni, and Sissingué (in Côte d'Ivoire). Syama is owned by Resolute Mining (Resolute) and has total Reserves of 3.5 Moz and Resources of 3.2 Moz of gold (Resolute, 2016) and was commissioned in 2009.

Investors are cautioned that the potential quantities indicated above have not been verified by the Technical Report writer and are not necessarily indicative of the mineralization on the Kalé permits.

Interpretation and Conclusions

The Sikasso Property has been explored through a variety of exploration techniques by publicly listed companies, government agencies, and since 2011 by the three permit holders (SERM SARL, REM SARL, and ML Commodities SARL). Historic regional gold soil sampling programs have been relatively successful in identifying general areas containing bedrock gold. However the depth of lateritic weathering means that shallow soil sampling is not the best method to identify gold targets.

The permits comprising the Sikasso Property show features that are considered important to the exploration for orogenic gold systems in West Africa, including:

- accretionary arc tectonics (all permits)
- regional compression (all permits)
- prospective host rocks (all permits)
- associated with regional and splay faults (all permits)
- surficial gold geochemical anomalies (all permits)
- artisanal workings (Ouassada, Sankarani, Kourou) and presence of historically gold workings (Tiéouléna)

Bedrock gold mineralization investigated at the Farabakoura and Kabangouè artisanal workings indicate that gold is hosted in quartz veins cutting the host rocks (diorite, amphibole syenite, greywacke, and volcanoclastic rocks). The veins are oriented in a general northwesterly direction conforming to regional bedding/foliation and interpreted faults. The east-west orientation of the vein mineralization in parts of the Farabakoura prospect likely relate to gold remobilization due to the late gabbro dyke.

The Technical Report writer is of the opinion that the present study has met the original objectives and provides the basis for the Sikasso Property to be acquired by Compass Gold Corporation.

The Property is an early stage exploration project (“greenfield”) and the significant risk for this project is the same as all other early stage exploration properties in that there may be no economic mineral resource. As of the effective date of this report, the Technical Report writer is not aware of any other significant risks that could affect, access, mineral title, ability to obtain permits, ability to undertake exploration, or the general economic viability of the property.

Recommendations

Most of the Property remains to be fully investigated due to the limited amount of exploration thus far, and the extensive and pervasive laterite development that has obscured the bedrock geology. Several target areas have been identified based on historic soil geochemical anomalies and artisanal gold prospects, combined with the interpretation of high-resolution airborne geophysics.

Moving forward, it is recommended that exploration of the Sikasso Property should include the following two phases of activities.

Phase 1

- Compilation of all the historical geological, geophysical and geochemical data available for the Sikasso Property, and capturing this data into a digital database for further interpretation
- Remote sensing structure studies, consisting of structural and hyperspectral analysis
- Laterite power auger gold geochemistry program to cover most of the prospective targets on each permit
- Conduct a mineralogical/petrological study to identify the host rocks and the nature of alteration/mineralization from chips recovered from the power auger study
- Geological mapping in all areas of artisanal mining

The expected total cost for phase one is \$ 3,577,970.

Phase 2

If warranted, an RC drilling program on the most promising auger geochemistry targets will be undertaken. The total cost for phase two drilling (totaling 2000 m) is \$457,710.

In total, the cost of this work is expected to be approximately \$4,035,680. A summary of the expenditure break-down is presented in Table 2.

Table 2: Summary of Proposed Expenditure

PHASE I	
Work Programme	Cost (\$)
Project management	91,200
Project technical staff	261,000
Vehicles	320,000
Analytical equipment (pXRF)	92,000
Satellite images	15,200
Remote sensing study (FeO)	22,800
Auger drilling (& assaying)	2,418,580
Petrology of chip samples	9,120
Geological mapping	22,800
Sub-Total	3,252,700
Contingency (10%)	325,270
Total Phase I	3,577,970
PHASE II	
Work Programme	Cost (CDN\$)
Project management	45,600
Project technical staff	130,500
RC Drilling of best anomalies (2000 m, & assaying)	240,000
Sub-Total	416,100
Contingency (10%)	41,610
Total Phase II	\$457,710
Total Phase I & Phase II (with 10% contingency)	\$4,035,680

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MD&A OF MGE

The following table sets out certain selected consolidated financial information of MGE for the periods indicated.

Annual Data

	<i>Year ended June 30, 2017</i> <i>(A\$)</i>	<i>Year ended June 30, 2016</i> <i>(A\$)</i>
Total Expenses	17,169	246
Other income	-	-
Net Income (Loss)	(17,169)	(246)
Loss Per Share – Basic and Diluted	Nil	Nil
Current Assets	5,883	6,212
Total Assets	5,492,103	5,822,867
Current Liabilities	10,595	9,189,307
Current Liabilities excluding loans to related parties	10,595	1,181
Working Capital (Deficit)	(4,712)	(9,183.095)

MD&A

The MD&A of MGE for the years ended June 30, 2017 and 2016 is attached hereto as Schedule "H", and should be read in conjunction with MGE's financial statements and notes thereto for the years ended June 30, 2017 and 2016, which are attached hereto as Schedule "G".

The MGE financial statements are prepared in accordance with International Financial Reporting Standards.

Subsequent Events

Other than the Acquisition, there are no events subsequent to June 30, 2017 to report.

Description of the Securities of MGE

As at the date of this Circular, there are 20,000,000 MGE Shares issued and outstanding. There are no other securities on issue in MGE.

The MGE Shareholders are entitled to vote at all meetings of shareholders, to receive dividends if, as and when declared by the directors and to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of MGE. The MGE Shares carry no pre-emptive rights, conversion or exchange rights, redemption, retraction, repurchase, sinking fund or purchase fund provisions other than pre-emptive rights in the event of share transfer. The MGE Shareholders have waived this right of pre-emption as it relates to the Acquisition. There are no provisions requiring the holder of MGE Shares to contribute additional capital and no restrictions on the issuance of additional securities by MGE.

Dividends

MGE has not declared or paid any dividends on the MGE Shares since its incorporation and will not declare or pay any dividends prior to completion of the Acquisition.

CONSOLIDATED CAPITALIZATION OF MGE

The following table sets forth the consolidated capitalization of MGE as at the date of this Circular:

Designation of Security	Authorized	Outstanding as at June 30, 2017	Outstanding as at the date of this Circular
Ordinary Shares	N/a	20,000,000	20,000,000

MGE has no loan capital or convertible securities outstanding.

Prior Sales

During the 12 month period preceding the date of this Circular, MGE has not issued any shares other than:

1. On June 15, 2017, the company issued 1,558,621 shares of MGE to settle a total of A\$233,794 of loans due to certain MGE Related Shareholders. Under the arrangement, the parties agreed to forgive the balance of any further loans owed by the Company.
2. On June 30, 2017, MGE closed a private placement to raise gross proceeds of A\$36,000 by the issue of 1,200,000 shares at a price of A\$0.03 per share to the proposed directors of the Resulting Issuer. These funds were used to repay debt.

Stock Exchange Price

The MGE Shares are not listed or quoted on any stock exchange.

Principal Shareholders of MGE

To the knowledge of the directors and executive officers of MGE, the following persons beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding MGE Shares, as of the date hereof.

<i>Name of Shareholder</i>	<i>Number of MGE Shares</i>	<i>Percentage of Issued and Outstanding MGE Shares</i>
Transocean Asset Development Pty Ltd. (controlled by James Henderson)	5,129,311	25.6%
Madani Diallo	5,129,310	25.6%
Fitel Nominees Limited (controlled by Phillip Richards)	2,017,241	10.1%

EXECUTIVE COMPENSATION OF MGE

MGE's executive compensation disclosure (presented in accordance with Form 51-102F6) sets forth all annual and long term compensation for services, in all capacities, to MGE in each of the three most recent financial years ended June 30, in respect of the President, Chief Financial Officer and MGE's other three most highly paid executive officers as the three most recent financial years ended June 30, and

any individual who would have satisfied these criteria but for the fact that individual was not serving as such an officer at the end of the applicable period.

Compensation Discussion and Analysis

Executive compensation is based upon the need to provide a compensation package that will allow MGE to attract and retain qualified and experienced executives, balanced with a pay-for performance philosophy. Compensation for the most recent fiscal year and prior fiscal years have historically been based upon a negotiated salary, with stock options and bonuses potentially being issued and paid as an incentive for performance.

The board of directors has the responsibility to administer compensation policies related to the executive management, being the President and the Chief Financial Officer.

MGE has not paid any executive compensation to any person in the last three years.

Option-based Awards

MGE does not currently have a stock option plan or any other plan in respect of equity based compensation.

Summary Compensation Table of MGE

In accordance with the provisions of applicable securities legislation, MGE did not have a "Named Executive Officer" during the financial year ended June 30, 2017, and the Board undertook the functions that would be required for and "Named Executive Officer". Mr. James Henderson and Dr. Madani Diallo were directors of MGE during the year.

For the purpose of this section:

"CEO" of MGE means an individual who acted as Chief Executive Officer of MGE, or acted in a similar capacity, for any part of the most recently completed financial year;

"CFO" of MGE means an individual who acted as Chief Financial Officer of MGE, or acted in a similar capacity, for any part of the most recently completed financial year;

"Executive Officer" of MGE means an individual who is:

- (a) the chair of MGE, if any;
- (b) the vice-chair of MGE, if any;
- (c) a vice-president of MGE in charge of a principal business unit, division or function including sales, finance or production;
- (d) an officer of MGE (or subsidiary, if any) who performs a policy-making function in respect of MGE; or
- (e) any other individual who performs a policy-making function in respect of MGE;

"Named Executive Officers or NEOs" means:

- (a) the CEO of MGE;
- (b) the CFO of MGE;
- (c) each of MGE’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year;
- (d) any additional individuals for whom disclosure would have been provided under paragraph (i) above except that the individual was not serving as an executive officer of MGE, nor in a similar capacity, as at the end of the most recently completed financial year end.

The following table (presented in accordance with National Instrument Form 51-102F6, Statement of Executive Compensation, sets forth all annual and long term compensation for services in all capacities to the Company for the financial years ended June 30, 2017 and June 30, 2016.

Summary Compensation Table

Name and Principal Position	Year / Period Ended	Salary (\$)(1)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long term incentive plans (\$)			
James Henderson Director	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Madani Diallo Director	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Incentive Plan Awards: Outstanding share-based awards and option-based awards

MGE has no equity incentive plans or outstanding share-based awards or convertible securities.

Incentive Plan Awards: Value Vested or Earned During the Year

MGE has no outstanding share-based awards or convertible securities.

Pension Plan Benefits

MGE does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination of Employment, Change in Responsibilities and Employment Contracts

MGE does not have any formal plans pursuant to which cash or non-cash compensation was paid or distributed to executive officers during the most recently completed financial year.

MGE does not have any employment contracts between any Named Executive Officer, Director or Officer, nor does it have any arrangements with any Named Executive Officer, Director or Officer for compensation in the event of resignation, retirement or other termination with MGE.

Compensation to Directors of MGE

There were no amounts of compensation provided to directors who were not Named Executive Officers of MGE during the year ended June 30, 2017.

Incentive Plan Awards of MGE: Outstanding share-based awards and option-based awards

There are no awards outstanding under any share-based or option-based incentive plans of MGE as at June 30, 2017, including awards granted prior to the most recently completed financial year to each of the directors of MGE who were not Named Executive Officers.

MANAGEMENT CONTRACTS

Management functions of MGE are not performed to any substantial degree by persons other than the directors and senior officers of MGE.

NON-ARM'S LENGTH PARTY TRANSACTION

Since its incorporation, MGE has not completed any acquisitions of assets or services or provisions of assets or services from (i) any director or officer of MGE, (ii) an Insider of MGE, either before or after giving effect to the Acquisition and Financing; or (iii) an Associate or Affiliate of any Person described in (i) or (ii) other than as set out below:

1. MGE Sale and Purchase Agreement
2. Royalty Agreements
3. Provision of Geological Service by M-Consulting, a business related to Diallo, to MGE Subsidiaries

LEGAL PROCEEDINGS

MGE is not a party to any legal proceedings currently material to it or of which any of MGE's property is the subject matter, and no such proceedings are known by MGE to be contemplated.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The independent auditor of MGE is Dale Matheson Carr-Hilton LaBonte LLP. MGE does not have a registrar or transfer agent.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts entered into by MGE in the two years immediately prior to the date hereof that can reasonably be regarded as presently material to MGE are as follows:

- (a) the Share Exchange Agreement. See "The Acquisition"; and
- (b) the Royalty Agreements.

The Share Exchange Agreement has been filed on SEDAR. All of the contracts specified above may be inspected at Suite 1430, West Pender Street Vancouver BC V6C 2V6 during normal business hours up to the Closing Date and for a period of 30 days thereafter.

OTHER MATERIAL FACTS

There are no other material facts relating to MGE and not disclosed elsewhere in this Information Circular.

INFORMATION CONCERNING THE COMPANY

The following information is presented on a pre-Transaction basis and is reflective of the current business, financial and share capital position of the Company. See "Information Concerning the Resulting Issuer" for pro forma business, financial and share capital information for MGE and the Company on a post-Transaction basis.

SUMMARY INFORMATION AND CORPORATE STRUCTURE

The Company, a company continued and existing under the BCBCA, is a junior mineral exploration issuer listed on NEX of the TSXV. The Company is a reporting issuer in British Columbia and Alberta. The Company's head office is located at 1430-800 West Pender St., Vancouver B.C. V6C 2V6 and the Company's registered office is located at 10th Floor, 595 Howe St., Vancouver B.C. V6C 2T5.

The Company entered into the Share Exchange Agreement pursuant to which the Company has agreed to purchase, through the Compass Sub, the MGE Shares from the MGE Shareholders in consideration for the issuance of the Consideration Shares, subject to receipt of all necessary regulatory and shareholder approvals. Accordingly, on the Closing, MGE will become an indirect, wholly-owned subsidiary of the Company.

PRIVATE PLACEMENT

As a condition to closing the Acquisition, Compass will carry out a non-brokered private placement of common shares to raise gross proceeds of not less than \$5,000,000 and not more than \$6,000,000 at a purchase price of not less than \$0.50 per Post-Consolidation Share. Subject to approval from MGE, Compass may accept up to \$2 million in oversubscriptions in the Private Placement (resulting in aggregate gross proceeds of up to \$8 million).

In connection with the Private Placement, Compass will pay a cash commission to eligible finders, equal to up to 6% of the aggregate gross proceeds raised by the finders and will issue non-transferable warrants to such finders entitling the holder to subscribe for the number of common shares that is equal to up to 6% of the aggregate number of common shares issued to subscribers introduced by such finders. The finder's warrants will have an exercise price equal to the offering price (\$0.50) and will be exercisable for a period of 24 months from the closing of the Acquisition.

Proceeds of the Private Placement will be used for the recommended work program on the Sikasso Property and for general working capital purposes.

PREVIOUS PURCHASES AND SALES

The table below sets forth for the 12 month period prior to the date of this Information Circular details of the price at which securities have been issued or are to be issued by the Company, the number of securities issued at that price and the date on which the securities were issued.

<i>Date of Issue</i>	<i>Type of Security</i>	<i>No. of Common Shares</i>	<i>Issue or Exercise Price per Security</i>	<i>Reason for Issue</i>
May 4, 2017	Common Shares	10,000,000	\$0.05	Private placement of units at a price of \$0.05 per unit to raise gross proceeds of \$500,000
	Warrants ⁽¹⁾	10,000,000	\$0.07	
	Compensation Options ⁽²⁾	420,000	\$0.07	
May 15, 2017	Common Shares	1,904,761	N/A	Issuance of units to settle a \$100,000 loan to third parties
	Warrants ⁽³⁾	1,904,761	\$0.07	

Notes (1): 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, subject to adjustments following the Consolidation.

(2): Each compensation option is exercisable for units of the Company, each unit comprising 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 \$0.07 per share until May 4, 2018. These warrants were issued to eligible finders

(3): 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, subject to adjustments following the Consolidation.

TRADING PRICE AND VOLUME

The following table sets forth for the 12 month period prior to the date of this Information Circular details of the closing price ranges and total trading volume, on a monthly basis, of the Compass Shares traded through the facilities of the TSXV:

<i>Period</i>	<i>High</i>	<i>Low</i>	<i>Volume</i>
September 2016	\$0.06	\$0.045	4,501
October 2016	\$0.06	\$0.06	0
November 2016	\$0.06	\$0.06	313
December 2016	\$0.115	\$0.06	11,912
January 2017	\$0.115	\$0.055	103,500
February 2017	\$0.085	\$0.055	1,066
March 2017	\$0.09	\$0.085	150,500
April 2017	\$0.09	\$0.06	157,655
May 2017	\$0.08	\$0.07	25,000
June 2017	\$0.08	\$0.065	149,529
July 2017	\$0.065	\$0.065	100
August 2017	\$0.065	\$0.065	0
September 2017	\$0.065	\$0.065	0
October 1-13 2017	\$0.065	\$0.065	0

EXECUTIVE COMPENSATION

See "Information Concerning the Meeting – Executive Compensation".

MATERIAL CHANGES IN THE AFFAIRS OF THE COMPANY

Other than as described in this Information Circular in relation to the Transaction, the Company currently has no plans or proposals for any material changes in the affairs of the Company, such as any contract or agreement under negotiation, any proposal to liquidate the Company, to sell, lease or exchange all or a substantial part of its assets, to amalgamate it or to make any material changes in its business, corporate structure (debt or equity), management or personnel.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The authorized capital of the Company consists of an unlimited number of common shares without par value (also referred to in this Information Circular as "Compass Shares") and an unlimited number of preferred shares without par value. As at the date hereof, 15,709,839 Compass Shares are issued and outstanding (3,141,968 on a Post-Consolidation basis) as fully paid and non-assessable shares, and no preferred shares are issued and outstanding.

All of the authorized common shares of the Company are of the same class and, once issued, rank equally as to dividends, voting powers and participation in assets and in all other respects, on liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs after the Company has paid out its liabilities. The issued common shares are not subject to call or assessment by the Company nor are there any pre-emptive, conversion, exchange, redemption or retraction rights attaching to the common shares.

All registered shareholders are entitled to receive a notice of any general meeting to be convened by the Company. At any general meeting, subject to the restrictions on joint registered owners of common shares, on a show of hands every shareholder who is present in person and entitled to vote has one vote and on a poll, every shareholder has one vote for each common share of which it is the registered owner and may exercise such vote either in person or by proxy. The Company's Articles provide that the rights and provisions attached to any class of shares, in which shares are issued, may not be modified, amended or varied unless consented to by special resolution passed by a majority of not less than 66 2/3% of the votes cast in person or by proxy by holders of shares of that class.

Dividends

The Company has not paid any dividends on the Compass Shares since its incorporation. Any decision to pay dividends on the Compass Shares in the future will be made by the Board on the basis of the earnings, financial requirements and other conditions existing at such time. It is anticipated that the Company will retain all future earnings and other cash resources for the future operation and development of its business and therefore will not declare or pay any cash dividends in the foreseeable future.

Stock Options

The Company has adopted an incentive Stock Option Plan which provides that the Board may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase Compass Shares,

provided that the number of Compass Shares reserved for issuance will not exceed 10% of the issued Compass Shares at any time. Such options will be exercisable for a period of up to five years from the date of grant or within 90 days following the cessation of the optionee's position with the Company provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. In connection with the foregoing, the number of Compass Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Compass Shares and the number of Compass Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Compass Shares.

As at the date hereof, the Company has not reserved any Compass Shares pursuant to outstanding options granted under the Stock Option Plan, as at the date of this Circular. The board intends to make a grant of options to the board and management of not more than 120,000 Post-Consolidation Options at or prior to the Closing, on terms to the approved by the TSXV. Refer to "Information Concerning the Meeting – Executive Compensation".

Warrants

As at the date hereof, there are a total of 11,904,761 share purchase warrants of the Company outstanding as set forth below. Each warrant is exercisable to purchase one Compass Share, subject to adjustment in accordance with the terms of the warrants.

No. of Warrants	Exercise Price	Expiry Date
10,000,000	\$0.07	May 4, 2018 ⁽¹⁾
1,904,761	\$0.07	May 15, 2018 ⁽²⁾

(1) Issued as part of private placement of units on May 4, 2017. 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, subject to adjustments following the Consolidation.

(2) Issued as part of the issuance of units to settle a \$100,000 loan to third parties. 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, subject to adjustments following the Consolidation.

NON-ARM'S LENGTH PARTY TRANSACTIONS/ARM'S LENGTH TRANSACTIONS

The Company has not engaged in any non-arm's length transactions over the past 24 months other than Portafortuna Pty Ltd., a company controlled by Ms. Iacuso:

- advanced funds on arms length terms to the Company; and
- received fees for services as set out in Summary Compensation Table above.

The proposed Transactions are Arm's Length Transactions other than the transactions set out in the section "Interest of Informed Persons in Material Transactions".

LEGAL PROCEEDINGS

There are no actual or pending material legal proceedings to which the Company is, or is likely to be, a party or of which any of its assets is, or is likely to be, subject. Management of the Company is not aware of any legal proceedings contemplated against the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditors are Dale Matheson Carr-Hilton LaBonte LLP of Vancouver, B.C. Dale Matheson Carr-Hilton LaBonte LLP were appointed as auditors effective February 17, 2009.

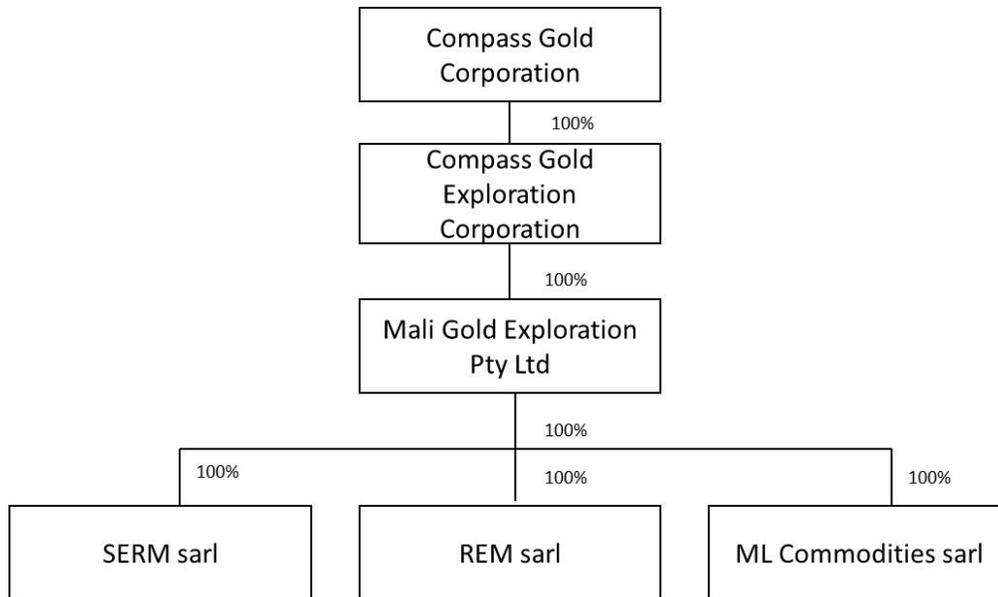
The Company's transfer agent and register is Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

INFORMATION CONCERNING THE RESULTING ISSUER

The Transaction will result in MGE becoming an indirect, wholly owned subsidiary of the Company. The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of the Company after giving effect to the Transaction. This section only includes information respecting MGE and the Company after the Transaction that is materially different from information provided earlier in this Information Circular or, in the case of the Company, that is material different from information contained earlier in this Information Circular or otherwise in the Company's continuous disclosure filings. See the various headings under "Information Concerning MGE" and "Information Concerning the Company" for additional information regarding MGE and the Company, respectively. See also the Pro Forma Financial Statements of the Company attached hereto as Schedule "I".

CORPORATE STRUCTURE

At the Closing of the Transaction, the corporate structure of the Company and its material subsidiaries is expected to be as follows:



As most of the management of the Resulting Issuer will be located in Ontario, management believes that it will be more efficient and cost effective for the Company to relocate its business or registered and records offices from Vancouver to Toronto following the completion of the Transaction. There is not expected to be any change to the location of the business or registered and records offices of MGE or the MGE Subsidiaries.

DESCRIPTION OF THE BUSINESS

The Resulting Issuer's primary business will be MGE's business of gold mineral exploration in Mali. See "Information Concerning MGE".

PRO FORMA FINANCIAL STATEMENTS

The unaudited pro forma consolidated financial statements of the Company attached hereto as Schedule "I" give effect to the Transaction and the Private Placement on a pro forma basis and have been prepared on the basis of the specific assumptions described in the notes thereto. The pro forma balance sheet was prepared as at June 30, 2017, being the date of the Company's most recently filed financial statements. These statements are not necessarily indicative of what the actual operating results or financial position would have been had the Transaction occurred on the dates and for the periods indicated and do not purport to indicate future results of operations.

FULLY DILUTED SHARE CAPITAL

The following sets out the anticipated fully diluted share capital of the Resulting Issuer after giving effect to the Transaction (including the Private Placement):

<i>Description</i>	<i>Number of Securities</i>	<i>Percentage of Total (rounded to nearest whole number)</i>
Compass Shares issued and outstanding (Post-Consolidation)	3,141,967	11%
Post-Consolidation Shares reserved for issuance pursuant to outstanding stock options	Nil	Nil
Post-Consolidation Shares reserved for issuance pursuant to currently outstanding share purchase warrants and options	2,464,952	8%
Post-Consolidation Shares to be issued in Private Placement	12,000,000	39%
Post-Consolidation Shares reserved under maximum number of broker warrants issuable under the Private Placement	720,000	2%
Post-Consolidation Shares to be issued to INFOR upon completion of the Transaction ⁽¹⁾	200,000	1%
Consideration Shares issued to the MGE Shareholders	12,000,000	39%
Post-Consolidation Shares reserved for issuance pursuant to incentive stock options to be issued prior to closing	120,000	0%
TOTAL	30,646,920	100%

Note: (1) These shares are being issued pursuant to the engagement letter entered into between the Company and INFOR Financial Inc. ("INFOR") dated August 14, 2017 which confirmed the appointment of INFOR as financial advisor to the Company.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Available Funds

Upon Closing of the Acquisition and the Private Placement, the Resulting Issuer will have approximately a minimum of \$4,879,000 (assuming the minimum raise in the Private Placement) and a maximum of \$5,819,000 (assuming the maximum raise in the Private Placement) of estimated funds available, comprised of:

<i>Available Funds</i>	<i>\$</i>
(a) approximate working capital of the Company as at the most recent month end prior to the date of this Circular	185,000
(b) approximate working capital/(deficit) of MGE as at the most recent month end prior to the date of this Circular	(5,000)
(c) estimated net proceeds of the Concurrent Financing (minimum raise / maximum raise)	4,660,000 / 5,600,000
TOTAL ESTIMATED FUNDS AVAILABLE:	4,840,000 (assuming minimum raise) 5,780,000 (assuming maximum raise)

Principal Purpose of Funds

The principal purpose of such funds, after giving effect to the Acquisition and for the 12 months thereafter, will be for, among other things, working capital and future exploration activities on mineral properties, primarily exploration activities on the Sikasso Property. It is anticipated that the Resulting Issuer will use such funds as follows:

<i>Description</i>	<i>\$ Value (assuming Minimum Private Placement)</i>	<i>\$ Value (assuming Maximum Private Placement)</i>
Costs of the Company to complete the Acquisition and Private Placement	340,000	400,000
Estimated general and administrative expenses over the 12 months following the Closing Date	590,000	590,000
Exploration and maintenance costs on the Sikasso Property	3,600,000	4,200,000
Unallocated working capital	310,000	\$590,000
TOTAL	4,840,000	5,780,000

The above table assumes completion of the Private Placement. If the Oversubscription Right is exercised and additional funds are raised, the balance will be allocated to the exploration of the Sikasso Property.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and executive officers of the Company, no person is expected to beneficially own, control or direct, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding Compass Shares after giving effect to the Transaction, except in respect of the MGE Shareholders as set forth under "Information Concerning the Meeting – Interest of Certain Persons in Matters to be Acted Upon".

CONFLICTS OF INTEREST

Directors and officers of the Resulting Issuer also serve as directors and/or officers of other companies engaged in mineral exploration, development and mining and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under British Columbia corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer.

The Company requires all conflicts of interest to be resolved in accordance with the BCBCA. Any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

DIRECTORS, OFFICERS AND PROMOTERS

The Company's current directors are James Henderson, Lara Iacusso, Dr. Madani Diallo, Larry Phillips and Malcolm Carson. In connection with the completion of the Acquisition, Malcolm Carson and Lara Iacusso will resign as directors and Bill Pugliese and Joe Conway will be appointed as directors of the Resulting Issuer. Larry Phillips will be appointed President and CEO of the Resulting Issuer. Lara Iacusso will continue as interim CFO of the Resulting Issuer.

The term of office of each of the present directors expires at the Company's next annual general meeting. Each director elected or appointed will hold office until the next annual general meeting of the Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated.

The following table sets out the names of the proposed directors and officers of the Resulting Issuer, the municipality in which each is ordinarily resident, all offices of the Resulting Issuer proposed to be held by each of them, their principal occupations during the past five years and the expected number of Company Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised, following completion of the Transaction.

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years	Prior Position with the Company or Targets and Term of Such Position	Number of Company Shares upon completion of the Transaction⁽¹⁾	Percentage of Class Held or Controlled on completion of the Transaction
James Henderson Mosman, NSW Australia Director and Chairman	Executive Chairman of Transocean Group Pty Ltd.	Director and Chairman since April 12, 2010	3,196,614 ⁽²⁾	11.7%
Madani Diallo Bamako, Mali Director	President of M-Consulting Geologists	Director since April 12, 2010	3,168,595	11.6%
Larry Phillips Toronto, Canada Director, President and CEO	President of Corplex Management Services	Director since May 8, 2012	405,000	1.5%
Lara Iacusso Rushcutters Bay, NSW Australia CFO	Director of Transocean Group Pty Ltd.	Director since June 30, 2010	144,683 ⁽³⁾	0.5%
Bill Pugliese Toronto, Canada Director	President of Fundeco Inc.	N/A	400,000 ⁽⁴⁾	1.5%
Joe Conway Toronto, Canada Director	Executive vice Chairman of Primero Mining Corp from September 2017, President and CEO of Primero Mining Corp from June 2010	N/A	400,000	1.5%
Total			7,570,209	27.8%

Notes:

- (1) Such persons may participate in the Private Placement. As at the date of this Circular, the details of such participation have not been settled and so are not included in the above table.
- (2) Includes Company Shares held beneficially in the name of Jalonex Investments Pty Ltd., JH & KM Pty Ltd., Transocean Finance Pty Ltd, Transocean Securities Pty Ltd. And Transocean Asset Development Pty Ltd., all of which are companies controlled by Henderson.
- (3) These Shares are held indirectly in the name of Portafortuna Pty Ltd., a private company controlled by Lara Iacusso.
- (4) Held beneficially, through Fundeco Inc. a company controlled by Mr. Pugliese.

The audit committee of the Resulting Issuer's is proposed to comprise of James Henderson, Joe Conway and Bill Pugliese, all of whom are considered independent and all of whom are considered financially literate.

MANAGEMENT

The following is a brief description of the key management of the Resulting Issuer.

Mr. Phillips, Mr. Henderson and Dr. Diallo

Relevant education and experience for *Mr. Phillips, Mr. Henderson and Dr. Diallo* is set out in "Executive Compensation - Composition of the Compensation Committee" or "Audit Committee Information" above.

Joe Conway

Mr. Conway has nearly 30 years of mining and financial industry experience. Mr. Conway served as President and CEO of IAMGOLD from 2003 to 2010. Mr. Conway has a B.Sc. from Memorial University of Newfoundland (1981), and an MBA from Dalhousie University (1987). He has been Interim Chief Executive Officer and Interim President of Primero Mining Corp (TSX:P) (Primero) since March 2017 and has held numerous other executive positions with Primero since 2010.

Bill Pugliese

Mr. Pugliese was one of the founders of IAMGold and served as its Chief Executive Officer of IAMGold until January 2003. Mr. Pugliese continued as Chairman of the Board of Directors of IAMGold until 2016. He participated directly in the evolution of IAMGold, including the development of the Sadiola concession in Mali through his dealings with government officials and joint venture partners. He has an extensive business background developed over a period of 35 years as the principal shareholder in a number of private Canadian companies.

EXECUTIVE COMPENSATION

There are currently no executive compensation arrangements in place. The Resulting Issuer intends to review the executive compensation arrangements following the Transaction. This is likely to include a combination of cash amounts and the awarding of securities under the Stock Option Plan and/or the RSU Plan. As at the date of this Circular, the terms of the executive compensation had not been fixed.

Other than as described above, the Transaction is not anticipated to result in any changes to the executive officers of the Resulting Issuer or to the existing terms of the executive officers' compensation as disclosed in the Company's most recent management information circular. See "Information Concerning the Company".

COMPENSATION OF DIRECTORS

There are currently no ongoing director compensation arrangements in place. The Resulting Issuer intends to review the directors' compensation arrangements following the Transaction. This is likely to include a combination of cash amounts and the awarding of securities under the Stock Option Plan and/or the RSU Plan. As at the date of this Circular, the terms of the directors' compensation had not been fixed.

RISK FACTORS

An investment in the Resulting Issuer should be considered speculative due to the nature of the Resulting Issuer's business and the present stage of its development.

The risk factors disclosed under "Information Concerning MGE – Risk Factors" in respect of MGE's business will apply to the Resulting Issuer and should be considered in respect of the business of the Resulting Issuer. See also "The Transaction – Transaction Risk Factors" for a discussion of some of the risk factors relating to the Transaction.

Additional risks and uncertainties not currently known to the Company, or that the Company currently deems to be immaterial, may also materially and adversely affect the Resulting Issuer's business.

In addition, the following risk factors should be carefully considered by investors:

Loss of Entire Investment

An investment in the securities of the Resulting Issuer is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Resulting Issuer.

The Resulting Issuer's securities may experience price volatility

Securities markets have recently had a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of the Resulting Issuer may include macroeconomic developments locally and globally, and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in mineral prices will not occur. As a result of any of these factors, the market price of the Compass Shares at any given point in time may not accurately reflect the long term value of the Resulting Issuer.

In the past, following periods of volatility in the market price of a company's securities, shareholders have in some cases instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm profitability and the reputation of the Resulting Issuer.

Dilution

The Resulting Issuer will require additional funds in respect of the further development of MGE's mineral projects. If the Resulting Issuer raises funds by issuing additional equity securities, such financing will dilute the equity interests of its current shareholders.

Discretion in the Use of Available Funds

Management will have broad discretion concerning the use of the available funds of the Resulting Issuer as well as the timing of their expenditures. As a result, shareholders and investors will be relying on the judgment of management of the Resulting Issuer for the application of the available funds of the Resulting Issuer (see "Available Funds and Principal Purposes" above). Management may use the available funds in ways that an investor may not consider desirable. The results and the effectiveness of the application of the available funds are uncertain. If the available funds are not applied effectively, the Resulting Issuer's results of operations may suffer.

ESCROWED SECURITIES

In accordance with the requirements of the TSXV for the Transaction, the Consideration Shares held by the MGE Shareholders will be deposited in escrow at the Closing and held in accordance with a TSXV Value Escrow Agreement (TSXV Form 5D) (the "**Escrow Agreement**") which will be entered into between the Company, each of the MGE Shareholders and Computershare Investor Services Inc., as escrow agent. The Escrow Agreement will provide for the pro rata release of the escrowed securities as to 10% following the Final TSXV Bulletin and 15% every six months thereafter for a period of 36 months.

The escrowed securities will be subject to the direction and determination of the TSXV pursuant to the Escrow Agreement. Specifically, the escrowed securities may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the TSXV.

The table below sets forth details of the securities of the Company held or to be held in escrow:

Name and Municipality of Residence of Securityholder	Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction ⁽¹⁾	
	Number of securities held in escrow	Percentage of class	Number of securities to be held in escrow ⁽²⁾	Percentage of class
Transocean Finance Pty Ltd. (James Henderson) Sydney, NSW, Australia	Nil	N/A	2,769,828 Consideration Shares	10.1%
Madani Diallo Bamako, Mali	Nil	N/A	2,769,828 Consideration Shares	10.1%
Fitel Nominees Limited	Nil	N/A	1,089,311 Consideration Shares	4.0%
Foredy Investment (Shanghai) Company Limited	Nil	N/A	931,035 Consideration Shares	3.4%
Tisia Nominees Pty Ltd.	Nil	N/A	540,000 Consideration Shares	2.0%
Cabletime Pty Ltd.	Nil	N/A	540,000 Consideration Shares	2.0%
Oaktone Nominees Pty Ltd atf the Grist Investment Trust	Nil	N/A	540,000 Consideration Shares	2.0%
Kobia Holdings Pty Ltd	Nil	N/A	180,000 Consideration Shares	0.7%
Blu Bone Pty Ltd	Nil	N/A	180,000 Consideration Shares	0.7%
Celtic Capital Pty Ltd <The Celtic Capital A/c>	Nil	N/A	180,000 Consideration Shares	0.7%
Larry Phillips	Nil	N/A	360,000 Consideration Shares	1.3%
Joe Conway	Nil	N/A	360,000 Consideration Shares	1.3%
Fundeco Inc.	Nil	N/A	360,000 Consideration Shares	1.3%

- (1) Assumes completion of the Transaction (and completion of the Private Placement), which is anticipated to result in an aggregate of 27,341,967 issued and outstanding Compass Shares on the Closing. See also "General Meeting Information – Interest of Certain Persons in Matters to be Acted Upon."
- (2) These are securities held in escrow pursuant to the Escrow Agreement, and does not include the 10% release of escrow securities upon the Final TSXV Bulletin.

AUDITORS

Upon Closing the auditors of the Resulting Issuer will continue to be the Company's current auditor, Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants of Suite 1150, 1140 West Pender Street, Vancouver, BC, V6E 4G1.

REGISTRAR AND TRANSFER AGENT

Upon Closing the Registrar and Transfer Agent for the Compass Shares will continue to be Computershare Investor Services Inc. of 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are expected to be the only material contracts of the Resulting Issuer entered into since the beginning of the last financial year of the Company ending before the date of this Information Circular or before the beginning of the last financial year ending before the date of this Information Circular for any material contract that is still in effect:

1. The agreements and instruments listed under "Information Concerning MGE – Material Contracts".
2. The Escrow Agreement to be entered into in connection with the Closing, as described under "Escrowed Securities" above.
3. The Royalty Agreements.

Copies of all such material contracts may be inspected at any time up to the Meeting during normal business hours at the Company's business office at Suite 1430, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6.

EXPERTS

The following persons or companies whose profession or business gives authority to a report, valuation, statement or opinion made by the person or company are named in this Information Circular as having prepared or certified that report, valuation, statement or opinion described in this Information Circular:

1. Dr. Sandy Archibald, PGeo, a consulting geologist of Aurum Exploration Services, is the author of the Technical Report.
2. Dale Matheson Carr-Hilton LaBonte LLP ("DMCL"), Chartered Professional Accountants of Vancouver, British Columbia issued the auditors' report on the annual financial statements of MGE for the years ended June 30, 2017, 2016 and 2015, which are included in this Information

Circular. DMCL reports that it is independent of MGE in accordance with the rules of professional conduct in British Columbia, Canada and that DMCL is registered with the Public Company Accounting Oversight Board and the Canadian Public Accountability Board.

Based on information provided by the experts, none of the experts referred to in items 1 and 2 above, when or after they prepared the statement, report or valuation, has held, or received or will receive, any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or MGE or of one of its associates or affiliates or is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or MGE or of any of its associates or affiliates.

APPROVAL OF INFORMATION CIRCULAR

This Information Circular and the delivery thereof to the Compass Shareholders in connection with the Meeting has been authorized and approved by the board of directors of the Company.

SCHEDULE "A"
AUDIT COMMITTEE CHARTER

General

The Audit Committee is a committee of the Board, the primary function of which is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the systems of internal controls and management information systems that management has established under supervision of the Audit Committee, the Company's internal and external audit process and monitoring compliance with the Company's legal and regulatory requirements with respect to its financial statements.

The Audit Committee is accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee is expected to attempt to maintain an open communication between the Company's external auditors and the Board.

The responsibilities of a member of the Audit Committee are in addition to such member's duties as a member of the Board.

The Audit Committee does not plan or perform audits or warrant the accuracy or completeness of the Company's financial statements or financial disclosure or compliance with generally accepted accounting procedures as these are the responsibility of management and the external auditors.

Membership

The Audit Committee consists of at least three directors who shall serve on behalf of the Board. The members are appointed annually by the Board and shall meet the independence, financial literacy and experience requirements of the TSXV and other regulatory agencies as required.

Procedural Matters

The Audit Committee shall be governed by the following Audit Committee Terms of Reference adopted by the Board, save as modified by the following procedural requirements and powers. The Audit Committee:

- (a) shall meet at least four times per year, either by telephone conference or in person.
- (b) may invite the Company's external auditors, the CFO, and such other persons as are deemed appropriate by the Audit Committee to attend meetings of the Audit Committee.
- (c) shall report material decisions and actions of the Audit Committee to the Board, together with such recommendations as the Audit Committee may deem appropriate, at the next Board meeting.
- (d) shall review the performance of the Audit Committee on an annual basis and report to the Board.
- (e) shall review and assess the Mandate for the Audit Committee at least annually and submit any proposed revisions to the Board for approval.
- (f) has the power to conduct or authorize investigations into any matter within the scope of its responsibilities. It has the right to engage independent counsel and other advisors as it

determines necessary to carry out its duties and the right to set the compensation for any advisors employed by the Audit Committee.

- (g) has the right to communicate directly with the CFO and other members of management who have responsibility for the audit process ("**internal audit management**"), if applicable, and external auditors.
- (h) has the right to pre-approve non-audit services (subject to ratification by the Board at its next meeting) to be performed by the external auditors. The Audit Committee may delegate certain pre-approval functions for non-audit services to one or more independent members of its Audit Committee if it first adopts specific policies and procedures respecting same and provided such decisions are presented to the full Audit Committee for approval at its next meeting.

No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by resolution in writing signed by all the members of the Audit Committee. A majority of the members of the Audit Committee shall constitute a quorum, provided that if the number of members of the Audit Committee is an even number, one-half of the number of members plus one shall constitute a quorum.

The Audit Committee shall have the authority to engage independent counsel and other advisors as the Audit Committee may deem appropriate in its sole discretion and to set and pay the compensation for any advisors employed by the Audit Committee. The Audit Committee shall not be required to obtain the approval of the Board in order to retain or compensate such consultants or advisors.

The Audit Committee shall have access to any and all books and records of the Company necessary for the execution of the Audit Committee's obligations and shall discuss with the CEO or CFO such records and other matters considered appropriate.

Responsibilities

The Audit Committee has primary responsibility for the selection, appointment, dismissal, compensation and oversight of the external auditors, subject to the overall approval of the Board. For this purpose, the Audit Committee may consult with management.

External Auditors

The responsibilities of the Audit Committee are to:

- (a) recommend to the Board:
 - (i) whether the current external auditor should be reappointed for the ensuing year and the amount of compensation payable; and
 - (ii) if the current external auditor is not to be reappointed, select and recommend a suitable alternative;
- (b) oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Company;
- (c) resolve disagreements, if any, between management and the external auditors regarding financial reporting. It accomplishes this by querying management and the external auditors. The Audit Committee provides the Board with such recommendations and reports with respect to the financial statements of the Company as it deems advisable;

- (d) take reasonable steps to confirm the independence of the external auditors, including but not limited to pre-approving any non-audit related services provided by the external auditors to the Company or the Company's subsidiaries, if any, with a view to ensuring independence of the auditors, and in accordance with any applicable regulatory requirements, including the requirements of TSXV with respect to approval of non-audit related services performed by the external auditors;
- (e) obtain from the external auditors confirmation that the external auditors are a 'participating audit' firm for the purpose of National Instrument 52-108, *Auditor Oversight*, and are in compliance with governing regulations;
- (f) review and evaluate the performance of the external auditors including the external auditors' internal quality-control procedures; and
- (g) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Company's external auditors.

Internal Auditors

The Audit Committee is to assist Board oversight of the performance of the Company's internal audit function, if any. In connection with the Corporation's internal audit function, if any, the Audit Committee shall:

- (a) review the terms of reference of the internal auditor, if any, and meet with the internal auditor as the Audit Committee may consider appropriate to discuss any concerns or issues;
- (b) in consultation with the external auditor and the internal audit group, review the adequacy of the Company's internal control structure and procedures designed to ensure compliance with laws and regulations and any special audit steps adopted in light of material deficiencies and controls;
- (c) review the internal control report prepared by management, including management's assessment of the effectiveness of the Company's internal control structure and procedures for financial reporting; and
- (d) periodically review with the internal auditor, if any, any significant difficulties, disagreements with management or scope restrictions encountered in the course of the work of the internal auditor.

Audit and Review Process and Results

The Audit Committee has a duty to receive, review and make any inquiry regarding the completeness, accuracy and presentation of the Company's financial statements to ensure that the financial statements fairly present the financial position and risks of the organization and that they are prepared in accordance with generally accepted accounting principles. To accomplish this, the Audit Committee is required to:

- (a) review annually the Company's internal system of audit and financial controls, internal audit procedures and results of such audits;
- (b) prior to the annual audit by external auditors, consider the scope and general extent of the external auditors' review, including their engagement letter;

- (c) ensure the external auditors have full, unrestricted access to required information and have the cooperation of management;
- (d) review with the external auditors, in advance of the audit, the audit process and standards, as well as regulatory or Company-initiated changes in accounting practices and policies and the financial impact thereof, and selection or application of appropriate accounting principles;
- (e) review with the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements. Review the appropriateness and disclosure of any off-balance sheet matters. Review disclosure of related-party transactions;
- (f) receive and review with the external auditors, the external auditors' audit report and the audited financial statements. Make recommendations to the Board respecting approval of the audited financial statements;
- (g) meet with the external auditors separately from management to review the integrity of the Company's financial reporting, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates, performance of internal audit management, any significant disagreements or difficulties in obtaining information, adequacy of internal controls over financial reporting and the degree of compliance of the Company with prior recommendations of the external auditors. The Audit Committee shall direct management to implement such changes as the Audit Committee considers appropriate, subject to any required approvals of the Board arising out of the review; and
- (h) meet at least annually with the external auditors, independent of management, and report to the Board on such meetings.

Interim Financial Statements and MD&A

The Board has delegated to the Audit Committee the power to approve the Company's interim financial statements and management's discussion and analysis. The Audit Committee shall:

- (a) review on an annual basis the Company's practice with respect to review of interim financial statements by the external auditors;
- (b) conduct all such reviews and discussions with the external auditors and management as it deems appropriate;
- (c) review and, if appropriate approve the interim financial statements and management's discussion and analysis; and
- (d) review the interim financial statements with the external auditors if the external auditors conduct a review of the interim financial statements.

Involvement with Management

The Audit Committee has primary responsibility for overseeing the actions of management in all aspects of financial management and reporting. The Audit Committee:

- (a) shall review all public disclosure of financial information extracted from the Company's financial statements prior to such information being made public by the Company and for such purpose,

the CEO assumes responsibility for providing the information to the Audit Committee for their review;

- (b) review material financial risks with management, the plan that management has implemented to monitor and deal with such risks and the success of management in following the plan;
- (c) consult annually and otherwise as required with the Company's CEO and CFO respecting the adequacy of the internal controls and review any breaches or deficiencies;
- (d) obtain such certifications by the CEO and CFO attesting to internal controls, disclosure and procedures as deemed advisable;
- (e) review management's response to significant written reports and recommendations issued by the external auditors and the extent to which such recommendations have been implemented by management;
- (f) review as required with management annual financial statements, quarterly financial statements, management's discussion & analysis, annual information forms, future-oriented financial information or pro-forma information and other financial disclosure in continuous disclosure documents;
- (g) review with management the Company's compliance with applicable laws and regulations respecting financial matters;
- (h) review with management proposed regulatory changes and their impact on the Company; and
- (i) review with management and approve public disclosure of the Audit Committee Mandate in the Company's annual information form, information circular and on the Company's website.

Complaints

Complaints regarding accounting, internal accounting controls, or auditing matters may be submitted to the Audit Committee, to the attention of the Chair of the Audit Committee. Complaints may be made anonymously and, if not made anonymously, the identity of the person submitting the complaint will be kept confidential. Upon receipt of a complaint, the Chair of the Audit Committee will conduct or designate a member of the Audit Committee to conduct an initial investigation. If the results of that initial investigation indicate there may be any merit to the complaint, the matter will be brought before the Audit Committee for a determination of further investigation and action. Records of complaints made and the resulting action or determination with respect to the complaint shall be documented and kept in the records of the Audit Committee for a period of three years.

Reporting

The Audit Committee shall report to the Board at its regularly scheduled meetings.

SCHEDULE "B"
RESTRICTED SHARE UNIT PLAN

COMPASS GOLD CORPORATION
RESTRICTED SHARE UNIT PLAN

PART 1

GENERAL PROVISIONS

Establishment and Purpose

1.1 The Company hereby establishes a restricted share unit plan known as the "Compass Gold Corporation Restricted Share Unit Plan."

1.2 The purpose of this Plan is to allow for certain discretionary bonuses and similar awards as an incentive and reward for selected Eligible Persons related to the achievement of long-term financial and strategic objectives of the Company and the resulting increases in shareholder value. This Plan is intended to promote a greater alignment of interests between the shareholders of the Company and the selected Eligible Persons by providing an opportunity to participate in increases in the value of the Company. The Plan is designed to comply with both United States federal and Canadian tax laws.

Definitions

1.3 In this Plan:

- (a) **Affiliate** means any corporation which is an affiliate, as such term is used in the *Canada Business Corporations Act*, of the Company;
- (b) **Associates** has the meaning ascribed thereto in the Securities Act (Ontario);
- (c) **Applicable Withholding Tax** has the meaning set forth in §3.9;
- (d) **Award Agreement** means a written agreement evidencing the grant of a Restricted Share Unit;
- (e) **Award Payout** means the applicable Share issuance in respect of a vested Restricted Share Unit pursuant and subject to the terms and conditions of this Plan and the applicable Award Agreement;
- (f) **Board** means the Board of Directors of the Company;
- (g) **Change of Control** in respect of any Recipient has the meaning ascribed to such term (in a relevant context) in either i) the Recipient's then existing employment agreement with the Company, ii) the Recipient's then existing Change of Control letter agreement with the Company or, if no meaning is so ascribed, means the acquisition by any person or by any person and its joint actors (as such term is defined in the Securities Act), whether directly or indirectly, of voting securities (as such term is defined in Securities Act) of the Company which, when added to all of the voting securities of the Company at the time held by such person and its joint

actors, totals for the first time not less than 50% of the outstanding voting securities of the Company;

- (h) **Code** means the United States Internal Revenue Code of 1986, as amended.
- (i) **Committee** means the Compensation Committee of the Board or other committee of the Board, consisting of not less than three directors, to whom the authority of the Board is delegated in accordance with §1.5;
- (j) **Company** means Compass Gold Corp., and includes any successor company thereto;
- (k) **Eligible Person** means any person who is an Employee or Officer;
- (l) **Employee** means an employee of the Company or of a Related Entity;
- (m) **Expiry Date** means December 31 of the third calendar year after the Grant Date, or such earlier date as may be established by the Board and set forth in an applicable Award Agreement;
- (n) **Fair Market Value** means, as at a particular date, for the purpose of calculating the applicable Vesting Date Value and Award Payout,
 - (i) if the Shares are listed on the TSXV, the volume weighted average price per Share traded on the TSXV over the last five trading days preceding that date,
 - (ii) if the Shares are not listed on the TSXV, the value established by the Board based on the volume weighted average price per Share traded on any other public exchange on which the Shares are listed over the same period, or
 - (iii) if the Shares are not listed on any public exchange, the value per Share established by the Board based on its determination of the fair value of a Share;
- (o) **Grant Date** means the date of grant of any Restricted Share Unit;
- (p) **IFRS** means the International Financial Reporting Standards as adopted by the Accounting Standards Board of Canada;
- (q) **Insider** means any insider, as such term is defined in Subsection 1(1) of the Securities Act (Ontario), of the Company, other than a person who falls within that definition solely by virtue of being a director or senior officer of an Affiliate, and includes any Associate of any such insider;
- (r) **Just Cause** means termination of Recipient's employment without notice or pay in lieu of notice for reasons including (but not limited to):
 - (i) the Recipient's wilful failure to follow the Company's instructions or to perform the reasonable duties assigned to the Recipient by the Company;
 - (ii) the Recipient's wilful misconduct or fundamental breach of any of the provisions of any employment agreement;

- (iii) any conduct by the Recipient that brings the Recipient or the Company into disrepute; and
 - (iv) any other matter constituting just cause at common law.
- (s) **Officer** means an individual who is an officer of the Company or of a Related Entity as an appointee of the Board or the board of directors of the Related Entity, as the case may be;
- (t) **Restricted Share Unit** means a right granted under this Plan to receive the Award Payout on the terms contained in this Plan;
- (u) **Plan** means this Compass Gold Restricted Share Unit Plan, as amended from time to time;
- (v) **Recipient** means an Eligible Person who may be granted Restricted Share Units from time to time under this Plan;
- (w) **Related Entity** means a person that is controlled by the Company. For the purposes of this Plan, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of
- (i) ownership of or direction over voting securities in the second person,
 - (ii) a written agreement or indenture,
 - (iii) being the general partner or controlling the general partner of the second person, or
 - (iv) being a trustee of the second person;
- (x) **Required Approvals** has the meaning contained in §1.7.
- (y) **Retirement** means, with respect to a Recipient, the early or normal retirement of the Recipient within the meaning of the pension plan of the Company for salaried employees, whether or not such Recipient is a member of that pension plan, or, if the Company does not have such a plan, the date on which the Recipient reaches age 65;
- (z) **Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;
- (aa) **Share** means a common share in the capital of the Company as from time to time constituted after giving effect to the consolidation of the Company's common shares disclosed in the Company's news release of August 23, 2017;
- (bb) **Termination** means, with respect to a Recipient, that the Recipient has ceased to be an Eligible Person, other than as a result of Retirement, and has ceased to fulfil any other role as employee or officer of the Company or any Related Entity, including as a result of termination of employment, resignation from employment, removal as an officer, death or Total Disability;

(cc) **Termination Date** means the date of Termination of a Recipient and, in the case of a Recipient who is an Employee, where the employment is terminated by the Company or a Related Entity, as applicable, whether wrongful or for Just Cause or otherwise, such date shall be the date notice of Termination is provided;

(dd) **Total Disability** means, with respect to a Recipient, that, solely because of disease or injury, within the meaning of the long-term disability plan of the Company, the Recipient is deemed by a qualified physician selected by the Company to be unable to work at any occupation which the Recipient is reasonably qualified to perform;

(ee) **Trigger Date** means, with respect to a Restricted Share Unit, the date set by the Board in the applicable Award Agreement, and if no date is set by the Board, then December 1 of the third calendar year following the Grant Date of the Restricted Share Unit;

(ff) **TSXV** means The TSX Venture Exchange;

(gg) **United States** means the United States of America, its territories and possessions and any state of the United States;

(hh) **U.S. Taxpayer** means any Recipient who is a citizen or resident of the United States (including its territories, possessions and all areas subject to the jurisdiction) or is otherwise subject to income taxation under the laws of the United States; and

(ii) **Vesting Date Value** means the notional value, as at a particular date, of the Fair Market Value of one Share.

Administration

1.4 The Board will, in its sole and absolute discretion, but taking into account relevant corporate, securities and tax laws,

- (a) interpret and administer this Plan,
- (b) establish, amend and rescind any rules and regulations relating to this Plan, and
- (c) make any other determinations that the Board deems necessary or appropriate for the administration of this Plan;

provided that nothing in this §1.4 shall permit the Board to amend this Plan to allow the grant of Restricted Share Units to non-employee directors without obtaining Shareholder approval of such amendment. The Board may correct any defect or any omission or reconcile any inconsistency in this Plan in the manner and to the extent the Board deems, in its sole and absolute discretion, necessary or appropriate. Any decision of the Board in the interpretation and administration of this Plan will be final, conclusive and binding on all parties concerned. All expenses of administration of this Plan will be borne by the Company.

Delegation to Committee

1.5 All of the powers exercisable hereunder by the Board may, to the extent permitted by law and as determined by a resolution of the Board, be delegated to a Committee including, without limiting the generality of the foregoing, those referred to under §1.4).

Incorporation of Terms of Plan

1.6 Subject to specific variations approved by the Board and set forth in an Award Agreement, all terms and conditions set out herein will be incorporated into and form part of each Restricted Share Unit granted under this Plan.

Effective Date

1.7 This Plan will be effective on upon completion of the Company's acquisition of Mali Gold Exploration Pty Ltd. After such date, the Board may, in its discretion, at any time, and from time to time, issue Restricted Share Units to Eligible Persons as it determines appropriate under this Plan. However, any such issued Restricted Share Units may not be paid out in Shares in any event until receipt of the necessary approvals from disinterested shareholders of the Company, the TSXV, and any other regulatory bodies (the "Required Approvals"). This Plan shall also be subject to Policy 4.4 of the TSXV, where applicable.

Maximum Number of Shares and Maximum Award Value

1.8 The aggregate number of Shares available for issuance from treasury under this Plan, in the aggregate, is 1,367,098 Shares, subject to adjustment pursuant to §2.8, provided that the maximum number of Shares issuable pursuant to this Plan, or when combined with all of the Company's other security-based compensation arrangements, shall not exceed 10% of the Resulting Issuer's issued and outstanding shares, subject to any adjustments; and

Any Shares subject to a Restricted Share Unit which has been granted under the Plan and which is settled, cancelled or terminated in accordance with the terms of the Plan shall again be available under the Plan.

1.9 Notwithstanding anything in this Plan, the maximum number of Shares which may be issued to:

(a) any individual at the time of grant under this Plan may be no more than one percent (1%) of the outstanding Shares of the Company; and

(b) any individual in any twelve (12) month period may be, in aggregate, no more than two percent (2%) of the outstanding Shares of the Company,

less the aggregate number of shares reserved for issuance or issuable under any other share compensation arrangement of the Company.

PART 2

AWARDS UNDER THIS PLAN

Recipients

2.1 Only Eligible Persons are eligible to participate in this Plan and receive one or more Restricted Share Units. Restricted Share Units that may be granted hereunder to a particular Eligible Person in a calendar year will (subject to any applicable terms and conditions) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Company or a Related Entity, as the case may be, in the Company's or the Related Entity's fiscal year ending in, or coincident with, such calendar year.

Grant

2.2 The Board may, in its discretion, at any time, and from time to time, grant Restricted Share Units to Eligible Persons as it determines is appropriate, subject to the limitations set out in this Plan. In making such grants the Board may, in its sole discretion but subject to §2.4, in addition to Performance Conditions set out below, impose such conditions on the vesting of the Restricted Share Units as it sees fit, including imposing a vesting period on grants of Restricted Share Units.

Performance Conditions

2.3 At the time a grant of a Restricted Share Unit is made, the Board may, in its sole discretion, establish such performance conditions for the vesting of Restricted Share Units as may be specified by the Committee in the applicable Award Agreement (the "**Performance Conditions**"). The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any Performance Conditions, and may exercise its discretion to reduce the amounts payable under any Award Agreement subject to Performance Conditions. The Board may determine that a Restricted Share Unit shall vest in whole or in part upon achievement of any one performance condition or that two or more Performance Conditions must be achieved prior to the vesting of a Restricted Share Unit. Performance Conditions may differ for Restricted Share Units granted to any one Grantee or to different Grantees.

Vesting

2.4 Except as otherwise provided in §§ 3.5, 3.6 or 3.7 or elsewhere in this Plan, Restricted Share Units issued under this Plan will vest on the Trigger Date provided that any applicable Performance Conditions have been satisfied on or before the Trigger Date and provided further, that the Recipient has continued to be an Employee or Officer until the applicable Trigger Date. For the avoidance of doubt, the term "vest" or "vested" as pertaining to U.S. Taxpayers under this Plan shall mean that a Restricted Share Unit is no longer subject to a "substantial risk of forfeiture" as such term is defined in Section 409A(d)(4) of the Code and Section 1.409A-1(d)(1) of the Treasury Regulations promulgated by the United States Treasury Department.

No Restricted Share Unit will remain outstanding for any period which exceeds the Expiry Date of such Restricted Share Unit.

Forfeiture and Cancellation Upon Expiry Date

2.5 Restricted Share Units which do not vest on or before the Expiry Date of such Restricted Share Unit will be automatically cancelled, without further act or formality and without compensation. Any Restricted Share Units granted to a U.S. Taxpayer which do not vest either as a result of termination of employment or services prior to the Trigger Date or as a result of a failure to satisfy any applicable Performance Conditions as of the applicable time will be automatically cancelled, without further act or formality and without compensation, as of the earlier of the termination of employment or services or the Trigger Date.

Account

2.6 Restricted Share Units issued pursuant to this Plan (including fractional Restricted Share Units, computed to three digits) will be credited to a notional account maintained for each Recipient by the Company for the purposes of facilitating the determination of amounts that may become payable hereunder. A written confirmation of the number of Restricted Share Units in each Recipient's account will be sent by the Company to the Recipient upon request of the Recipient.

Dividend Equivalents

2.7 On any date on which a cash dividend is paid on Shares, a Recipient's account will be credited with the number and type of Restricted Share Units (including fractional Restricted Share Units, computed to three digits) calculated by

- (a) multiplying the amount of the dividend per Share by the aggregate number of Restricted Share Units that were credited to the Eligible Person's notional account as of the record date for payment of the dividend, and
- (b) dividing the amount obtained in §(a) by the Fair Market Value on the date on which the dividend is paid.

Any additional Restricted Share Units resulting from the application of this §2.7 shall become vested and payable at the same time that the Restricted Share Units under §2.7(a), to which such new Restricted Share Units are allocable, become vested and payable. The new Restricted Share Units shall be allocable pro-rata to the Restricted Share Units under §2.7(a).

Adjustments and Reorganizations

2.8 In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting Shares, the Board, in its sole and absolute discretion, will make, with respect to the number of Restricted Share Units outstanding under this Plan, any proportionate adjustments as it considers appropriate to reflect that change.

Notice and Acknowledgement

2.9 No certificates will be issued with respect to the Restricted Share Units issued under this Plan, unless and until Shares are actually issued upon settlement of the Restricted Share Unit. Each

Eligible Person will, prior to being granted any Restricted Share Units, deliver to the Company a signed acknowledgement substantially in the form of Schedule "A" to this Plan.

PART 3

PAYMENTS UNDER THIS PLAN

Payment of Restricted Share Units

3.1 Subject to the terms of this Plan and, in particular, §3.9 of this Plan, the Company will pay out vested Restricted Share Units issued under this Plan by paying or issuing (net of any Applicable Withholding Tax) to such Recipient, on or subsequent to the Trigger Date but no later than the Expiry Date of such Vested Restricted Share Unit, or, with respect to Restricted Share Units held by a U.S. Taxpayer, no later than **thirty** (30) days after the Trigger Date (or any earlier date upon which the Restricted Share Unit is no longer subject to a substantial risk of forfeiture under Section 409A of the Code), an Award Payout of either:

- (a) subject to receipt of the Required Approvals, one Share for such whole vested Restricted Share Unit. Fractional Shares shall not be issued and where a Recipient would be entitled to receive a fractional Share in respect of any fractional vested Restricted Share Unit, the Company shall pay to such Recipient, in lieu of such fractional Share, cash equal to the Vesting Date Value as at the Trigger Date of such fractional Share. Each Share issued by the Company pursuant to this Plan shall be issued as fully paid and non-assessable, or
- (b) if the Company has not received the Required Approvals or is prohibited from issuing Shares pursuant to §3.2, a cash amount equal to the Vesting Date Value as at the Trigger Date of such vested Restricted Share Unit.

Limitation on Issuance of Shares to Insiders

3.2 Notwithstanding anything in this Plan, the Company shall not issue Shares under this Plan to any Eligible Person who is an Insider of the Company where such issuance would result in:

- (a) the total number of Shares issuable at any time under this Plan to Insiders, or when combined with all other Shares issuable to Insiders under any other equity compensation arrangements then in place, exceeding 10% of the total number of issued and outstanding equity securities of the Company on a non-diluted basis; and
- (b) the total number of Shares that may be issued to Insiders during any one year period under this Plan, or when combined with all other Shares issued to Insiders under any other equity compensation arrangements then in place, exceeding 10% of the total number of issued and outstanding equity securities of the Company on a non diluted basis.

Where the Company is precluded by this §3.2 from issuing Shares to an Insider of the Company, the Company will pay to the relevant Insider a cash Award Payout in an amount equal to the Vesting Date Value as at the Trigger Date of the Restricted Share Unit.

Consultants and Advisors

3.3 The Board may engage such consultants and advisors as it considers appropriate, including compensation or human resources consultants or advisors, to provide advice and assistance in determining the amounts to be paid under this Plan and other amounts and values to be determined hereunder or in respect of this Plan including, without limitation, those related to a particular Fair Market Value.

Cancellation on Termination for Just Cause or Resignation

3.4 Subject to §3.5, §3.6 and §3.7 of this Plan, unless the Board at any time otherwise determines, all unvested Restricted Share Units held by any Recipient and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of a Termination arising from the termination of employment or removal from service by the Company or a Related Entity for Just Cause, or for the resignation of a Recipient.

Retirement, Total Disability, Death and Termination Without Cause

3.5 Except as provided in §3.6 with respect to a Recipient who is a U.S. Taxpayer, if any Recipient (other than a U.S. Taxpayer) ceases to be an Eligible Person for any of the following reasons, unvested Restricted Share Units will continue to remain outstanding and vest in accordance with the terms of this Plan for a period of sixty (60) days after the Termination Date as if such person was an Eligible Person:

- (a) Retirement of the Recipient;
- (b) death or Total Disability of a Recipient; and
- (c) the Termination of employment or removal from service by the Company or a Related Entity without cause.

Any Restricted Share Units granted to such Recipient which have not become vested Restricted Share Units on or before the date that is sixty (60) days from the Termination Date shall terminate and become null and void as of such date.

Total Disability and Death and Termination Without Cause for U.S. Taxpayers

3.6 Unless otherwise provided in an applicable Award Agreement, if a Recipient who is a U.S. Taxpayer ceases to be an Eligible Person as a result of the following events:

- (a) death or Total Disability;
- (b) the Termination of employment or removal from service by the Company or a Related Entity without cause,

then, any Restricted Share Units granted to such Recipient that are then outstanding but unvested shall become fully vested as of the occurrence of such event. The Award Payout for all Restricted Share Units that become vested under this §3.6 shall be made within thirty (30) days after such Restricted Share Units first became vested.

Termination on Change of Control

3.7 Notwithstanding anything else in this Plan, all unvested Restricted Share Units held by any Recipient will automatically vest, without further act or formality, immediately in the event of a Termination arising from the resignation or cessation of employment or service by the Recipient based on a material reduction or change in position, duties or remuneration of the Recipient at any time within 12 months after the occurrence of a Change of Control (the “**Early Trigger Date**”). Notwithstanding the foregoing, with respect to Restricted Share Units granted to a U.S. Taxpayer, such an Early Trigger Date will occur only if the resignation or cessation of employment or service by the Recipient within 12 months after the occurrence of a Change of Control is based on a material reduction in base compensation or material adverse change in the Recipient’s authority, duties or responsibilities during such period, without the Recipient’s consent, provided that the Recipient notifies the Company in writing of the existence of such circumstance within sixty (60) days of the initial existence of such circumstance and the Company does not remedy such circumstance within thirty (30) days of the Recipient’s notice.

3.8 Upon the occurrence of an Early Trigger Date of this Plan, the Company will pay out on such vested Restricted Share Units issued under this Plan and by paying (net of any Applicable Withholding Tax) to such Recipient on or subsequent to the Early Trigger Date, but no later than 10 days after the Early Trigger Date, an Award Payout in an amount equal to the Vesting Date Value as at the Early Trigger Date of such Restricted Share Units. Payments in respect of Restricted Share Units credited to the accounts of persons who are deceased will be made to or for the benefit of the legal representative of such person in accordance with §3.1.

Tax Matters and Applicable Withholding Tax

3.9 The Company does not assume any responsibility for or in respect of the tax consequences of the receipt by Recipients of Restricted Share Units, or payments received by Recipients pursuant to this Plan. The Company or relevant Related Entity, as applicable, is authorized to deduct such taxes and other amounts as it may be required or permitted by law to withhold (“**Applicable Withholding Tax**”), in such manner (including, without limitation, by withholding or selling Shares otherwise issuable to Recipients, on such terms as the Company determines) as it determines so as to ensure that it will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, or the remittance of tax or other obligations. The Company or relevant Related Entity, as applicable, may require Recipients, as a condition of receiving amounts to be paid to them under this Plan, to deliver undertakings to, or indemnities in favour of, the Company or Related Entity, as applicable, respecting the payment by such Recipients of applicable income or other taxes.

PART 4

MISCELLANEOUS

Compliance with Applicable Laws

4.1 The issuance by the Company of any Restricted Share Units and its obligation to make any payments hereunder is subject to compliance with all applicable laws. As a condition of participating in this Plan, each Recipient agrees to comply with all such applicable laws and agrees to furnish to the Company all information and undertakings as may be required to permit compliance with

such applicable laws. The Company will have no obligation under this Plan, or otherwise, to grant any Restricted Share Unit or make any payment under this Plan in violation of any applicable laws. In addition, any certificates representing Restricted Share Units or Shares issued in the United States shall bear a legend restricting transfer under United States federal state securities laws.

Non-Transferability

4.2 Restricted Share Units and all other rights, benefits or interests in this Plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a Recipient dies the legal representatives of the Recipient will be entitled to receive the amount of any payment otherwise payable to the Recipient hereunder in accordance with the provisions hereof.

No Right to Service

4.3 Neither participation in this Plan nor any action under this Plan will be construed to give any Eligible Person or Recipient a right to be retained in the service or to continue in the employment of the Company or any Related Entity, or affect in any way the right of the Company or any Related Entity to terminate his or her employment at any time.

Successors and Assigns

4.4 This Plan will enure to the benefit of and be binding upon the respective legal representatives of the Eligible Person.

Plan Amendment

4.5 The Board may amend this Plan as it deems necessary or appropriate, subject to the requirements of applicable laws, but no amendment will, without the consent of the Recipient or unless required by law, adversely affect the rights of a Recipient with respect to Restricted Share Units to which the Recipient is then entitled under this Plan. For greater certainty and without limiting the foregoing, prior approval of the disinterested shareholders of the Company and the TSXV shall be required for any amendment to the Plan that would increase the maximum number of Shares that may be issuable from treasury pursuant to Restricted Share Units granted under this Plan (as set out in §1.8), other than an adjustment pursuant to §2.8.

4.6 The Board may, without notice, at any time and from time to time, and without shareholder approval, amend the Plan or any provisions thereof in such manner as the Board, in its sole discretion, determines appropriate, including, without limitation:

- (a) for the purposes of making formal minor or technical modifications to any of the provisions of the Plan;
- (b) to correct any ambiguity, defective provision, error or omission in the provisions of the Plan;
- (c) to change the vesting provisions of Restricted Share Units;

- (d) to change the termination provisions of Restricted Share Units or the Plan which does not entail an extension beyond the original Expiry Date of the Restricted Share Units; or
- (e) to make any amendments necessary or advisable because of any change in Applicable Law;

provided, however, that no such amendment of the Plan may be made without the consent of each affected Recipient in the Plan if such amendment would adversely affect the rights of such affected Recipient(s) under the Plan.

Plan Termination

4.7 The Board may terminate this Plan at any time, but no termination will, without the consent of the Recipient or unless required by law, adversely affect the rights of a Recipient with respect to Restricted Share Units to which the Recipient is then entitled under this Plan. In no event will a termination of this Plan accelerate the vesting of Restricted Share Units or the time at which a Recipient would otherwise be entitled to receive any payment in respect of Restricted Share Units hereunder.

Governing Law

4.8 This Plan and all matters to which reference is made in this Plan will be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein.

Reorganization of the Company

4.9 The existence of this Plan or Restricted Share Units will not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or to create or issue any bonds, debentures, Shares or other securities of the Company or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Company, or any amalgamation, combination, merger or consolidation involving the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

No Shareholder Rights

4.10 Restricted Share Units are not considered to be Shares or securities of the Company, and a Recipient who is issued Restricted Share Units will not, as such, be entitled to receive notice of or to attend any shareholders' meeting of the Company, nor entitled to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Company, and will not be considered the owner of Shares by virtue of such issuance of Restricted Share Units.

No Other Benefit

4.11 No amount will be paid to, or in respect of, a Recipient under this Plan to compensate for a downward fluctuation in the Fair Market Value or price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Recipient for such purpose.

Unfunded Plan

4.12 For greater certainty, this Plan will be an unfunded plan, including for tax purposes and for purposes of the Employee Retirement Income Security Act (United States). Any Recipient to which Restricted Share Units are credited to his or her account or holding Restricted Share Units or related accruals under this Plan will have the status of a general unsecured creditor of the Company with respect to any relevant rights that may arise thereunder.

U.S. Code Section 409A for U.S. Taxpayers

It is intended that all Award Payouts made under the Plan to U.S. Taxpayers shall be exempt from Section 409A of the Code as a short-term deferral within the meaning of Section 1.409A-1(b)(4) of the Treasury Regulations. Towards that end, each Restricted Share Unit granted under the Plan to U.S. Taxpayers shall be construed to contain such terms as will qualify the Restricted Stock Unit for such exemption from Section 409A of the Code. Notwithstanding the foregoing, however, the Company shall not be liable to any Recipient or any beneficiary of a Recipient if any Restricted Share Unit under this Plan or any payment thereunder is subject to Section 409A of the Code or the Recipient or any beneficiary of a Recipient is otherwise subject to any additional tax, interest or penalty for failure to comply with Section 409A of the Code.

Securities Law Matters

If a grant under this Plan is made to a director, officer, promoter or other insider of the Company, and unless the grant is qualified by prospectus, or issued under a securities take-over bid, rights offering, amalgamation, or other statutory procedure, then the Restricted Share Unit will be subject to a four month resale restriction imposed by the TSXV.

SCHEDULE "C"
CONTINUANCE RESOLUTION

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

- 1) The continuance of the Company under the *Business Corporations Act* (Ontario) (the "**OBCA**") (the "**Continuance**"), including the execution of the articles of continuance is authorized and approved;
- 2) in connection with the Continuance, the Company is hereby authorized to make application to the Registrar appointed under the *Business Corporations Act* (British Columbia) for authorization to continue under the OBCA;
- 3) in connection with the Continuance, the Company is hereby authorized to make application to the Director appointed under the OBCA for a certificate of continuance continuing the Company under the OBCA, including the filing of articles of continuance;
- 4) the directors of the Company are hereby authorized to abandon the application for continuance of the Company at any time without further approval of the shareholders of the Company; and
- 5) any director or officer of the Company is hereby authorized for and on behalf of the Company to take all steps and proceedings, to execute and deliver and file any and all declarations, agreements (including, without limitation filing Articles of Continuance with the Director under the OBCA), and to execute and deliver and file any and all amendments to the Company's articles, declarations, agreements, documents, elections and other instruments and do all such other acts and things (whether under corporate seal of the Company or not) that such officer or director may, in his or her sole discretion, determine to be necessary, useful or desirable in order to implement or give effect to the amendment to the articles or any of the foregoing resolutions, such determination to be conclusively evidenced by the taking of any such steps or proceeding, the execution or delivery or filing of any such declaration, agreement, document or other instrument or the doing of any such act or thing."

SCHEDULE "D"
DISSENT RIGHTS

***Business Corporations Act (British
Columbia)***
**Part 8, Division 2 Dissent Proceedings, Sections
237-247**

Definitions and application

237 (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or

(e) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
 - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or
 - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
 - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2)(a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before

payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

SCHEDULE "E"
BY-LAW NUMBER 1

COMPASS GOLD CORPORATION
(the "Corporation")

BY-LAW NO. 1

A by-law relating generally to the transaction of the business and affairs of the Corporation.

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BE IT ENACTED as a by-law of the Corporation as follows:

**ARTICLE ONE
INTERPRETATION**

1.01 Definitions. In the by-laws of the Corporation, unless the context otherwise requires:

“Act” means the *Business Corporations Act* (Ontario) and any statute that may be substituted therefor, as from time to time amended;

“Applicable Securities Laws” means the applicable securities legislation of each relevant province and territory in Canada, as from time to time amended, the written rules, regulations and forms made or promulgated under any such legislation and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each province or territory of Canada;

“appoint” includes **“elect”** and vice versa;

“articles” means the articles of continuance of the Corporation, as from time to time amended or restated;

“board” means the board of directors of the Corporation and **“director”** means a member of the board;

“by-laws” means this by-law and all other by-laws of the Corporation from time to time in force and effect;

“cheque” includes a bank draft;

“day” means a clear day and a period of days shall be deemed to commence on the day following the event that began the period and shall be deemed to terminate at midnight of the last day of the period except that if the last day of the period falls on a Sunday or holiday the period shall terminate at midnight of the day next following that is not a Sunday or a holiday;

“meeting of shareholders” includes an annual meeting of shareholders, a special meeting of shareholders and an annual and special meeting of shareholders;

“non-business day” means Saturday, Sunday and any other day that is a holiday as defined in the *Legislation Act* (Ontario), as from time to time amended;

“ordinary resolution” means a resolution that is (i) submitted to a meeting of the shareholders of a corporation and passed, with or without amendment, at the meeting by at least a majority of the votes cast; or (ii) signed by all of the shareholders entitled to vote on that resolution;

“**person**” includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative;

“**recorded address**” means (i) in the case of a shareholder, the address of the shareholder as recorded in the securities register; (ii) in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; (iii) in the case of an officer, auditor or member of a committee of the board, the latest address as recorded in the records of the Corporation; and (iv) in the case of a director, the latest address as recorded in the records of the Corporation or in the most recent notice filed under the *Corporations Information Act* (Ontario), whichever is more current;

“**resident Canadian**” means an individual who is:

- (a) a Canadian citizen ordinarily resident in Canada;
- (b) a Canadian citizen not ordinarily resident in Canada who is a member of a class of persons prescribed in the regulations to the Act, or
- (c) a permanent resident within the meaning of the *Immigration and Refugee Protection Act* (Canada) and ordinarily resident in Canada;

“**signing officer**” means, in relation to any instrument, any person authorized to sign the instrument on behalf of the Corporation by or pursuant to section 2.05;

“**special meeting of shareholders**” includes a meeting of any class, classes or series of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders; and

“**special resolution**” means a resolution (i) passed by a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution; or (ii) signed by all the shareholders entitled to vote on that resolution.

1.02 Interpretation. Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein.

1.03 Number. Words importing the singular number include the plural and vice versa.

1.04 Gender. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

1.05 Headings. Headings are inserted in this by-law for reference purposes only and are not to be considered or taken into account in construing the terms or provisions hereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

ARTICLE TWO
BUSINESS OF THE CORPORATION

2.01 Registered Office. Until changed in accordance with the Act, the registered office of the Corporation shall be within the municipality or geographic township within Ontario initially specified in the articles and thereafter as the shareholders may from time to time determine by special resolution, and at such location therein as the board may from time to time determine by resolution.

2.02 Books and Records. Any records administered by or on behalf of the Corporation in the regular course of its business, including its securities register, books of account and minute books, may be maintained in a bound or loose-leaf book or may be entered or recorded by any system of mechanical or electronic data processing or any other information storage device, method, or one or more electronic networks or databases (including one or more distributed electronic networks or databases). The Corporation shall make such records available for inspection pursuant to applicable law.

2.03 Corporate Seal. The corporate seal of the Corporation, if adopted, shall be in such form as the board may by resolution from time to time adopt. An instrument or agreement executed on behalf of the Corporation by a director, an officer or an agent of the Corporation is not invalid merely because the corporate seal, if adopted, is not affixed to it.

2.04 Financial Year. The financial year of the Corporation shall end on such date in each year as shall be determined from time to time by resolution of the board.

2.05 Execution of Contracts, Etc. Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed by any one director or officer the Corporation, and all contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board shall have the power from time to time by resolution to appoint any one or more officers or other persons on behalf of the Corporation either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The corporate seal of the Corporation, if adopted, may be affixed to contracts, documents or instruments in writing signed by an officer or person appointed by resolution of the board.

The term "contracts, documents or instruments in writing" as used in this by-law shall include, without limitation, agreements, deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, movable or immovable, powers of attorney, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures, notes or other securities, instruments of proxy and all paper writings.

Without limiting the generality of the foregoing, any one director or officer is authorized to sell, assign, transfer, exchange, convert or convey all securities owned by or registered in the name of the Corporation and to sign and execute (under the corporate seal, if adopted, of the Corporation or otherwise) all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveyancing any such securities.

Subject to the Act and applicable electronic commerce legislation, any contracts, documents or instruments required to be created or provided in writing and required or permitted to be executed by one or more persons on behalf of the Corporation may be (i) created in electronic document form and provided by electronic means, (ii) signed by mechanically reproduced signature or electronic signature, which signature or signatures shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the person or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of delivery or issue of such contract, document or instrument in writing, and (iii) executed in separate counterparts, each of which when duly executed by one or more of such persons shall be an original and all such counterparts together shall constitute one and the same such contract, document or instrument in writing. Notwithstanding the foregoing, the board may from time to time direct the manner in which and the person or persons by whom any particular contract, document or instrument in writing, or class of contracts, documents or instruments in writing, may or shall be signed.

2.06 Banking Arrangements. The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other persons as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

2.07 Voting Securities in Other Issuers. The person or persons authorized under section 2.05 may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the person executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.08 Divisions. The board may cause the business and operations of the Corporation or any part thereof to be divided or segregated into one or more divisions having regard to, without limitation, the character or type of businesses or operations, geographical territories, product lines or goods or services as the board may consider appropriate in each case. From time to time the board, or any officer authorized by the board, may authorize, upon such basis as may be considered appropriate in each case:

- (a) Sub-Division and Consolidation - the further division of the business and operations of any such division into sub-units and the consolidation of the business and operations of any such divisions and sub-units;
- (b) Name - the designation of any such division or sub-unit by, and the carrying on of the business and operations of any such division or sub-unit under, a name other than the legal name of the Corporation; provided that the Corporation shall set out its legal name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation; and
- (c) Officers - the appointment of officers for any such division or other sub-unit, the determination of their powers and duties, and the removal of any such officer so appointed, without prejudice to such officer's rights under any employment contract or

in law, provided that any such officers shall not, as such, be officers of the Corporation, unless expressly designated as such.

ARTICLE THREE BORROWING AND DEBT OBLIGATIONS

3.01 Borrowing Power. Without limiting the borrowing powers of the Corporation as set forth in the Act, the board may from time to time on behalf of the Corporation, without authorization of the shareholders:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantees of the Corporation, whether secured or unsecured;
- (c) to the extent permitted by the Act, give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and
- (d) charge, mortgage, hypothecate, pledge, or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantee, or any other present or future indebtedness, liability or obligation of the Corporation.

Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

3.02 Delegation. The board may from time to time delegate to a committee of the board, one or more directors or officers of the Corporation or any other person as may be designated by the board all or any of the powers conferred on the board by section 3.01 or by the Act to such extent and in such manner as the board shall determine at the time of each such delegation.

ARTICLE FOUR DIRECTORS

4.01 Number of Directors and Quorum. Until changed in accordance with the Act, the board shall consist of the number of directors within the minimum and maximum number of directors provided for in the articles, as is determined by special resolution or, if such special resolution empowers the board to determine the number, by a resolution of the board; provided, however, that in the latter case the directors may not, between meetings of shareholders, increase the number of directors on the board to a total number greater than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders. Except as provided under section 4.17, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of

directors determined in the manner set forth above; provided that where the board consists of fewer than three directors, all directors shall constitute a quorum at any meeting of the board.

4.02 Qualification. The following persons are disqualified from being a director of the Corporation: (i) a person who is less than 18 years of age; (ii) a person who has been found under the *Substitute Decisions Act, 1992* (Ontario) or under the *Mental Health Act* (Ontario) to be incapable of managing property or who has been found to be incapable by a court in Canada or elsewhere; (iii) a person who is not an individual; or (iv) a person who has the status of bankrupt. A director need not be a shareholder. At least 25% of the directors shall be resident Canadians but where the Corporation has less than four directors at least one of the directors shall be a resident Canadian.

4.03 Election and Term. The election of directors shall take place at the first meeting and thereafter at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The election shall be by ordinary resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

4.04 Removal of Directors. Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at an annual meeting or special meeting called for such purpose remove any director or directors from office and the vacancy created by such removal may be filled at the same meeting failing which, provided a quorum remains in office, it may be filled by the board. Where the holders of any class or series of shares of the Corporation have an exclusive right to elect one or more directors, a director so elected may only be removed by an ordinary resolution at a meeting of the shareholders of that class or series.

4.05 Termination of Office. A director ceases to hold office when the director (i) dies, (ii) is removed from office by the shareholders, (iii) ceases to be qualified for election as a director, or (iv) sends or delivers to the Corporation a written resignation or, if a time is specified in such resignation, at the time so specified, whichever is later.

4.06 Vacancies. Subject to the provisions of the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or, except as set out hereunder, in the maximum number of directors, as the case may be, or a failure to elect the number of directors required to be elected at any meeting of shareholders. Where the articles provide for a minimum and maximum number of directors and a special resolution has been passed empowering the directors to determine the number of directors, the directors may not, between meetings of shareholders, appoint an additional director if, after such appointment, the total number of directors would be greater than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors required by section 4.01, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy. If the directors fail to call a meeting or if there are no directors then in office, any shareholder may call the meeting. A director appointed or elected to fill a vacancy holds office for the unexpired term of that director's predecessor.

4.07 Action by the Board. The board shall manage, or supervise the management of, the business and affairs of the Corporation. Subject to section 4.08, the powers of the board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the

board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office. Where the Corporation has only one director, that director may constitute a meeting.

4.08 Participation. If all the directors of the Corporation present at or participating in a meeting consent, a director may participate in a meeting of the board or of a committee of the board by means of telephonic, electronic or other communication facility that permits all participants to communicate simultaneously and instantaneously with each other during the meeting. A director participating in a meeting by such means is deemed to be present in person at the meeting for the purposes of the Act. Any consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board.

4.09 Place of Meetings. Meetings of the board may be held at any place within or outside Ontario and, in any financial year of the Corporation, any or all of the meetings of the board may be held at any place outside Canada.

4.10 Calling of Meetings. Meetings of the board shall be held from time to time at such place at such time and on such day as the board, the chairperson of the board, the president (if the president is a director) or any two directors may determine.

4.11 Notice of Meeting. Notice of the time and place of each meeting of the board shall be given in the manner provided in section 11.01 to each director, not less than 48 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified. A director may in any manner and at any time waive a notice of or otherwise consent to a meeting of the board and, subject to the Act, attendance of a director at a meeting of the board is a waiver of notice of the meeting.

4.12 First Meeting of New Board. Provided a quorum of directors is present, each newly elected board may hold its first meeting, without notice, immediately following the meeting of shareholders at which such board is elected.

4.13 Adjourned Meeting. Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

4.14 Regular Meetings. The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

4.15 Chairperson. The chairperson of any meeting of the board shall be the first mentioned of the following officers as have been appointed and who is a director and is present at the meeting: chairperson of the board, chief executive officer, president or a vice-president. If no such officer is present, the directors present shall choose one of their number to be chairperson. If the secretary of the Corporation is absent, the chairperson shall appoint some person, who need not be a director, to act as secretary of the meeting.

4.16 Votes to Govern. At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chairperson of the meeting shall not be entitled to a second or casting vote.

4.17 Conflict of Interest. A director or officer of the Corporation who is a party to, or who is a director or an officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with the Corporation, shall disclose the nature and extent of his or her interest at the time and in the manner provided by the Act. Any such contract or transaction or proposed contract or transaction shall be referred to the board or shareholders for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the board or the shareholders. Such director shall not attend any part of a meeting of directors during which the contract or transaction is discussed and shall not vote on any resolution to approve such contract or transaction or proposed contract or proposed transaction unless the contract or transaction is:

- (a) one relating primarily to his or her remuneration as a director of the Corporation or an affiliate;
- (b) one for indemnity or insurance as specified under the Act; or
- (c) one with an affiliate.

If no quorum exists for the purpose of voting on a resolution to approve a contract or transaction only because a director is not permitted to be present at the meeting by reason of such director's interest in such contract or transaction, the remaining directors shall be deemed to constitute a quorum for the purposes of voting on the resolution. Where all the directors are required to make disclosure under this section, the contract or transaction may be approved only by the shareholders.

4.18 Remuneration and Expenses. The directors shall be paid such remuneration for their services as the board may from time to time determine and such remuneration shall be in addition to the salary paid to any officer or employee of the Corporation who is also a director. The directors may also by resolution award special remuneration to any director in undertaking any special services on behalf of the Corporation other than the normal work ordinarily required of a director. The confirmation of any such resolution or resolutions by the shareholders shall not be required, except as required by law or regulation. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in connection with the affairs of the Corporation.

4.19 Resolution in Writing by Directors. A resolution in writing signed by all the directors entitled to vote on that resolution at a meeting is as valid as if it had been passed at a meeting of the directors unless a written statement or written representation with respect to the subject matter of the resolution is submitted by a director or the auditor, respectively, in accordance with the Act. A resolution in writing may be signed by the directors in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same resolution in writing, and by a director using a facsimile or other electronic signature, in which case the other directors, the Corporation and the shareholders are entitled to rely on such electronic signature as conclusive evidence that such resolution in writing has been duly executed by such director.

4.20 Only One Director. Where the Corporation has only one director, that director may constitute a meeting.

ARTICLE FIVE COMMITTEES

5.01 Committees of the Board. The board may, from time to time, establish (or dissolve) one or more committees of directors, however designated, and delegate to any such committee any of the powers and duties of the board, subject to the limitations on such delegation contained in the Act. The board may appoint and remove the members of each committee subject to the requirements of the Act.

5.02 Audit Committee. If the Corporation is an offering corporation within the meaning of the Act, the board shall, and the board otherwise may, appoint annually from among its number an audit committee to be composed of not fewer than three directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates and all of whom must otherwise meet the requirements of applicable law. Each member of the audit committee shall hold office, at the pleasure of the board, until the next annual meeting of shareholders and, in any event, only so long as the director shall be a director. In addition to the powers and duties delegated by the board pursuant to section 5.01, the audit committee shall have the powers and duties provided in the Act and other applicable laws. The audit committee shall review the financial statements of the Corporation prior to approval thereof by the board. The auditor of the Corporation is entitled to receive notice of every meeting of the audit committee and, at the expense of the Corporation, to attend and be heard thereat; and, if so requested by a member of the audit committee, shall attend every meeting of the audit committee held during the term of office of the auditor. The auditor of the Corporation or any member of the audit committee may call a meeting of the audit committee.

5.03 Transaction of Business. Subject to the provisions of section 4.08, the powers of a committee of directors appointed by the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at such place or places designated in section 4.09.

5.04 Advisory Committees. The board may from time to time appoint such advisory bodies as it may deem advisable.

5.05 Procedure. Unless otherwise determined by the board, each committee and advisory body shall have the power to fix its quorum (provided a quorum is not less than a majority of its members), to elect its chairperson, and to regulate its procedure.

5.06 Limits on Authority. Despite any other provision of this by-law, no managing director and no committee of directors appointed by the board has authority to:

- (a) submit to the shareholders any question or matter requiring the approval of the shareholders;

- (b) fill a vacancy among the directors or in the office of auditor or appoint or remove any of the chief executive officers, however designated, the chief financial officer, however designated, the chairperson or the president of the Corporation;
- (c) subject to the Act, issue securities except in the manner and on the terms authorized by the directors;
- (d) declare dividends;
- (e) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (f) pay a commission referred to in the Act;
- (g) approve a management proxy circular referred to in the Act;
- (h) approve a take-over bid circular, directors' circular or issuer bid circular referred to in the *Securities Act (Ontario)*;
- (i) approve any financial statements referred to in the Act (unless otherwise permitted under the Act and Applicable Securities Legislation);
- (j) approve an amalgamation between the Corporation and (i) its holding body corporate, (ii) any one or more of its subsidiaries, and (iii) any one or more corporations where the Corporation and any such corporation are subsidiaries of the same holding body corporate;
- (k) approve an amendment to the Corporation's articles to (i) divide any class of unissued shares into series and determine the designation, rights, privileges, restrictions and conditions thereof, where the articles authorize the directors to approve such amendment, and (ii) change a Corporation's name that is a numbered name to a name that is not a numbered name; or
- (l) adopt, amend or repeal by-laws.

ARTICLE SIX OFFICERS

6.01 Positions and Appointment. Subject to the articles, the board may from time to time designate such offices of the Corporation and appoint such officers as the board may consider advisable, including, without limitation, a president, a secretary and a treasurer. None of such officers, other than a chairperson of the board, need be a director of the Corporation. Any two or more offices may be held by the same individual.

6.02 President. If appointed, the president shall, subject to the control of the board, have general supervision over the business and affairs of the Corporation, and he or she shall have such other powers and duties as the board may specify.

6.03 Secretary. If appointed, the secretary shall give or cause to be given as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he or she shall attend and be the secretary of all meetings of the board, shareholders and committees of the board; he or she shall enter or cause to be entered in the minute book of the Corporation, minutes of all proceedings at such meetings and shall be custodian of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he or she shall have such other powers and duties as the board may specify.

6.04 Treasurer. If appointed, the treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the custody of the funds and securities of the Corporation; he or she shall render to the board whenever required an account of all his or her transactions as treasurer and of the financial position of the Corporation, except when some other officer or agent has been appointed for that purpose; and he or she shall have such other powers and duties as the board may specify.

6.05 Powers and Duties. Subject to the articles, and unless otherwise provided in this Article Six, the powers and duties of each officer of the Corporation shall be such as the terms of their engagement call for or as provided from time to time by resolution of the board. In the absence of such terms of engagement or resolution, the respective officers shall have the powers and duties and shall discharge the duties customarily and usually held and performed by like offices of corporations similar in organization and business purposes to the Corporation subject to the control of the board. Any such officer may from time to time delegate any of his or her powers and duties to another officer or employee of the Corporation, and such delegate may exercise and perform such powers and duties, unless the board otherwise directs.

6.06 Term of Office. The board, in its discretion, may remove any officer of the Corporation, with or without cause, without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the board shall hold office until his or her successor is appointed or until the earlier of his or her resignation or death. The board may appoint a person to an office to replace an officer who has been removed or who has ceased to be an officer for any other reason.

6.07 Terms of Employment and Remuneration. The terms of employment and the remuneration of an officer appointed by the board shall be settled by the board from time to time.

6.08 Disclosure of Interest. An officer shall disclose to the Corporation any interest in a material contract or material transaction, whether made or proposed, with the Corporation in accordance with section 4.17 and the Act.

6.09 Agents and Attorneys. Subject to the provisions of the Act, the Corporation, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management, administration or otherwise (including the power to sub-delegate) as may be thought fit.

6.10 Fidelity Bonds. The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the board may from time to time determine.

ARTICLE SEVEN
PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.01 Limitation of Liability. Every director and officer of the Corporation shall, in exercising the powers and discharging the duties of office, act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the monies, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on the part of such director or officer, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of such director's or officer's office or in relation thereto; unless the same are occasioned by such director's or officer's own willful neglect or fault; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

7.02 Indemnity. Subject to the limitations contained in the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity, provided:

- (a) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

The Corporation shall also indemnify such individual in such other circumstances as the Act permits or requires. Nothing in this by-law shall limit the right of any individual entitled to indemnity to claim indemnity apart from the provisions of this by-law.

7.03 Insurance. Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any individual referred to in section 7.02 against such liabilities and in such amounts as the board may from time to time determine and as permitted by the Act.

ARTICLE EIGHT SHARES

8.01 Allotment of Shares. Subject to the Act or the articles, the board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

8.02 Commissions. The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of the person purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

8.03 Transfer Agents and Registrars. The board may from time to time appoint, for each class of securities issued by the Corporation, (a) a trustee, transfer agent or other agent to keep the securities register and the register of transfers and one or more persons to keep branch registers, and (b) a registrar, trustee or agent to maintain a record of issued security certificates and, subject to the Act, one person may be appointed for the purposes of clauses (a) and (b) in respect of all securities of the Corporation or any class or classes thereof. The board may at any time terminate such appointment.

8.04 Registration of a Share Transfer. Subject to the provisions of the Act, no transfer of a share in respect of which a certificate has been issued shall be registered in a securities register except upon surrender of the certificate representing such share with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the board may from time to time prescribe, upon payment of all applicable taxes and a reasonable fee (not to exceed the amount permitted by the Act) prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien referred to in section 8.05.

8.05 Lien for Indebtedness. Unless the Corporation is an offering corporation within the meaning of the Act, the Corporation has a lien on the shares registered in the name of a shareholder or the shareholder's legal representative for a debt of that shareholder owed to the Corporation, to the extent of such debt; and the directors may enforce such lien, subject to any other provision of the articles: (i) by applying any dividends or other distributions paid or payable on or in respect of the shares thereby affected in repayment of the debt of that shareholder to the Corporation, (ii) by the sale of the shares thereby affected, and/or (iii) by any other action, suit, remedy or proceeding authorized or permitted by law or by equity, and, pending such enforcement, the Corporation may refuse to register a transfer of the whole or any part of such shares.

8.06 Non-Recognition of Trusts. Subject to the provisions of the Act, the Corporation may treat as absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

8.07 Share Certificates. The shares of the Corporation may be represented by certificates. Share certificates shall be in the form approved by the board. Certificates representing shares of each class or

series shall be signed in accordance with section 2.05 and need not be under corporate seal. Any or all such signatures may be electronic signatures. Although any officer, transfer agent or registrar whose manual or electronic signature is affixed to such a certificate ceases to be such officer, transfer agent or registrar before such certificate has been issued, it may nevertheless be issued by the Corporation with the same effect as if such officer, transfer agent or registrar were still such at the date of its issue.

8.08 Replacement of Share Certificates. The board or any officer or agent designated by the board may direct the issue of a new share or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee (not to exceed the amount permitted by the Act) and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

8.09 Joint Holders. If two or more persons are registered as joint holders of any share, the Corporation shall not be required to issue more than one certificate in respect thereof, and delivery of a certificate to one of several joint holders shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

8.10 Deceased Shareholders. In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof; except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agent.

ARTICLE NINE DIVIDENDS AND RIGHTS

9.01 Dividends. Subject to the provisions of the Act and the articles, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation.

9.02 Dividend Cheques. A dividend payable in money shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which the dividend has been declared and mailed by prepaid ordinary mail to such registered holder at the recorded address of such holder, unless such holder otherwise directs. In the case of joint holders, the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address, or to the first recorded address if there are more than one. The mailing of a cheque in accordance with this section, unless not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.03 Non-Receipt of Cheques. In the event of non-receipt of any dividend cheque by the person to whom it is sent in accordance with section 9.02, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses, and

evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.04 Record Date for Dividends and Rights. The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities; and notice of any such record date, unless waived in accordance with the Act, shall be given not less than seven days before such record date in the manner provided for by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

9.05 Unclaimed Dividends. Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

ARTICLE TEN MEETINGS OF SHAREHOLDERS

10.01 Annual Meetings. The annual meeting of shareholders shall be held at such time and on such day in each year and, subject to section 10.03, at such place as the board may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors (unless the Corporation is exempted under the Act from appointing an auditor), and for the transaction of such other business as may properly be brought before the meeting.

10.02 Special Meetings. The board shall have power to call a special meeting of shareholders at any time.

10.03 Place of Meetings. Meetings of shareholders shall be held at (i) the registered office of the Corporation, (ii) elsewhere in the municipality in which the head office is situate, or (iii) if the board shall so determine, at some other place within or outside Ontario.

10.04 Meetings Held by Electronic Means. The directors or shareholders who call a meeting of shareholders pursuant to the Act, may determine that the meeting shall be held, in accordance with the Act and the regulations thereto, by means of a telephonic, electronic or other communication facility that permits all participants to communicate instantaneously and simultaneously with each other during the meeting, provided the Corporation makes provision for electronic voting at such meeting in accordance with the Act and section 10.20. Any person who participates in a meeting through those means, shall be deemed for the purposes of the Act to be present in person at such meeting.

10.05 Notice of Meetings. Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Article Eleven not less than 10 days, unless the Corporation is an offering Corporation, in which case not less than 21 days, and in each case no more than 50 days before the date of the meeting to each director, to the auditor, and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares

carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than the consideration of minutes of an earlier meeting, consideration of the financial statements and auditor's report thereon (if any), election of directors and re-appointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasonable judgment thereon and shall state the text of any special resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders, and, subject to the Act, attendance of any such shareholder or any such other person is a waiver of notice of the meeting.

10.06 List of Shareholders Entitled to Notice. For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting in accordance with the Act. If a record date for the meeting is fixed pursuant to section 10.07, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given or, where no such notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared. Where a separate list of shareholders has not been prepared, the names of persons appearing in the securities register at the requisite time as the holder of one or more shares carrying the right to vote at such meeting shall be deemed to be a list of shareholders.

10.07 Record Date for Notice. The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 30 days, as the record date for the determination of the shareholders entitled to notice of the meeting, and notice of any such record date shall, unless waived in accordance with the Act, be given not less than seven days before such record date, by newspaper advertisement in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

10.08 Meetings Without Notice. A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of, or otherwise consent to, such meeting being held; so long as such shareholders, auditors or directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Ontario, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

10.09 Chairperson, Secretary and Scrutineers. The chairperson of any meeting of shareholders shall be the first mentioned of the following officers as have been appointed and who is present at the meeting: chairperson of the board, president, or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and

entitled to vote shall choose one of their number to be chairperson. If the secretary of the Corporation is absent, the chairperson of the meeting shall appoint a person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairperson of the meeting with the consent of the meeting.

10.10 Persons Entitled to be Present. The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor of the Corporation, if any, and others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

10.11 Participation in Meeting by Electronic Means. Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act and the by-laws, by means of telephonic, electronic or other communications facilities that permits all participants to communicate instantaneously and simultaneously with each other during the meeting, provided the Corporation makes available such telephonic, electronic or communications facility. A person participating in such a meeting is deemed to be present in person at the meeting and a shareholder or proxy holder entitled to vote at such a meeting may vote, in accordance with the Act, by means of the telephonic, electronic or other communications facility that the Corporation has made available for that purpose, whether such meeting is to be held at a designated place or solely by means of a telephonic, electronic or other communications facility.

10.12 (a) Quorum. Subject to any minimum quorum requirement for a shareholder meeting of any securities exchange upon which the Corporation's shares are listed, at each meeting of the shareholders, two persons representing not less than 5% of the shares entitled to vote at a meeting of shareholders, present in person or represented by proxy, shall constitute a quorum.

(b) **Separate Class Vote.** Subject to any minimum quorum requirement for a shareholder meeting of any securities exchange upon which the Corporation's shares are listed, where a separate vote by a class or series or classes or series is required, two persons representing not less than 5% of the issued and outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to vote on that matter.

10.13 Right to Vote. Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Corporation has prepared the list referred to in section 10.06, every person who is named in such list shall be entitled to vote the shares shown thereon opposite that person's name at the meeting to which such list relates except to the extent that, where the Corporation has fixed a record date in respect of such meeting pursuant to section 10.07, such person has transferred any shares after such record date and the transferee, having produced properly endorsed certificates evidencing such shares or having otherwise established ownership of such shares, has demanded not later than 10 days before the meeting that the transferee's name be included in such list. In any such case, the transferee shall be entitled to vote the transferred shares at the meeting. At any meeting of shareholders for which the Corporation has not prepared the list referred to in section 10.06, every person shall be entitled to vote at the meeting who at the time of the commencement of the meeting is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

10.14 Proxyholders and Representatives. Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be a shareholder, to attend and act as the shareholder's representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or the shareholder's attorney or, if the shareholder is a body corporate, by an officer or attorney of such shareholder duly authorized, and shall conform to the requirements of the Act. Alternatively, a shareholder which is a body corporate or association may authorize by resolution of its directors or governing body an individual to represent it at a meeting of shareholders and such individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of such resolution, or in such other manner as may be satisfactory to the secretary of the Corporation or the chairperson of the meeting. Any such proxyholder or representative need not be a shareholder.

10.15 Time for Deposit of Proxies. The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours (excluding non-business days), before which time proxies to be used at that meeting must be deposited with the Corporation or an agent thereof, and any period of time so fixed shall be specified in the notice calling the meeting. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in the notice or, if no time is specified in the notice, it has been received by the secretary of the Corporation or by the chairperson of the meeting or any adjournment thereof prior to the time of voting.

10.16 Joint Shareholders. If two or more persons hold shares jointly, any one of them present in person or duly represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

10.17 Votes to Govern. At any meeting of shareholders every question shall, unless otherwise required by the articles, the by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairperson of the meeting shall not be entitled to a second or casting vote in addition to the vote or votes to which the chairperson is entitled as a shareholder or proxy nominee.

10.18 Show of Hands. Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairperson of the meeting that the vote upon the question has been carried, carried by a particular majority or defeated and an entry to that effect in the minutes of the meeting shall be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the question, and the result of the vote so taken shall be the decision of the shareholders upon the question.

10.19 Ballots. On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairperson of the meeting or any person who is present and entitled to vote, whether as shareholder, proxyholder or representative, on such questions at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as

the chairperson of the meeting shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, each person present shall be entitled, in respect of the shares which such person is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

10.20 Electronic Voting. Any vote referred to in sections 10.18 and 10.19 may be held entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility; provided the facility enables the votes to be gathered in a manner that permits their subsequent verification.

10.21 Adjournment. The chairperson at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

10.22 Resolution in Writing by Shareholders. A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting is as valid as if it had been passed at a meeting of the shareholders unless a written statement or written representation with respect to the subject matter of the resolution is submitted by a director or the auditor, respectively, in accordance with the Act. A resolution in writing may be signed by the shareholders in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same resolution in writing, and by a shareholder using a facsimile or other electronic signature, in which case the other shareholders, the Corporation and the directors are entitled to rely on such electronic signature as conclusive evidence that such resolution in writing has been duly executed by such shareholder.

10.23 Only One Shareholder. Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented by proxy constitutes a meeting.

ARTICLE ELEVEN NOTICES

11.01 Method of Giving Notices. Any notice, communication or other document to be given by the Corporation to a shareholder, director, officer, or auditor of the Corporation under any provision of the articles or by-laws shall be sufficiently given if (i) delivered personally to the person to whom it is to be given, or (ii) delivered to such person's last address as shown on the records of the Corporation, or (iii) mailed by prepaid post in a sealed envelope addressed to such person at the last address shown on the records of the Corporation, or (iv) sent by electronic document in accordance with the *Electronic Commerce Act, 2000* (Ontario) or electronic transmission, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases). A notice, communication or document so delivered shall be deemed to have been given when (i) delivered personally, when it is delivered; (ii) delivered to such person's last address shown on the records of the Corporation, when delivered at the address aforesaid; (iii) mailed by prepaid post, on

the fifth day after mailing, unless there are reasonable grounds for believing that the addressee did not receive the notice or document at that time or at all; and (iv) sent by way of electronic document, when it is sent through an information system used to generate, send, receive, store, or otherwise process an electronic document. The secretary may change the address on the records of the Corporation of any shareholder, director, officer, or auditor of the Corporation in accordance with any information believed by the secretary to be reliable.

11.02 Notice to Joint Holders. If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

11.03 Computation of Time. In computing the date when notice must be given under any provision of the articles or the by-laws requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

11.04 Undelivered Notices. If any notice given or document sent to a shareholder pursuant to section 11.01 is returned on three consecutive occasions because the shareholder cannot be found, the Corporation shall not be required to give any further notices or send further documents to the shareholder until the shareholder informs the Corporation in writing of the shareholder's new address.

11.05 Omissions and Errors. The accidental omission to give any notice to any shareholder, director, officer, auditor, or member of a committee of the board, or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof, shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

11.06 Persons Entitled by Death or Operation of Law. Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom that person derives title to such share prior to the name and address of that person being entered on the securities register (whether such notice was given before or after the happening of the event upon which the person became so entitled) and prior to the person furnishing to the Corporation the proof of authority or evidence of entitlement prescribed by the Act.

11.07 Waiver of Notice. Any shareholder, proxyholder, other person entitled to attend a meeting of shareholders, director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to that person under any provision of the Act, the articles, the by-laws or otherwise, and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or of a committee of the board which may be given in any manner.

**ARTICLE TWELVE
FORUM SELECTION**

12.01 Forum for Adjudication of Certain Disputes. Unless the Corporation consents in writing to the selection of an alternative forum, the Superior Court of Justice of the Province of Ontario, Canada and the appellate Courts therefrom (or, failing such court, any other “court” as defined in the Act) having jurisdiction and the appellate Courts therefrom), shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of the Corporation to the Corporation; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the Act or the articles or the by-laws of the Corporation (as either may be amended from time to time); or (iv) any action or proceeding asserting a claim otherwise related to the “affairs” (as defined in the Act) of the Corporation. If any action or proceeding the subject matter of which is within the scope of the preceding sentence is filed in a Court other than a Court located within the Province of Ontario (a “**Foreign Action**”) in the name of any securityholder, such securityholder shall be deemed to have consented to (a) the personal jurisdiction of the provincial and federal Courts located within the Province of Ontario in connection with any action or proceeding brought in any such Court to enforce the forum set out in the preceding sentence and (b) having service of process made upon such securityholder in any such action or proceeding by service upon such securityholder’s counsel in the Foreign Action as agent for such securityholder.

**ARTICLE THIRTEEN
EFFECTIVE DATE**

13.01 Effective Date. This by-law shall come into force when made by the board in accordance with the Act.

13.02 Repeal. All previous by-laws of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles or predecessor charter documents of the Corporation obtained pursuant to, any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the shareholders or the board or a committee of the board with continuing effect passed under any repealed by-law shall continue good and valid except to the extent inconsistent with this by-law and until amended or repealed.

The foregoing is the complete text of By-law No. 1 of the Corporation, as adopted by the board of the Corporation on ●, 2017.

DATED ●, 2017.

SCHEDULE "F"
ACQUISITION RESOLUTION

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF MINORITY SHAREHOLDERS, WITH OR WITHOUT AMENDMENT, THAT:

- 1) The acquisition (the "**Acquisition**") of all of the issued and outstanding shares of Mali Gold Exploration Pty Ltd. ("**MGE**") by the Company, through its wholly-owned subsidiary, Compass Gold Exploration Corporation ("**Compass Sub**"), as more particularly described in the Information Circular of the Company dated October 13, 2017 (the "**Circular**"), is hereby authorized, approved and agreed to.
- 2) The Share Exchange Agreement dated effective August 22, 2017 among the Company, Compass Sub, MGE and the shareholders of MGE, and all of the transactions contemplated therein, including the Acquisition, as it may be amended from time to time (the "**Share Exchange Agreement**"), the actions of the directors of the Company in approving the Acquisition and the Share Exchange Agreement and the actions of the directors and officers of the Company in executing and delivering the Share Exchange Agreement and causing the performance by the Company of its obligations thereunder are hereby confirmed, ratified, authorized and approved.
- 3) Notwithstanding that this resolution has been passed by shareholders of the Company, the directors of the Company are hereby authorized and empowered without further approval of any shareholders of the Company (i) to amend the Share Exchange Agreement and (ii) subject to the terms of the Share Exchange Agreement, not to proceed with the Acquisition and related transactions.
- 4) Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute, under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered, such documents as are necessary or desirable to give effect to the Acquisition in accordance with the Share Exchange Agreement, such determination to be conclusively evidenced by the execution and delivery of such documents.
- 5) Any one director or officer of the Company is hereby authorized, empowered and instructed, acting for, in the name and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing."

SCHEDULE "G"
MGE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015

(SEE ATTACHED)

MALI GOLD EXPLORATION PTY LTD
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017, 2016 AND 2015
(EXPRESSED IN AUSTRALIAN DOLLARS)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mali Gold Exploration Pty Ltd.:

We have audited the accompanying consolidated financial statements of Mali Gold Exploration Pty Ltd., which comprise the consolidated statements of financial position as at June 30, 2017, 2016 and 2015, and the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mali Gold Exploration Pty Ltd. as at June 30, 2017, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Mali Gold Exploration Pty Ltd.'s ability to continue as a going concern.

"DMCL"

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
October 21, 2017

Mali Gold Exploration Pty Ltd
Consolidated Statements of financial position
As at 30 June
(Expressed In Australian dollars)

	Note	2017 \$	2016 \$	2015 \$
ASSETS				
Current assets				
Cash		2,565	2,865	3,624
Receivables	3	3,318	3,347	1,028
		5,883	6,212	4,652
Non-current assets				
Exploration and evaluation assets	4	5,486,220	5,816,655	5,000,000
TOTAL ASSETS		5,492,103	5,822,867	5,004,652
LIABILITIES				
Current liabilities				
Trade payables and accruals	5	10,595	1,181	935
Due to related parties	6	-	9,188,126	8,377,782
		10,595	9,189,307	8,378,717
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital	7	1,662,794	1,393,000	1,393,000
Foreign currency translation reserve		157,030	32,458	24,587
Contributed surplus	7	8,470,751	-	-
Deficit		(4,809,067)	(4,791,898)	(4,791,652)
		5,481,508	(3,366,440)	(3,374,065)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,492,103	5,822,867	5,004,652
Nature and Continuance of Operations	1			
Commitments and Contingencies	4			
Subsequent Events	14			

These financial statements are authorized for issue by the Management Committee on October 21, 2017.
They are signed on the Company's behalf by:

/s/ James Henderson
Director

See accompanying note to the financial statements

Mali Gold Exploration Pty Ltd
Consolidated statements of comprehensive income (loss)
For the years ended 30 June
(Expressed in Australian dollars)

	Note	2017 \$	2016 \$	2015 \$
Expenses				
Bank charges		80	-	-
Filing fees		249	246	243
Consulting and accounting fees		10,000	-	850
Impairment of exploration and evaluation assets	4	-	-	4,792,001
Travel expenses		6,840	-	-
Net loss for the year		(17,169)	(246)	(4,793,094)
Other comprehensive income				
Foreign currency translation adjustment		124,572	7,871	421
Comprehensive income (loss)		107,403	7,625	(4,792,673)
Loss per share – basic and diluted		-	-	(0.28)
Weighted average number of shares outstanding - basic and diluted		17,305,432	17,241,379	17,241,379

See accompanying note to the financial statements

Mali Gold Exploration Pty Ltd
Statement of changes in shareholders' equity
Asa at 30 June
(Expressed in Australian dollars)

	Share Capital		Foreign currency translation reserve	Contributed surplus	Retained earnings	Total
	Number of shares	Amount \$				
Balance June 30, 2014	17,241,379	1,393,000	24,166	-	1,442	1,418,608
Loss for the year	-	-	-	-	(4,793,094)	(4,793,094)
Translation adjustment	-	-	421	-	-	421
Balance June 30, 2015	17,241,379	1,393,000	24,587	-	(4,791,652)	(3,374,065)
Loss for the year	-	-	-	-	(246)	(246)
Translation adjustment	-	-	7,871	-	-	7,871
Balance June 30, 2016	17,241,379	1,393,000	32,458	-	(4,791,898)	(3,366,440)
Shares issued as part of debt settlement (Note 7)	1,558,621	233,794	-	8,470,751	-	8,704,545
Shares issued for cash	1,200,000	36,000	-	-	-	36,000
Loss for the year (Note 7)	-	-	-	-	(17,169)	(17,169)
Translation adjustment	-	-	124,572	-	-	124,572
Balance June 30, 2017	20,000,000	1,662,794	157,030	8,470,751	(4,809,067)	5,481,508

See accompanying note to the financial statements

Mali Gold Exploration Pty Ltd
Consolidated statements of cash flows
For the years ended 30 June
(Expressed in Australian dollars)

	2017	2016	2015
	\$	\$	\$
Operating activities			
Net loss for the year	(17,169)	(246)	(4,793,094)
Change in non-cash working capital			
Receivables	29	246	(85)
Trade payables	9,414	-	935
Impairment of exploration and evaluation assets	-	-	4,792,001
Net cash flows from (used in) operating activities	(7,726)	-	(243)
Investing activities			
Expenditures on exploration and evaluation assets	(465,119)	(439,003)	(1,356,979)
Net cash flows used in investing activities	(465,119)	(439,003)	(1,356,979)
Financing activities			
Issue of shares	36,000	-	-
Loan from related party	472,648	438,922	1,357,289
Loan repaid to related party	(36,000)	(756)	-
Net cash flows from financing activities	472,648	438,166	1,357,289
Increase (decrease) in cash	(197)	(837)	67
Effect of exchange rate changes on cash	(103)	78	(606)
Cash, beginning	2,865	3,624	4,163
Cash, ending	2,565	2,865	3,624

See accompanying note to the financial statements

Mali Gold Exploration Pty Ltd
Notes to the consolidated financial statements
For the years ended June 30, 2017, 2016 and 2015
(Expressed in Australian dollars)

Note 1 - Nature and continuance of operations

Mali Gold Exploration Pty Ltd (“MGE” or “the Company”) was incorporated on May 4, 2012, under the laws of the Commonwealth of Australia. The principal activity of the Company is the acquisition, exploration and development of mineral properties in Mali.

The registered and head office of the Company is located at Level 5, 56 Pitt Street, Sydney, Australia.

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 assets and discharge 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 June 30, 2017, the Company has not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors 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 loans from shareholders and the issue of equity.

Note 2 - Significant accounting policies and basis of preparation

The consolidated financial statements were authorized for issue on October 21, 2017 by the Board of the Company.

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance and 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”).

Basis of preparation

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

Significant accounting judgments, 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 can differ from these estimates. Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recognition and valuation of provisions for restoration and environmental liabilities and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Mali Gold Exploration Pty Ltd
Notes to the consolidated financial statements
For the years ended June 30, 2017, 2016 and 2015
(Expressed in Australian dollars)

Note 2 - Significant accounting policies and basis of preparation (cont.)

Foreign currency translation

The functional currency of the Company, being the primary economic environment in which that entity operates, is the Australian Dollar, while the functional currency of its subsidiaries is the CFA, which is the currency of the Republic of Mali. The financial statements are presented in Australian dollars.

Transactions and balances:

Foreign currency transactions are translated into the Company's 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 income 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 income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Translation to presentation currency:

The financial results are translated from the Company's functional currency to the Company's presentation currency as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation from the Company's functional currency to the Company's presentation currency are recorded in the Company's foreign currency translation reserve in the statement of comprehensive income.

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.

Mali Gold Exploration Pty Ltd
Notes to the consolidated financial statements
For the years ended June 30, 2017, 2016 and 2015
(Expressed in Australian dollars)

Note 2 - Significant accounting policies and basis of preparation (cont.)

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's assets (which include 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 income (loss).

Mali Gold Exploration Pty Ltd
Notes to the consolidated financial statements
For the years ended June 30, 2017, 2016 and 2015
(Expressed in Australian dollars)

Note 2 - Significant accounting policies and basis of preparation (cont.)

Impairment of assets (cont.)

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.

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 balance sheet 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.

Mali Gold Exploration Pty Ltd
Notes to the consolidated financial statements
For the years ended June 30, 2017, 2016 and 2015
(Expressed in Australian dollars)

Note 2 - Significant accounting policies and basis of preparation (cont.)

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.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

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.

Accounting standards issued but not yet effective

IFRS 9 "Financial Instruments"); and
IFRS 16 "Leases".

The Company has not yet assessed the future impact of these new standards on its consolidated financial statements.

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 consolidated financial statements.

Note 3 - Receivables

	June 30, 2017	June 30, 2016	June 30, 2015
	\$	\$	\$
Taxes refundable	1,052	1,028	1,028
Other receivables	2,266	2,319	-
	3,318	3,347	1,028

Mali Gold Exploration Pty Ltd
Notes to the consolidated financial statements
For the years ended June 30, 2017, 2016 and 2015
(Expressed in Australian dollars)

Note 4 – Exploration and evaluation assets

	June 30, 2017	June 30, 2016	June 30, 2015
	\$	\$	\$
Opening balance	5,816,655	5,000,000	8,399,096
Exploration expenditure incurred	465,119	439,003	1,356,979
Impairment of exploration and evaluation assets		-	(4,702,001)
Effect of foreign exchange	(795,554)	377,652	(54,074)
Closing balance	5,486,220	5,816,655	5,000,000

The exploration and evaluation assets of MGE comprise the Ouassada, Kalé, Sankarani, Kourou and Tieouléna gold exploration permits, collectively referred to as the Sikasso Property. All permits are for properties located in the gold producing regions of Mali.

The Ouassada, Kalé, Sankarani, Kourou and Tieouléna 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 period 2011 to 2014. No further expenditure commitments were required during the renewal period and there are no outstanding expenditure commitments.

In May 2012, the Company granted its then shareholders a joint 2% Net Smelter Royalty over the Ouassada, Kalé, Sankarani, Kourou and Tieouléna permits.

During the year ended June 30, 2015, an amount of \$4,792,001 was recorded as an impairment of exploration costs. The Board made an assessment following a transaction in the Company's shares in July 2015 where an external investor acquired shares of over 10% of the Company from then existing shareholders in an arms' length transaction ("Share Transaction"). The implied valuation from the Share Transaction supported an overall value of the Company of \$5,000,000 at that time. As a result, the Board reviewed the carrying value of the exploration costs and determined to write-down the value to \$5,000,000.

Note 5 – Accounts payable and accruals

	June 30, 2017	June 30, 2016	June 30, 2015
	\$	\$	\$
Trade payables	595	1,181	935
Accruals	10,000	-	-
	10,595	1,181	935

Mali Gold Exploration Pty Ltd
Notes to the consolidated financial statements
For the years ended June 30, 2017, 2016 and 2015
(Expressed in Australian dollars)

Note 6 – Due to related parties

	June 30, 2017	June 30, 2016	June 30, 2015
	\$	\$	\$
Transocean Asset Development Pty Ltd			
Opening balance	49,744	50,500	50,500
Amounts advanced	7,799	-	-
Amounts repaid	-	(756)	-
Amount converted to equity by way of debt settlement	(57,543)	-	-
Closing balance	-	49,744	50,500
Madani Diallo			
Opening balance	9,138,382	8,327,282	6,935,094
Amounts advanced	464,849	438,922	1,357,289
Amounts repaid	(36,000)	-	-
Amount converted to equity by way of debt settlement	(8,647,002)	-	-
Effect of foreign exchange	(920,229)	372,178	34,899
Closing balance	-	9,138,382	8,327,282
Total due to related parties	-	9,188,126	8,377,782

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

In June 2017, the loans were settled in full by way of a debt settlement arrangements (Notes 7 and 13).

Note 7 – Share capital

There were no shares issued during the years ended June 30, 2015 and 2016.

On June 15, 2017, the Company issued 1,558,621 shares of the Company at an issue price of \$0.15 per share for a total of \$233,794 to settle a total of \$8,704,545 of loans due to related parties. Under the arrangement, the parties agreed to forgive the balance of loans owed by the Company to those related parties. The portion of the debt forgiven has been recorded as Contributed Surplus (Notes 6 and 13).

On June 30, 2017, the Company closed a private placement to raise gross proceeds of \$36,000 by the issue of 1,200,000 shares at a price of \$0.03 per share.

There are no options or warrants outstanding in the Company.

Basic and diluted earnings per share

The calculation of basic and diluted loss per share for the year ended June 30, 2017 was based on the loss attributable to common shareholders of \$17,169 (2016 – \$246, 2015 - \$4,793,094) and the weighted average number of common shares outstanding of 17,305,432 (2016 – 17,241,379, 2015 – 17,241,379).

Reserves

Contributed Surplus

Contributed Surplus records debt forgiven by related parties in their capacity as shareholders.

Foreign currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

Mali Gold Exploration Pty Ltd
Notes to the consolidated financial statements
For the years ended June 30, 2017, 2016 and 2015
(Expressed in Australian dollars)

Note 8 – Related party transactions

Transactions with shareholders:

The Company incurred fees for geological and other related services. These fees were payable to a director and company controlled by a director and were capitalized and included in exploration and evaluation assets. Details of the fees incurred are as follows:

	June 30, 2017	June 30, 2016	June 30, 2015
	\$	\$	\$
Paid to a Director	183,082	195,229	596,990
Paid to a company controlled by a Director	59,925	34,242	121,748
Total capitalized in exploration and evaluation assets	243,007	229,471	718,738

(Notes 7 and 13)

Note 9 – Financial instruments

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	June 30, 2017	June 30, 2016	June 30, 2015
	\$	\$	\$
Loans and receivables:			
Cash	2,565	2,865	3,624
Receivables	3,318	3,347	1,028
	5,883	6,212	4,652

Financial liabilities included in the statement of financial position are as follows:

	June 30, 2017	June 30, 2016	June 30, 2015
	\$	\$	\$
Non-derivative financial liabilities:			
Trade payables	595	1,181	935
Due to related parties	-	9,188,126	8,377,782
	595	9,189,307	8,378,717

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is measured using level 1 inputs.

Mali Gold Exploration Pty Ltd
Notes to the consolidated financial statements
For the years ended June 30, 2017, 2016 and 2015
(Expressed in Australian dollars)

The Company is exposed in varying degrees to a variety of financial instrument related risks, as follows:

Note 9 –Financial instruments (cont.)

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 in its cash accounts. The risk on the cash accounts is managed through the use of a major financial institutions based in Australia and Mali, which has acceptable credit quality 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 become due. The Company requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company. Funding has historically been in the form of borrowings from shareholders and the Company relies on the support of shareholders to meet its obligations.

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. The Company is not exposed to interest rate risk as it does not have any interest bearing financial assets or liabilities.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Australia, with its assets in Mali, West Africa and expenditures are incurred in currencies other than its functional currency including: US dollars and the Euro. Consequently, the Company is exposed to changes in CFA compared to the US dollar and the Euro. The Company does not engage in any hedging activities to reduce its foreign currency risk, but does manage the currency of its cash resources to complement the denomination of the expenditures required.

Note 10 - 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 principal non-current assets are all located in Mali, West Africa.

Note 11 - Capital management

The Company identifies capital as cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support acquisition and exploration of mineral properties. The managers have not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company has interests are in the exploration stage; as such the Company is dependent on the financial support of its shareholders and external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given

Mali Gold Exploration Pty Ltd
Notes to the consolidated financial statements
For the years ended June 30, 2017, 2016 and 2015
(Expressed in Australian dollars)

the relative size of the Company, is reasonable. There have been no changes in the Company's approach to capital management during since inception. The Company is not subject to externally imposed capital requirements.

Note 12– Income taxes

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

	2017	2016	2015
	\$	\$	\$
Net loss	(17,169)	(246)	(4,793,094)
Statutory tax rate	27.5%	30%	30%
Expected income tax recovery	4,722	74	1,437,928
- Non-deductible items	-	-	(1,437,600)
Deferred tax assets not recognized	(4722)	(74)	(328)
Income tax recovery	-	-	-

The Company has temporary differences resulting from tax losses for which no deferred tax assets have been recognized as follows:

	2017	2016	2015
	\$	\$	\$
Tax losses	5,236	514	440

Note 13 – Non-cash transactions

During the years ended June 30, 2017, 2016 and 2015, the following no non-cash transactions occurred that are not reflected in the statement of cash flows:

- On June 15, 2017, the Company issued 1,558,621 shares at an issue price of \$0.15 for a total of \$233,794 to settle a total of \$8,704,545 of loans due to related parties. Under the arrangement, the parties agreed to forgive the balance of loans owed by the Company. The total amount of debt forgiven was 8,470,751. This has been recorded as Contributed Surplus (Note 7).
- On June 30, 2015, the Board resolved to write-off certain capitalized exploration expenditure to better reflect the reasonable recoverable amount of this asset. A total of \$4,792,001 was written off (Note 4).

Note 14 – Subsequent events

On August 23, 2017, the Company announced that a share exchange agreement had been signed for the shareholders of the Company to sell all shares on issue to Compass Gold Corp. ("Compass") ("Proposed Transaction"). The Proposed Transaction comprises the following:

- (i) the acquisition of all the issued and outstanding shares of the Company by Compass in exchange for the issue of 12,000,000 Post-Consolidation Shares in Compass ("Acquisition"). A Post Consolidation Shares is 1 Compass New Share for every 5 existing Compass Shares ("Consolidation"). The Consolidation is one of the conditions to the Acquisition. Compass has also agreed to pay up to \$50,000 in transaction costs incurred by the Company or the Company's shareholders in connection with the Proposed Transaction; and
- (ii) Compass is required to close a minimum C\$5,000,000 private placement (up to a maximum C\$6,000,000) or secured an unconditional underwriting for a minimum C\$5,000,000 private placement, to be closed concurrently with the closing of the Proposed Transaction.

SCHEDULE "H"
MGE MD&A FOR THE YEAR ENDED JUNE 30, 2017 AND 2016

(SEE ATTACHED)

MALI GOLD EXPLORATION PTY LTD
MANAGEMENT DISCUSSION AND ANALYSIS
for the years ended June 30, 2016 and 2017

This Management's Discussion and Analysis ("MD&A") is an overview of the activities of Mali Gold Exploration Pty Ltd ("MGE" or the "Company") and its subsidiaries, for the years ended June 30, 2016 and 2017. This MD&A 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 financial statements for the years ended June 30, 2016 and 2017 and the notes attached thereto ("Audited Financials Statements") a. The effective date of this MD&A is October 21, 2017.

Statements in this report 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 Audited 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 MD&A, is complete and reliable.

The Company's Board have reviewed and approved this MD&A.

All amounts in the MD&A, Audited Financial Statements and related notes are expressed in Australian dollars ("A\$") unless otherwise noted

Dr. Sandy M. Archibald, PGeo, MGE's consulting geologist, who is a Qualified Person as defined by National Instrument 43-101 has reviewed the geologic information contained in this MD&A on behalf of the Company.

1. SUMMARY OF ACTIVITIES AND DESCRIPTION OF BUSINESS

Company Overview

MGE is a private company incorporated in May 2012 under the laws of the Commonwealth of Australia. The principal activity of the Company is the acquisition, exploration and development of mineral properties in Mali. Where possible it seeks to invest at an early stage so as to reduce acquisition costs and to offer potential for financial risk management through farm-outs or other exploration arrangements as exploration progresses.

The Company holds 5 research exploration permits located in the Sikasso Region of Mali covering an area of approximately 1,179 km², collectively referred to as the Sikasso Property. The Sikasso Property is divided into the three areas consisting of the adjoining Ouassada and Sankarani permits, the adjoining Kourou and Tiéouléna permits and the Kalé permit. Kourou and Tiéouléna are owned by REM SARL, Ouassada and Kale by SERM SARL, and Sankarani by ML Commodities SARL. All three companies are wholly owned subsidiaries of the Company.

On May 4, 2012, MGE acquired Sikasso Properties by the acquisition of REM sarl, SERM sarl and ML Commodities sarl (together the "MGE Subsidiaries") pursuant to a Sale and Purchase Agreement between MGE, the MGE Subsidiaries, Africa Resources sarl, Transocean and Diallo (the "MGE Sale and Purchase Agreement"). Pursuant to the MGE Sale and Purchase Agreement, MGE purchased, and Diallo and Transocean sold, all of the common shares of each of the MGE Subsidiaries such that MGE would hold all of the outstanding securities of each of each of the MGE Subsidiaries.

In May 2012, the Company granted its then shareholders a joint 2% Net Smelter Royalty over the Ouassada, Kalé, Sankarani, Kourou and Tiéouléna permits.

The Ouassada, Kalé, Sankarani, Kourou and Tiéouléna permits were all granted to the MGE Subsidiaries of the Company in February 2011. All these permits have been renewed in the ordinary course of operations and the permits remain in good standing. To maintain these permits, the Company was required to incur minimum exploration expenditures on each of the permits during the period 2011 to 2014. As at the date of this MD&A, there are no outstanding expenditure commitments.

The exploration activities of the Company are set out below.

A summary of cumulative deferred exploration costs as at each balance sheet date are as follows:

	Jun 30, 2017 \$	Jun 30, 2016 \$	Jun 30, 2015 \$
Exploration costs	5,846,220	5,816,655	5,000,000

The Company's continuing operations are dependent upon its ability to either secure additional equity capital or generate consistent cash flow from operations in the future.

Annual Highlights

Year ended 30 June 2017

During the year ended June 30, 2017 the following events occurred:

- The Company undertook limited exploration work mostly comprising field mapping, published geology maps, regional geophysical maps, and regional soil data sets at the Sikasso Property. The exploration activities were funded by the shareholders.
- The Company investigated possible funding, joint venture and other alternatives relating to the Sikasso Property.
- In June 2017, the MGE completed a share for debt transaction in respect of loans owed to related parties of MGE. As a result, the company issued 1,558,621 shares at an issue price of \$0.15 (total \$233,794) in the Company to settle a total of \$8,704,545 of loans due to related parties. Under the arrangement, the parties agreed to forgive the balance of any further loans owed by the Company. The total amount of debt forgiven was \$8,470,751. This amount was recorded as contributed surplus.
- In June 2017, MGE issued a total of 1,200,000 new shares to raise \$36,000 from proposed directors of the Resulting Issuer. These are set out in further detail in Note 7 of the Audited Financial Statements.

Year ended 30 June 2016

During the year ended June 30, 2016 the following events occurred:

- Renewals of the Ouassada, Kalé, Sankarani, Kourou and Tiéouléna permits were applied for and received;
- The Company undertook limited exploration work mostly comprising field mapping, published geology maps, regional geophysical maps, and regional soil data sets at the Sikasso Property. The exploration activities were funded by the shareholders.
- The Company investigated possible funding, joint venture and other alternatives relating to the Sikasso Property.

Year ended 30 June 2015

- The Company undertook limited exploration work mostly comprising field mapping, published geology maps, regional geophysical maps, and regional soil data sets at the Sikasso Property. The exploration activities were funded by the shareholders.

- The Company investigated possible funding, joint venture and other alternatives relating to the Sikasso Property.

Subsequent Events

On August 23, 2017, the Company entered into a share exchange agreement where the shareholders of the Company would sell all shares on issue to Compass Gold Corp. ("Compass") ("Proposed Transaction"). The Proposed Transaction comprises the following:

- (a) the acquisition of all the issued and outstanding shares of the Company by Compass in exchange for the issue of 12,000,000 Post-Consolidation Shares in Compass ("Acquisition"). A Post Consolidation Share is 1 Compass New Share for every 5 existing Compass Shares ("Consolidation"). The Consolidation is one of the conditions to the Acquisition. Compass has also agreed to pay up to \$50,000 in transaction costs incurred by the Company or the Company's shareholders in connection with the Proposed Transaction; and
- (b) Compass is required to close a minimum C\$5,000,000 private placement (up to a maximum C\$6,000,000) or secured an unconditional underwriting for a minimum C\$5,000,000 private placement ("Private Placement"), to be closed concurrently with the closing of the Proposed Transaction.

The Proposed Transaction is subject to various conditions, but if it proceeds will result in the Company becoming a wholly-owned subsidiary of Compass.

2. FINANCIAL SUMMARY

During the year ended June 30, 2017, the Company incurred a loss of \$17,169 (2016 - \$246, 2015 - \$4,793,094) representing the normal operational expenditures for an exploration company of the size and intentions of MGE. The loss for the year ended June 30, 2017 is relatively higher than the previous as the Company spent incurred expenditure relating to investigating possible transactions, including the Proposed Transaction. The loss for the year ended June 30, 2015 included an amount of \$4,792,001 relating to the impairment of carried forward exploration costs.

General and administrative expenses for the year ended June 30, 2017 were \$17,169 (2016 - \$246, 2015 - \$1,093). These expenses largely comprised consulting and accounting fees of \$10,000 (2016 - \$Nil, 2015 - \$850), travel expenses of \$6,840 (2016 - \$Nil, 2015 - \$Nil), filing fees of \$249 (2016 - \$246, 2015 - \$243) and administrative costs of \$80 (2016 - \$Nil, 2015 - \$Nil). The expenses for the year ended June 30, 2017 includes expenditure relating to investigating possible transactions, including the Proposed Transaction.

During the year ended June 30, 2015, an amount of \$4,792,001 was recorded as an impairment of carried forward exploration costs following a transaction in the Company's shares where an investor acquired

shares in the Company from then existing shareholders. During the years ended June 30, 2016 and 2017, no impairment amounts or exploration costs were recorded.

3. SELECTED ANNUAL FINANCIAL INFORMATION

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

Summary of Annual Results	Year 2017 \$	Year 2016 \$	Year 2015 \$
Net Sales or total revenues	Nil	Nil	Nil
Loss	(17,169)	(246)	(4,793,094)
Loss per share – basic and diluted (based on the weighted average of shares outstanding for the year)	Nil	Nil	(0.28)
Total assets	5,492,103	5,822,867	5,004,652
Total current liabilities	10,595	9,189,307	8,378,717
Total current liabilities, excluding borrowings due to related party	10,595	1,181	935
Total non-current liabilities	-	-	-
Cash dividends declared per-share for each class of share.	Nil	Nil	Nil

Commitments and Contingencies

There are currently no outstanding expenditure commitments relating to the Sikasso Property.

A 2% Net Smelter Royalty over the Ouassada, Kalé, Sankarani, Kourou and Tiéouléna permits has been granted by the Company. Full details are set out in Note 4 of the Audited Financial Statements.

Segmented information

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

The Company's principal non-current assets are all located in Mali, West Africa.

4. ADDITIONAL DISCLOSURE FOR ISSUERS WITHOUT SIGNIFICANT REVENUE

As the Company has no revenue from operations in any of its last two financial quarters, the following is a breakdown of the material costs incurred:

	Year 2017 \$	Year 2015 \$	Year 2016 \$
Exploration and Development Costs, <i>cash payments, net</i>	465,119	439,003	1,356,979
Purchase of property, plant and equipment, <i>cash payments, net</i>	Nil	Nil	Nil
General and Administrative Expenses	17,169	246	1,093
Exploration Expenses (including Impairment)	Nil	Nil	\$4,792,001
Any Material Costs (capitalized, deferred or expensed) not referred to above.	Nil	Nil	Nil

5. DISCLOSURE OF OUTSTANDING SHARE CAPITAL

The information on the Company's share capital including numbers of shares outstanding, details of any conversion features, and number of shares issuable on conversion of stock options and share purchase warrants, are detailed in the Company's Audited Financial Statements. The number of common shares outstanding as of the date of this report on October 21, 2017 is 20,000,000 shares.

6. LIQUIDITY AND CAPITAL RESOURCES

The Company is solvent. As at June 30, 2017 the Company had a working capital deficiency of \$4,712 (2016 – deficiency \$9,183,095, 2015 – deficiency \$8,374,065). The Company is largely funded by shareholder loans. In June 2017, the Company the MGE completed a share for debt transaction in respect of loans owed to related parties of MGE. As a result, the company issued 1,558,621 shares at an issue price of \$0.15 (total \$233,794) in the Company to settle a total of \$8,704,545 of loans due to related parties. Under the arrangement, the parties agreed to forgive the balance of any further loans owed by the Company. The total amount of debt forgiven was \$8,470,751. This amount was recorded as contributed surplus.

The shareholders of MGE continue to provide the required funding for the Company as required by way of shareholder loans. Depending on the success of the exploration program in Mali, the Company and its shareholders may need to seek funding from its current shareholders, or from the capital markets, by way of debt or equity, as and when required. The Company has no long-term debt and no long-term liabilities.

The Company has no committed expenditure and its near-term commitments are restricted to the above amounts and general administrative costs.

Working Capital

As at June 30, 2017 the Company had a working capital deficiency of \$4,712 (2016 – deficiency \$9,183,095, 2015 – deficiency \$8,374,065). The working capital at June 30, 2016 and 2015 reflected the extent that shareholder loans had been used to fund exploration activities. As noted above in June 2017 the Company completed a share for debt transaction to settle a total of \$8,704,545 of loans due to related parties of MGE.

Cash and Cash Equivalents

As at June 30, 2017 the Company had cash and cash equivalents of \$2,565 (2016 - \$2,865, 2015 - \$3,624). Management of cash balances is conducted in-house based on internal investment guidelines, which generally specify that investments be made in conservative money market instruments that bear interest and carry a low degree of risk, using major financial institutions in Australia and Mali.

Cash Used in Operating Activities

Cash used in the operating activities during the year ended June 30, 2017 was \$7,726 (2016 - \$Nil, 2015 - \$243). The cash used in operating activities represents non-capitalized exploration expenses. For the years ended June 30, 2017 and 2015, minimal cash was used in operating activities. In the 2015, no amounts were incurred.

Cash Used in Investing Activities

Total cash used in investing activities during the year ended June 30, 2017 was \$465,119 (2016 - \$439,003, 2015 - \$1,356,979). All these amounts were spent on exploration and evaluation expenditures.

Cash Generated by Financing Activities

During the year ended June 30, 2017, the Company received \$472,648 (2016 – \$438,922, 2015 - \$1,357,289) from financing activities. During the year ended June 30, 2017, the Company received \$36,000 (2016 - \$Nil, 2015 – \$Nil) from the issuance of equity securities. During the year ended June 30, 2017 the Company received loan funds from a related party of \$472,648 (2016 - \$ 438,922, 2015 – \$1,357,289) and repaid loan funds from a related party of \$36,000 (2016 - \$756, 2015 - \$Nil).

7. GOING CONCERN

MGE, like all exploration companies in the mining and mineral exploration industry, operates in an environment subject to inherent risks. Many of these risks are beyond the ability of a company to control, particularly those associated with the exploration and development of economic quantities of resources, volatile commodity prices, governmental regulations and environmental matters. To grow its business, the Company must successfully develop its current exploration properties and/or identify, acquire and develop additional exploration properties at economically viable prices. The international market for gold exploration projects is highly competitive and success may take longer than expected or prove not to be achievable.

It is the Company's objective to either discover gold reserves and bring them onto production or sell them or to acquire producing properties. However, at this stage the Company has no revenues and therefore will need to raise additional capital in the future to fund work commitments and operations on its properties. The future of the Company is dependent upon its ability to raise the required funding in the form of equity, debt, joint ventures, farm-outs or a combination thereof. The Company has limited debt capacity and therefore its exploration activities are expected to be financed through equity or third party joint ventures. There is no assurance that additional financing will be available on terms acceptable to the Company. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interest in some or all of the properties and reduce or terminate its operations. Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities.

As at June 30, 2017, the Company had cash and cash equivalents of \$2,565 (2016 - \$2,865, 2015 - \$3,624) available to progress its exploration program. The Company will be required to raise further funds to progress its exploration activities. A condition of the Proposed Transaction is that Compass closes the Private Placement concurrent with the Proposed Transaction. Assuming the completion of the Private Placement, the Company will have sufficient funds to undertake its proposed exploration activities and fund operations.

8. TRANSACTIONS BETWEEN RELATED PARTIES

Transactions between related parties are described in further detail in Note 8 to the Audited Financial Statements.

9. OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize any off-balance sheet arrangements.

10. PLAN OF OPERATIONS AND FUNDING

The Company's plan of operations over the next twelve months is as follows:

- to complete the Proposed Transaction;
- to progress an appropriate exploration program in its gold permits in Mali, West Africa; and
- to continue to assess possible new exploration projects with a view to acquiring additional interests in gold and other mineral exploration assets in West Africa.

As at June 30, 2017, the Company had cash and cash equivalents of \$2,565 (2016 - \$2,865, 2015 - \$3,624) available to fund ongoing administrative costs and progress its exploration program. Assuming the completion of the Proposed Transaction, including the Private Placement, the Company will have sufficient funds to fund its operation and exploration activities. The Company has no committed expenditure on exploration and its near-term commitments are restricted to general administrative costs.

11. 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 derivative financial liabilities, which are subsequently measured at fair value. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

For the years ended June 30, 2017, 2016 and 2015, 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 9 of the Audited Financial Statements.

12. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are detailed in Note 2 to the Audited Financial Statements. IFRS principles have been applied.

The Company's assets principally comprise cash, receivables and \$5,486,220 (2016 - \$5,816,655, 2015 - \$5,000,000) of costs associated with the acquisition and exploration of its mineral exploration permits. In view of the exploration work carried out to-date and the frontier nature of exploration in Mali, evaluation of the potential of these licenses is at an early stage.

13. 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: the Private Placement, the Proposed Transaction, the ability of the Company to source new assets 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 completion of the Proposed Transaction, including the Private Placement, the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for gold and other minerals and metals, that costs related to development of the mineral properties will remain consistent with historical experiences, anticipated results of exploration activities, and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: volatility in the market prices for gold and other minerals and metals, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, competition for capital, competition for skilled personnel, uncertainties associated with estimating resources, geological problems, technical problems, mining and processing problems, liabilities and risks including environmental liabilities and risks inherent in mineral exploration and mining, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel, political risks and unpredictable weather conditions.

14. BOARD AND MANAGEMENT COMMITTEES

MGE is governed by a board of directors. The board comprises the following members:

- Mr James Henderson
- Dr Madani Diallo

The Malian Subsidiaries are each governed a management committee. The management committee of each of the Malian Subsidiaries comprises the following members:

- Dr Madani Diallo
- Mr Hadi Ly

15. DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction and in context with all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

Approved on Behalf of the Board:

(Signed) "James Henderson"

James Henderson

Director

October 21, 2017

SCHEDULE "I"
PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

(SEE ATTACHED)

COMPASS GOLD CORPORATION
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2017

PRESENTED IN CANADIAN DOLLARS

(UNAUDITED – SEE COMPILATION REPORT)

COMPILATION REPORT ON PRO FORMA FINANCIAL STATEMENTS

To the directors of Compass Gold Corporation:

We have read the accompanying unaudited consolidated financial statements of Compass Gold Corporation (the "Company") which comprise the pro forma consolidated statement of financial position as of June 30, 2017 to be included in the Information Circular of the Company relating to the proposed acquisition of 100% of Mali Gold Exploration Pty Ltd. ("MGE"), a company incorporated in Australia, and we have performed the following procedures:

1. Compared the figures in the column captioned Compass Gold Corporation to the unaudited consolidated statement of financial position of the Company as at June 30, 2017 and found them to be in agreement.
2. Compared the figures in the column captioned Mali Gold Exploration to the audited consolidated statement of financial position of the MGE as at June 30, 2017 and found them to be in agreement.
3. Made enquiries of certain officials of the Company who have responsibility for financial and accounting matters about:
 - a) the basis for determination of the pro forma adjustments, and
 - b) whether the pro forma consolidated financial statements comply as to form in all material respects with TSX Venture Exchange requirements.

The officials:

- a) described to us the basis for determination of the pro forma adjustments, and
 - b) stated that the pro forma consolidated financial statements comply as to form in all material respects with TSX Venture Exchange requirements.
4. Read the notes to the pro forma consolidated financial statements, and found them to be consistent with basis described to us for determination of the pro forma adjustments.
 5. Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the column captioned Compass Gold Corporation as at June 30, 2017 and found the amounts in the column captioned "Pro Forma" to be arithmetically correct.

The unaudited pro forma consolidated financial statements is based on management assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the pro forma adjustments, and the application of the adjustments to the historical information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the pro forma consolidated financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

"DMCL"

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
October 21, 2017

COMPASS GOLD CORPORATION
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017
IN CANADIAN DOLLARS
(Unaudited – See Compilation Report)

	Compass Gold Corporation	Mali Gold Exploration	Pro Forma Adjustments	Notes	Pro Forma
ASSETS					
Current					
Cash	\$ 359,129	\$ 2,558	\$ 6,000,000 (360,000) (20,000)	2(b) 2(b) 2(b)	\$ 5,981,687
Receivables	2,497	3,309	-		5,806
Prepays	1,250	-	-		1,250
	362,876	5,867	5,620,000		5,988,743
Non-current					
Exploration and evaluation assets	-	5,471,791	532,909	2(a)	6,004,700
	-	5,471,791	532,909		6,004,700
TOTAL ASSETS	\$ 362,876	\$ 5,477,658	\$ 6,152,909		\$ 11,993,443
LIABILITIES					
Current					
Accounts payable and accrued liabilities	\$ 27,669	\$ 10,567	\$ -		\$ 38,236
	27,669	10,567	-		38,236
SHAREHOLDERS' EQUITY					
Share capital (Note 3)	10,828,189	1,658,421	(1,658,421)	2(a)	22,345,999
			6,000,000	2(a)	
			6,000,000	2(b)	
			(360,000)	2(b)	
			(102,190)	2(b)	
			(20,000)	2(b)	
Contributed surplus		8,448,473	(8,448,473)	2(a)	-
Reserves	1,975,836	156,616	(156,616)	2(a)	2,078,026
			102,190	2(b)	
Deficit	(12,468,818)	(4,796,419)	4,796,419	2(a)	(12,468,818)
	335,207	5,467,091	6,152,909		11,955,207
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 362,876	\$ 5,477,658	\$ -		\$ 11,993,443

The accompanying notes are an integral part of these pro forma consolidated financial statements

COMPASS GOLD CORPORATION

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

IN CANADIAN DOLLARS

(UNAUDITED – SEE COMPILATION REPORT)

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated financial statements of Compass Gold Corporation (the “Company”) have been prepared by management from information derived from the financial statements of the Company together with other information available to the Company. The consolidated pro forma financial statements have been prepared using the same accounting policies described in Note 2 to the unaudited condensed consolidated interim financial statements of the Company for the six months ended June 30, 2017 which were prepared in accordance with International Financial Reporting Standards and complied with International Accounting Standard 34 “Interim Financial Reporting”. The unaudited pro forma consolidated financial statements has been prepared to give effect to the acquisition of 100% of Mali Gold Exploration Pty Ltd. (“MGE”), a company incorporated in the Commonwealth of Australia, through the issue of shares, such that MGE becomes an indirect wholly-owned subsidiary of the Company (the “Transaction”), as well as the financing and other transactions contemplated in the Information Circular. The unaudited pro forma consolidated financial statements include all adjustments necessary for fair presentation of the transactions described below. The unaudited pro forma consolidated financial statements should be read in conjunction with the June 30, 2017 unaudited condensed consolidated interim financial statements of the Company.

The unaudited pro-forma consolidated financial statements of the Company have been compiled from and include:

- a) the statement of financial position of the Company as at June 30, 2017; and
- b) the additional information set out in Note 2.

2. PRO-FORMA TRANSACTIONS

(a) Acquisition of MGE

The Transaction contemplates the acquisition of 100% of MGE by the Company through the issue of the Consideration Shares. The unaudited pro forma consolidated financial statements give effect to the Transaction, as if it had occurred as at June 30, 2017.

The pro forma consolidated statement of financial position includes the following adjustments:

- Conversion of the balances of the audited accounts of MGE from Australian Dollar to Canadian Dollars at an exchange rate of 0.99737;
- Issue of the Consideration Shares comprising 12,000,000 Post Consolidation common shares. The acquisition price of \$6,000,000 has been included consistent with the terms set out in the Share Purchase Agreement; and
- The inclusion of the assets and liabilities of MGE at the acquisition date.

COMPASS GOLD CORPORATION**NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

IN CANADIAN DOLLARS

(UNAUDITED – SEE COMPILATION REPORT)

2. PRO FORMA TRANSACTIONS (continued)**(b) Financing**

The Transaction is conditional on the completion of a private placement of common shares of the Company to raise aggregate gross proceeds of a minimum of \$5,000,000 to a maximum of \$6,000,000 (the “Financing”). The pro-forma consolidated statement of financial position assumes a Financing consisting of the issuance of 12,000,000 Post Consolidation shares in the Company at a price of \$0.50 per share for total gross proceeds of \$6,000,000.

The pro-forma consolidated statement of financial position also assumes a finder’s fee comprising a cash commission of up to 6% of the Financing (\$360,000) together with the payment of a fee to the financial adviser (cash of \$20,000 and shares totaling \$100,000) and the issue of finder’s warrants equal to up to 6% of the number of shares sold under the Financing. The finder’s warrants are assumed to have an exercise price the same as the issue price of the Financing and a 2 year term. The value of the finder’s warrants (\$102,100) was estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.04%; expected life of 24 months; expected volatility of 50%; and expected dividends of \$Nil.

At the date of pro forma consolidated financial statements, the actual terms of the Financing have not been settled by the Company. Therefore, the pro forma adjustments will be subject to the actual terms of the Financing as subsequently determined and announced by the Company.

3. SHARE CAPITAL

Upon completion of the pro forma transactions, the Company’s share capital will be as follows:

- (a) Authorized – Unlimited number of common voting shares without par value.
- (b) Issued

	Pro forma June 30, 2017	
	Number	Amount
Share capital of the Company	15,709,839	\$ 10,828,189
1 for 5 share consolidation	3,141,967	10,828,189
Post consolidation shares reserved for issuance pursuant to outstanding share purchase warrants and options	2,464,952	-
Shares issued for the Transaction (Note 2(a))	12,000,000	6,000,000
Shares issued for the Financing (Note 2(b))	12,000,000	6,000,000
Cash finder’s Fee (Note 2(b))	-	(360,000)
Finder’s warrants (Note 2(b))	720,000	(102,190)
Financial adviser fee (Note 2(b))	200,000	100,000
Financial adviser fee (Note 2b))	-	(120,000)
Post consolidation shares reserved for issuance pursuant to incentive stock options to be issued prior to Closing on terms to be determined	120,000	-
Pro forma balance	30,646,920	\$ 22,345,999

4. EFFECTIVE TAX RATE

The effective tax rate of the Company is 26%.

SCHEDULE "J"
COMPASS FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(SEE ATTACHED)

Compass Gold Corporation
Consolidated Financial Statements
Year Ended December 31, 2016

Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Compass Gold Corporation:

We have audited the accompanying consolidated financial statements of Compass Gold Corporation, which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Compass Gold Corporation as at December 31, 2016 and 2015, and its financial performance and its cash flows for the for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Compass Gold Corporation's ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 27, 2017

An independent firm associated with
Moore Stephens International Limited

MOORE STEPHENS

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

	Note	December 31, 2016	December 31, 2015
ASSETS			
Current assets			
Cash		\$ 1,775	\$ 1,838
Receivable		320	517
Prepays		1,313	-
TOTAL ASSETS		\$ 3,408	\$ 2,355
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	4	\$ 58,790	\$ 40,338
Other liabilities	5	62,458	15,132
TOTAL LIABILITIES		121,248	55,470
SHAREHOLDERS' EQUITY			
Share capital	6	10,286,129	10,286,129
Share-based payment reserve	7	1,953,146	1,953,146
Deficit		(12,357,115)	(12,292,389)
TOTAL SHAREHOLDERS' EQUITY		(117,840)	(53,114)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 3,408	\$ 2,355
NATURE AND CONTINUANCE OF OPERATIONS	1		
SUBSEQUENT EVENT	12		

ON BEHALF OF THE BOARD

/s/ Ian Spence

Ian Spence, Chief Executive Office

/s/ Lara Iacusso

Lara Iacusso, Director and Chief Financial Officer

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

	Note	Year ended December 31, 2016	Year ended December 31, 2015
EXPENSES			
Accounting and audit fees		\$ 11,380	\$ 5,450
Consulting fees	8	12,000	12,000
Foreign exchange loss		-	537
General and administrative expenses		6,716	6,520
Interest and bank charges		5,920	-
Listing and registration fees		16,695	16,541
Professional fees		4,497	6,993
Insurance		7,518	6,700
TOTAL EXPENSES		(64,726)	(54,741)
OTHER ITEMS			
Loss on sale of investment		-	(27,754)
NET LOSS AND COMPREHENSIVE LOSS		\$ (64,726)	\$ (82,495)
LOSS PER SHARE – BASIC AND DILUTED			
		\$ (0.02)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING			
– BASIC AND DILUTED*		3,805,078	3,805,078

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

	Share capital					Total Equity
	Note	Number of shares*	Amount	Share-based payment reserve	Deficit	
Balance at January 1, 2015		3,805,078	\$ 10,286,129	\$ 1,953,146	\$ (12,209,894)	\$ 29,381
Net and comprehensive loss		-	-	-	(82,495)	(82,495)
Balance at December 31, 2015		3,805,078	10,286,129	1,953,146	(12,292,389)	(53,114)
Net and comprehensive loss		-	-	-	(64,726)	(64,726)
Balance at December 31, 2016		3,805,078	\$ 10,286,129	\$ 1,953,146	\$ (12,357,115)	\$ (117,840)

* Note – During the year ended December 31, 2015 the Company completed the Share Consolidation. All share and per share numbers, including comparatives, have been adjusted to reflect the effect of the Share Consolidation.

Compass Gold Corporation
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Year ended December 31, 2016	Year ended December 31, 2015
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss	\$ (64,726)	\$ (82,495)
Adjustment for items not affecting cash:		
Loss on sale of investments	-	27,754
Accrued interest	3,516	-
Changes in non-cash working capital items:		
Receivable	197	(269)
Prepays	(1,313)	-
Trade payable and accrued liabilities	14,937	2,437
Cash flows used in operating activities	(47,389)	(52,573)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	38,737
Cash flows from investing activities	-	38,737
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance of loan	47,326	15,132
Cash flows from financing activities	47,326	15,132
NET CHANGE IN CASH	(63)	1,296
CASH, BEGINNING	1,838	542
CASH, ENDING	\$ 1,775	\$ 1,838

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. The Company’s shares are traded on the NEX Board of the TSX Venture Exchange (“TSX-V”) under the symbol “CVB-H”. The registered and head office of the Company is located at Suite 800, 789 West Pender Street, Vancouver, British Columbia, Canada, V6E 4G1.

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. As at December 31, 2016 the Company was largely inactive. 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. 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 cash on hand, loans from directors or other parties and/or private placement of common shares.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on April 27, 2017 by the directors of the Company.

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”).

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.

Consolidation

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

	Country of incorporation	Percentage owned*	
		December 31, 2016	December 31, 2015
Exploration Azteca S.A De.C.V	Mexico	100%	100%

*Percentage of voting power is in proportion to ownership.

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 can differ from these estimates.

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

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.

Foreign currency translation

The functional currency of the Company and its subsidiary is determined using the currency of the primary economic environment in which each entity operates. The consolidated financial statements are presented in Canadian dollars which is the functional and presentation currency of the parent and subsidiary company.

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.

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.

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

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The Company's financial assets classified at fair value through profit or loss include investments.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company classifies cash and receivable as loans and receivables.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company has no financial assets classified as held-to-maturity investments.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive loss, except for impairment losses and foreign exchange gains and losses. The Company has no financial assets classified as available-for-sale investments.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. The Company's non-derivative financial liabilities include trade payables and other liabilities.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company' does not have any derivative financial assets. The Company's derivate financial liabilities include other liabilities.

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

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 but not yet effective

IFRS 9 "Financial Instruments" ("IFRS 9")

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on its consolidated financial statements.

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, with early adoption permitted for entities that have adopted IFRS 15. The Company has not yet assessed the future impact of this new standard on its financial statements.

3. Accounting standards issued by not yet effective (Cont'd).

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. Trade payables and accrued liabilities

	December 31, 2016	December 31, 2015
Trade payables	\$ 2,417	\$ 5,982
Amounts due to related parties (Note 8)	39,000	27,000
Accrued liabilities	13,857	7,356
Accrued interest (Note 8)	3,516	-
	\$ 58,790	\$ 40,338

5. Other liabilities

Loan from director	December 31, 2016	December 31, 2015
Balance, beginning of year	\$ 15,132	\$ -
Additions	47,326	15,132
Balance, end of year	\$ 62,458	\$ 15,132

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 (Note 8).

6. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2016 there were 3,805,078 issued and fully paid common shares (2015 – 3,805,078).

Share Consolidation

On September 21, 2015, the Company completed a consolidation of its common shares on the basis of one (1) new post-consolidation share for every forty (40) 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

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2016 was based on the loss attributable to common shareholders of \$64,726 (2015 - \$82,495) and the weighted average number of common shares outstanding of 3,805,078 (2015 – 3,805,078).

Diluted loss per share did not include the effect of the 2,500 stock options outstanding as the effect would be anti-dilutive.

6. Share capital (cont'd)

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 employees and consultants cannot 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 years ended December 31, 2016 and 2015 are as follows:

	December 31, 2016		December 31, 2015	
	Number of options*	Weighted average exercise price*	Number of options*	Weighted average exercise price*
Options outstanding, beginning	3,750	\$5.27	4,375	\$ 5.37
Options expired	(1,250)	(6.20)	(625)	6.00
Options outstanding, ending	2,500	\$4.80	3,750	\$ 5.27
Options exercisable, ending	2,500	\$4.80	3,750	\$ 5.27

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

Details of options outstanding as at December 31, 2016 are as follows:

Weighted average exercise price	Weighted average remaining contractual life	Number of options Outstanding*
\$4.80	0.2	2,500

* The number of options have been adjusted to reflect the impact of the Share Consolidation.

6. Share capital (cont'd)

Warrants

The changes in warrants during the years ended December 31, 2016 and 2015 are as follows:

	December 31, 2016		December 31, 2015	
	Number of warrants*	Weighted average exercise price*	Number of warrants*	Weighted average exercise price*
Warrants outstanding, beginning of year		\$ -	(250,000)	\$ 12.00
Warrants expired		-	(250,000)	12.00
Warrants outstanding, end of year	-	\$ -	-	\$ -
Warrants exercisable, end of year	-	\$ -	-	\$ -

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

7. 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.

8. Related party transactions

Related party balances

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

	December 31, 2016	December 31, 2015
Directors of the Company (Note 4) – trade payables and accruals	\$ 39,000	\$ 27,000
Directors of the Company (Note 4) – interest accrued	3,516	-
	\$ 42,516	\$ 27,000

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

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

	December 31, 2016	December 31, 2015
Directors of the Company (Note 5)	\$ 62,458	\$ 15,132

These amounts are unsecured, payable on demand and subject to interest at a rate of 10% per annum.

8. Related party transactions (cont'd)

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, 2016	Year Ended December 31, 2015
Consulting fees	\$ 12,000	\$ 12,000
Interest expense	\$ 3,516	\$ -

9. 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, 2016	Year ended December 31, 2015
Net loss	\$ (64,726)	\$ (82,495)
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory tax rate	(16,829)	(21,449)
Permanent differences	-	7,216
Non-deductible items and other	-	7,317
Temporary differences not recognized	16,829	6,916
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, 2016	Year ended December 31, 2015
Non-capital loss carry-forwards	\$ 1,290,066	\$ 1,263,725
Unrealized capital losses	1,424,999	1,424,999
Share issuance costs and other	2,159	11,671
	\$ 2,717,224	\$ 2,700,395

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

	Canadian non-capital losses	Canadian unrealized capital losses	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	101,310	-	-
No expiry	-	5,480,766	8,305
	\$ 4,961,792	\$ 5,480,766	\$ 8,305

10. 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 is based solely in Canada.

11. 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, 2016 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. As at December 31, 2016, there are no financial assets and liabilities denominated in a currency other than the functional currency of the entity holding the financial asset or liability.

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, 2016, the Company does not have any financial instruments recorded that bear interest at variable rates and therefore interest rate risk is not considered significant.

11. Financial instruments and capital management (cont'd)

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31, 2016	December 31, 2015
Loans and receivables:		
Cash	\$ 1,775	\$ 1,838

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2016	December 31, 2015
Non-derivative financial liabilities:		
Trade payables	\$ 2,417	\$ 5,982
Other liabilities	\$ 62,458	\$ 15,132

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial assets and liabilities classified at Level 1 consist of cash.

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.

12. Subsequent event

On February 17, 2017, the Company announced its intention to carry out a non-brokered private placement to raise gross proceeds to the Company of up to \$500,000 (the "Offering"). As at the date of these financial statements, the Offering is still in progress and the Company has received proceeds of \$400,000.

SCHEDULE "K"
COMPASS MD&A FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(SEE ATTACHED)

COMPASS GOLD CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

This Management's Discussion and Analysis ("MD&A") is an overview of the activities of Compass Gold Corporation ("Compass" or the "Company") and its subsidiaries, for the year ended December 31, 2016 and describe 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, 2016 and the notes attached thereto ("Audited Financial Statements"). The effective date of this MD&A is April 27, 2017.

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 audited consolidated 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 MD&A, is complete and reliable. The Company's board of directors (the "Board") follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee 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.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.

1. SUMMARY OF ACTIVITIES AND DESCRIPTION OF BUSINESS

Compass is a public company incorporated under the laws of Alberta and continued into British Columbia. Compass is classified as a mineral exploration company. The Company's continuing operations are dependent upon its ability to either secure additional equity capital or generate consistent cash flow from operations in the future.

During the year ended December 31, 2016, the Company was largely inactive.

On February 17, 2017 the Company announced its intention to carry out a non-brokered private placement to raise gross proceeds of up to \$500,000 (the "Offering"). As at the date of this MD&A, the Offering is still in progress.

2. FINANCIAL SUMMARY

Year ended December 31, 2016 compared with the year ended December 31, 2015

During the year ended December 31, 2016, the Company incurred a loss of \$64,726 (2015 – \$82,495) representing the normal operational expenditures for an exploration company of the size and activities of the Company and specifically including a loss on sale of investments of \$Nil (2015 - \$27,754), and the loss for the year is consistent with year ended 31 December 2015 reflecting a similar year of inactivity.

Expenses for the year ended December 31, 2016 were \$64,726 (2015 - \$54,741) and consisted of consulting fees of \$12,000 (2015 - \$12,000), professional fees of \$4,497 (2015 – \$6,993), accounting and audit fees of \$11,380 (2015 - \$5,450), listing and registration fees of \$16,695 (2015 - \$16,541), interest and bank charges of \$5,920 (2015 - \$Nil) foreign exchange loss of \$Nil (2015 - \$537 gain), and administration and other costs of \$14,234 (2015 - \$13,220).

All expenses were largely in line with the previous year, after then higher audit and accounting fees, as a result of an under accrual in 2015 and interest and bank charges increased, including interest charged on loan funds

In terms of other items, as noted above the Company incurred a loss on sale of investments of \$Nil (2015 – \$27,754). These amounts arose from the sale of the balance of shares held for resale in 2015.

3. 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 Dec 31 2016 \$	Year ended Dec 31 2015 \$	Year ended Dec 31 2014 \$
Net Sales or total revenues	-	-	-
Net loss	(64,726)	(82,495)	(73,221)
Loss per share – basic and diluted (based on the weighted average of common shares outstanding for the year)*	(0.02)	(0.02)	(0.02)
Total assets	3,408	2,355	67,281
Total current liabilities	121,248	55,470	37,900
Total current liabilities, excluding borrowings due to related party	58,790	40,338	37,900
Total non-current liabilities	-	-	-
Cash dividends declared per-share for each class of share.	Nil	Nil	Nil

* Note Loss per share has been adjusted to reflect the impact of the Share Consolidation in September 2015.

Summary of Quarterly Results	Quarters Ended 2016			
	Dec 31 \$	Sept 30 \$	Jun 30 \$	Mar 31 \$
Total Revenues	Nil	Nil	Nil	Nil
Loss	(29,089)	(7,676)	(19,613)	(8,348)
Loss per share – basic and diluted (based on the weighted average of common shares outstanding for the period)*	(0.01)	0.00	(0.01)	0.00

Summary of Quarterly Results	Quarters Ended 2015			
	Dec 31 \$	Sept 30 \$	Jun 30 \$	Mar 31 \$
Total Revenues	Nil	Nil	Nil	Nil
Loss	(27,245)	1,861	(29,954)	(27,157)
Loss per share – basic and diluted (based on the weighted average of common shares outstanding for the period)*	(0.01)	0.00	(0.01)	(0.01)

* Note Loss per share has been adjusted to reflect the impact of the Share Consolidation in September 2015.

4. ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

As the Company has no revenue from operations in any of its last two financial quarters, the following is a breakdown of the material costs incurred:

	Year ended December 31, 2016	Year ended December 31, 2015
Exploration and Development Costs, <i>cash payments, net</i>	\$Nil	\$Nil
Purchase of Property, plant and equipment	\$Nil	\$Nil
General and Administrative Expense	\$64,726	\$54,741
Any Material Costs (capitalized, deferred or expensed) not referred to above.	\$Nil	\$Nil

5. DISCLOSURE OF OUTSTANDING SHARE CAPITAL

Information on the Company's share capital, including numbers of shares outstanding, details of any conversion features and the number of shares issuable on conversion of stock options and warrants, are detailed in the Company's Audited Financial Statements. The number of common shares outstanding as of the date of this MD&A on April 27, 2017 is 3,805,078.

6. LIQUIDITY AND CAPITAL RESOURCES

The Company is solvent. As at December 31, 2016 the Company had working capital deficiency of \$117,840 (2015 working capital of - \$53,115). The Company has no long-term debt and no long-term liabilities. The Company has been relying on loan funds to meet its liabilities.

The Company will be required to raise further funds to continue its operations. The Company has no committed expenditure and its near term commitments are restricted to general administrative costs. As at the date of this MD&A, the Company is finalizing the Offering, which will provide working capital to the Company.

Working Capital

As at December 31, 2016, the Company had working capital deficiency of \$117,840 compared to \$53,115 as at December 31, 2015. The working capital at December 31, 2015 reflected cash on hand. The working capital position is affected by the operating expenses of the Company.

Cash and Cash Equivalents

As at December 31, 2016 the Company had cash and cash equivalents of \$3,408 (2015 - \$2,355).

Management of cash balances is conducted in-house based on internal investment guidelines, which generally specify that investments be made in conservative money market instruments that bear interest and carry a low degree of risk.

Cash Used in Operating Activities

Cash used in operating activities during the year ended December 31, 2016 was \$47,389, compared with \$52,572 of cash used in operating activities during the 12 months ended December 31, 2015. Cash was mostly spent professional fees, listing and registration fees, accounting and audit fees and administrative costs. The cash used in operations is consistent with the prior year and reflects the level of inactivity in the Company.

Cash Used in Investing Activities

Total cash received from investing activities during the year ended December 31, 2016 was \$Nil compared to cash received from investing activities of \$38,737 for the 12 months ended December 31, 2015. During the year ended December 31, 2015, the Company received proceeds from the sale of investments of \$Nil (2015: \$38,737).

Cash Generated by Financing Activities

Total cash received from financing activities during the year ended December 31, 2016 was \$47,326 compared to \$15,132 for the 12 months ended December 31, 2015. During the year ended December 31, 2016, the Company received \$Nil (2015 - \$ Nil) from the issuance of equity securities. During the year ended December 31, 2016 the Company received loan funds of \$47,326 (2015 - \$15,132) from a loan from a director.

7. GOING CONCERN

As at December 31, 2016 the Company was largely inactive. 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. 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 cash on hand, loan funds, and/or private placement of common shares.

As at December 31, 2016, the Company had cash and cash equivalents of 3,408 (December 31, 2015 - \$2,355) available to fund operations. The Company will be required to raise further funds to meet its future obligations. There can be no guarantees that the Company will be able to secure this funding in whole or in part.

As at the date of this MD&A, the Company is finalizing the Offering, which will provide working capital to the Company.

8. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are described in detail in Note 8 of the Audited Financial Statements.

There are currently no ongoing remuneration arrangements relating to directors and officers or related party transactions, other than a monthly accrual of \$1,000 to the Chief Financial Officer of the Company.

9. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

10. PLAN OF OPERATIONS AND FUNDING

The Company's plan of operations over the next 12 months is to acquire new business activities or assets and to seek equity capital or borrowings sufficient to meet its future obligations.

As at December 31, 2016, the Company had cash and cash equivalents of \$3,408 (2015 - \$1,838) available to fund ongoing operating costs. The Company has no committed expenditure and its near term commitments are restricted to general administrative costs. Since December 31, 2016, these operating costs have been limited.

As at the date of this MD&A, the Company is finalizing the Offering, which will provide working capital to the Company and the Company is now actively seeking new opportunities.

11. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash, receivables, investments 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. Investments are non-derivative financial assets that are designated as fair value through profit or loss and subsequently measured at fair value. Trade payables, which are measured at amortized cost, are classified as other financial liabilities. Other liabilities are classified as derivative financial liabilities, which are subsequently measured at fair value. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

For the year ended December 31, 2016 and year ended December 31, 2015, 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 11 of the Audited Financial Statements.

12. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are detailed in Note 2 to the Audited Financial Statements. IFRS principles have been applied.

The Company's assets principally comprise cash.

13. 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.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: 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.

14. DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction and in context with all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

15. ADDITIONAL INFORMATION

For further detail, see the Company's Audited Financial Statements. Additional information about the Company can also be found on the company's website (www.compassgoldcorp.com) and www.sedar.com.

Approved on Behalf of the Board:

(Signed) "Ian Spence"

Ian Spence
Chief Executive Officer

April 27, 2017

(signed) "Lara Iacusso"

Lara Iacusso
Chief Financial Officer

For further details please contact:

Darren Devine, Secretary
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**COMPASS GOLD CORPORATION
CORPORATE DIRECTORY**

Trading Symbol – CVB-H
Exchange - TSX-V (NEX)

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Officers and Directors

James Henderson, (Executive Chairman and Director)
Ian Spence (President and CEO)
Lara Iacusso, (CFO, Director)
Madani Diallo, (Director)
Malcolm Carson, (Director)
Larry Phillips (Director)
Darren Devine, (Corporate Secretary)

Members of the Audit Committee

James Henderson
Malcolm Carson
Larry Phillips

Members of the Compensation Committee

Larry Phillips
Malcolm Carson
Madani Diallo

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SCHEDULE "L"
COMPASS FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2017

(SEE ATTACHED)

Compass Gold Corporation
Condensed Consolidated Interim Financial Statements
Six months ended June 30, 2017

Unaudited – Expressed in Canadian Dollars

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

	Notes	June 30, 2017	December 31, 2016
ASSETS			
Current assets			
Cash		\$ 359,129	\$ 1,775
Receivables	3	2,497	320
Prepays		1,250	1,313
TOTAL ASSETS		\$ 362,876	\$ 3,408
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	4	\$ 27,669	\$ 58,790
Borrowings	5	-	62,458
TOTAL LIABILITIES		27,669	121,248
SHAREHOLDERS' EQUITY			
Share capital	6	10,828,189	10,286,129
Reserves	7	1,975,836	1,953,146
Deficit		(12,468,818)	(12,357,115)
TOTAL SHAREHOLDERS' EQUITY		335,207	(117,840)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 362,876	\$ 3,408

ON BEHALF OF THE BOARD

/s/ Ian Spence

Ian Spence, President and Chief Executive

/s/ Lara Iacusso

Lara Iacusso, Director and Chief Financial Officer

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

	Note	3 months ended June 30, 2017	3 months ended June 30, 2016	6 months ended June 30, 2017	6 months ended June 30, 2016
EXPENSES					
Consulting fees		\$ 55,293	\$ 3,000	\$ 58,293	\$ 6,000
Foreign exchange loss		449	-	449	-
General and administrative expenses		1,088	1,964	2,589	3,493
Insurance		6,242	7,518	6,242	7,518
Interest expense		225	785	2,061	785
Listing and registration fees		4,861	4,166	7,444	7,985
Professional fees		15,153	2,180	15,153	2,180
Travel expense		19,472	-	19,472	-
TOTAL NET AND COMPREHENSIVE LOSS					
		\$ (102,783)	\$ (19,613)	\$ (111,703)	\$ (27,961)
LOSS PER SHARE – BASIC AND DILUTED					
	6	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.01

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	-	-	-	(27,961)	(27,961)
Balance at June 30, 2016	3,805,078	\$ 10,286,129	\$ 1,953,146	\$(12,320,350)	\$ (81,075)
Balance at January 1, 2017	3,805,078	\$ 10,286,129	\$ 1,953,146	\$(12,357,115)	\$ (117,840)
Net and comprehensive loss	-	-	-	(111,703)	(111,703)
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 June 30, 2017	15,709,839	\$ 10,828,189	\$ 1,975,836	\$(12,468,818)	\$ 335,207

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 June 30, 2017	3 months ended June 30, 2016	6 months ended June 30, 2017	6 months ended June 30, 2016
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net loss	\$ (102,783)	\$ (19,613)	\$ (111,703)	\$ (27,961)
Changes in non-cash working capital items:				
Other receivables	(1,908)	230	(2,177)	726
Prepayments	-	-	63	-
Trade payable and accrued liabilities	5,156	3,309	(31,121)	9,885
Cash flows used in operating activities	(99,535)	(16,074)	(144,938)	(17,350)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan from a director	-	16,500	-	16,500
Loan received, net of repayments	(3,458)	-	37,542	-
Private placement funds received	115,000	-	500,000	-
Share issue expenses	(35,250)	-	(35,250)	-
Cash flows from financing activities	76,292	16,500	502,292	16,500
NET INCREASE/(DECREASE) IN CASH	(23,243)	426	357,354	(850)
CASH, BEGINNING	382,372	562	1,775	1,838
CASH, ENDING	\$ 359,129	\$ 988	\$ 359,129	\$ 988
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for interest	\$ 5,078	\$ 785	\$ 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. 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 June 30, 2017 the Company was largely inactive. 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. 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 cash on hand, loan funds and/or private placement of common shares.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on August 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

	June 30, 2017	December 31, 2016
Taxes recoverable	\$ 2,497	\$ 320

4. Trade payables and accrued liabilities

	June 30, 2017	December 31, 2016
Trade payables	\$ 24,669	\$ 2,417
Amounts due to related parties	-	39,000
Accrued liabilities	3,000	13,857
Accrued interest	-	3,516
	\$ 27,669	\$ 58,790

5. Borrowings

	June 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 six months ended June 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.

6. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 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 June 30, 2017 was based on the loss attributable to common shareholders of \$102,783 (2016 – \$19,613) and the weighted average number of common shares outstanding of 9,822,868 (2016 – 3,805,078).

The calculation of basic and diluted loss per share for the 6 month period ended June 30, 2017 was based on the loss attributable to common shareholders of \$111,703 (2016 – \$27,961) and the weighted average number of common shares outstanding of 6,813,973 (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 six month period ended June 30, 2017 and the year ended December 31, 2016 are as follows:

	June 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	0.07	-	-
Options outstanding, end of period	420,000	\$ 0.07	2,500	\$ 4.80
Options exercisable, end of period	420,000	\$ 0.07	2,500	\$ 4.80

There were no stock options outstanding as at June 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 six month period ended June 30, 2017 and the year ended December 31, 2016 are as follows:

	June 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 June 30, 2017 are as follows:

Weighted average exercise price	Weighted average remaining contractual life	Number of options Outstanding*
0.07	0.84	10,000,000
0.07	0.87	1,904,761
0.07	0.85	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:

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

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

	June 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.

	6 months ended June 30, 2017	6 months ended June 30, 2016
Consulting fees – Companies controlled by a director	\$ 9,000	\$ 6,000
Interest paid – Companies controlled by a director	5,078	-
	\$ 14,078	\$ 6,000

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.

Key management personnel compensation

	6 months ended June 30, 2017	6 months ended June 30, 2016
Short-term employee benefits – consulting fees	\$ 9,000	\$ 6,000

9. Segmented information

Operating segments

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

Geographic segments

The Company currently holds no exploration assets. The Company is headquartered in Vancouver, Canada and has an administrative office in Sydney, Australia.

10. Non-cash transactions

During the six months ended June 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 August 23, 2017, the Company announced that a share exchange agreement had been signed for the Company to acquire the Sikasso gold assets located in Mali, West Africa ("Proposed Transaction"). The Proposed Transaction comprises the following:

- (i) the acquisition of all the issued and outstanding shares of Mali Gold Exploration Pty Ltd ("MGE") in exchange for the issue of 12,000,000 Post-Consolidation Shares (as defined below) in the Company ("Acquisition"). The Company has also agreed to pay up to \$50,000 in transaction costs incurred by MGE or MGE shareholders in connection with the Acquisition;
- (ii) the proposed consolidation of the Company's shares on the basis of one new share for every five existing share held (each new share referred to herein as a "Post-Consolidation Share") and the Company will seek the required approvals to be continued into Ontario;
- (iii) the Company having either closed a minimum \$5,000,000 private placement (up to a maximum \$6,000,000) or secured an unconditional underwriting for a minimum \$5,000,000 private placement, to be closed concurrently with the closing of the Acquisition; and
- (iv) On the completion of the Acquisition, it is proposed that Malcom Carson and Lara Iacusso resign from the Board of the Company and Bill Pugliese and Joe Conway be appointed. It is also proposed that Larry Phillips will be appointed as President and Chief Executive Officer of the Company.

SCHEDULE "M"
COMPASS MD&A FOR THE SIX MONTHS ENDED JUNE 30, 2017

(SEE ATTACHED)

COMPASS GOLD CORPORATION
(An Exploration Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS
For the six months ended June 30, 2017

This Management's Discussion and Analysis ("MD&A") is an overview of the activities of Compass Gold Corporation ("Compass" or the "Company") and its subsidiaries for the six months ended June 30, 2017 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 financial statements for the year ended December 31, 2016 and the notes attached thereto ("Audited Financial Statements") as well as the condensed consolidated interim financial statements for the six months ended June 30, 2017 ("Financial Statements"). The effective date of this MD&A is 29 August 2017.

Statements in this report 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 accompanying MD&A, is complete and reliable. The Company's board of directors (the "Board") follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee 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.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.

1. SUMMARY OF ACTIVITIES AND DESCRIPTION OF BUSINESS

Compass is a public company incorporated under the laws of Alberta and continued into British Columbia. Compass is classified as a mineral exploration company. The Company's continuing operations are dependent upon its ability to either secure additional equity capital or generate consistent cash flow from operations in the future.

During the six months ended June 30, 2017, the Company undertook the following activities:

- **Private Placement**

On May 4, 2017, the Company closed a private placement (**Private Placement**) to raise gross proceeds of \$500,000 by the issue of 10,000,000 units at an issue price of \$0.05 per unit ("Units"). 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 totaling \$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.

- **Debt Assignment and Shares for Debt Transaction**

During April and May 2017, a Director of the Company agreed to assign a total of \$100,000 of loans and other amounts owing to that Director to third parties. These amounts were assigned on the same terms and conditions as the loan from that Director.

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 Loan to Third Parties (**Debt Settlement**). 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.

- **Change of Management**

On May 16, 2017, the Company announced the resignation of Darren Devine as the Corporate Secretary of the Company and the appointment of Danica Topolewski as its new Corporate Secretary.

- **Commenced due diligence investigations**

During quarter, the Company commenced due diligence investigations, including the commissioning of a 43-101 report, on the Sikasso Property Package. Refer Subsequent Events note below.

Subsequent Events

On August 23, 2017, the Company announced that a share exchange agreement had been signed for the Company to acquire the Sikasso gold assets located in Mali, West Africa ("Proposed Transaction"). The Proposed Transaction comprises the following:

- (i) the acquisition of all the issued and outstanding shares of Mali Gold Exploration Pty Ltd ("MGE") in exchange for the issue of 12,000,000 Post-Consolidation Shares (as defined below) in the Company ("Acquisition"). The Company has also agreed to pay up to \$50,000 in transaction costs incurred by MGE or MGE shareholders in connection with the Acquisition;
- (ii) the proposed 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") and the Company will seek the required approvals to be continued into Ontario;
- (iii) the Company having either closed a minimum \$5,000,000 private placement (up to a maximum \$6,000,000) or secured an unconditional underwriting for a minimum \$5,000,000 private placement, to be closed concurrently with the closing of the Acquisition; and
- (iv) On the completion of the Acquisition, it is proposed that Malcom Carson and Lara Iacusso resign from the Board of the Company and Bill Pugliese and Joe Conway be appointed. It is also proposed that Larry Phillips will be appointed as President and Chief Executive Officer of the Company.

2. FINANCIAL SUMMARY

Quarter ended June 30, 2017 compared with the quarter ended June 30, 2016

During the quarter ended June 30, 2017, the Group incurred a loss of \$(102,783) (June 30, 2016 – \$19,613) representing the normal operational expenditures for an exploration company of the size and intentions of the Group. The loss for the quarter is higher than the previous quarter in 2016 as a result of the corporate activities undertaken during the quarter.

General and administrative expenses for the three months ended June 30, 2017 were \$102,783 (June 2016– \$19,613) and consisted of consulting fees of \$55,293 (2016 – 3,000), foreign exchange loss of \$ 449 (June 2016 - \$Nil), insurance of \$6,242 (2016 - \$7,518), interest expense of \$225 (2016 - \$785), listing and registration fees of \$4,861 (June 2016 - \$4,166), professional fees of \$15,153 (June 2016 – \$2,180), administration and other costs of \$ 1,088 (June 2016 - \$1,964) and travel expense of \$19,472 (June 2016 - \$Nil)

The higher expenses relating to consulting fees, professional fees and travel expenses relate to the corporate activities undertaken including the costs associated with the Private Placement, Debt Assignment and Shares for Debt Transaction and commencement of due diligence on the Sikasso Property Package.

Six months ended June 30, 2017 compared with the six months ended June 30, 2016

During the six months ended June 30, 2017, the Group incurred a loss of \$(111,703) (June 30, 2016 – \$27,961) representing the normal operational expenditures for an exploration company of the size and intentions of the Group. The loss for the six months ended June 30, 2017 is higher than the loss for the six months ended June 30, 2016 as a result of the corporate activities undertaken during the six months (particularly in the current quarter).

General and administrative expenses for the six months ended June 30, 2017 were \$ 111,703 (June 30, 2016– \$27,961) and consisted of consulting fees of \$58,293 (June 2016 - \$6,000), foreign exchange loss of \$449 (June 2016 –\$Nil), insurance of \$6,242 (June 2016 - \$7,518), interest expense of \$2,061 (2016 - \$785), listing and registration fees of \$7,444 (June 2016 - \$7,985), professional fees of \$15,153 (June 2016 – \$Nil), administration and other costs of \$ 2,589 (June 2016 - \$3,493) and travel expense of \$ 19,472 (June 2016 - \$Nil) .

The higher expenses relating to consulting fees, professional fees and travel expenses relate to the corporate activities undertaken including the costs associated with the Private Placement, Debt Assignment and Shares for Debt Transaction and commencement of due diligence on the Sikasso Property Package.

Most other expenses are consistent with the prior period.

3. SELECTED ANNUAL FINANCIAL INFORMATION

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

Summary of Annual Results	6 months ended Jun 30 2017 \$	Year ended Dec 31 2016 \$	Year ended Dec 31 2015 \$
Net Sales or total revenues		-	-
Loss	(111,703)	(62,726)	(82,495)
Loss per share – basic and diluted (based on the weighted average of common shares outstanding for the year or period)	(0.02)	(0.02)	(0.02)
Total assets	362,876	3,408	2,355
Total current liabilities	27,669	121,248	55,470
Total current liabilities, excluding borrowings due to related party	Nil	58,790	40,338
Total non-current liabilities	Nil	Nil	Nil
Cash dividends declared per-share for each class of share	Nil	Nil	Nil

Summary of Quarterly Results	Quarter ended 2017, June 30 \$	Quarter ended 2017, Mar 31 \$	Quarter ended 2016, Dec 31 \$	Quarter ended 2016 Sep 30 \$
Total Revenues	Nil	Nil	Nil	Nil
Loss	(102,783)	(8,920)	(29,089)	(7,676)
Loss per share – basic and diluted (based on the weighted average of common shares outstanding for the period)	(0.01)	(0.01)	(0.01)	(0.00)

Summary of Quarterly Results	Quarter ended 2016, Jun 30 \$	Quarter ended 2016, Mar 31 \$	Quarter ended 2013, Dec 31 \$	Quarter ended 2013 Sep 30 \$
Total Revenues	Nil	Nil	Nil	Nil
Loss	(19,613)	(8,348)	(27,245)	1,861
Loss per share – basic and diluted (based on the weighted average of common shares outstanding for the period)	(0.01)	(0.00)	(0.01)	0.00

4. ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

As the Company has no revenue from operations in any of its last two financial quarters, the following is a breakdown of the material costs incurred:

	Six months ended Jun 30, 2017 \$	Year ended Dec 31, 2016 \$	Years ended Dec 31, 2015 \$
Exploration and Development Costs, <i>cash payments, net</i>	Nil	Nil	Nil
Purchase of Property, plant and equipment	Nil	Nil	Nil
General and Administrative Expenses	111,703	64,726	54,741
Any Material Costs (capitalized, deferred or expensed) not referred to above.	Nil	Nil	Nil

5. DISCLOSURE OF OUTSTANDING SHARE CAPITAL

Information on the Company's share capital, including numbers of shares outstanding, details of any conversion features and the number of common shares issuable on conversion of stock options and common share purchase warrants, are detailed in the Financial Statements. The number of common shares outstanding as of the date of this report on 29 August 2017 was 15,709,89.

6. LIQUIDITY AND CAPITAL RESOURCES

The Company is solvent. As at June 30, 2017 the Company had working capital of \$335,207 (June 2016 – working capital deficiency \$81,075). During the quarter, the Company completed the Private Placement and Debt Settlement and currently has sufficient working capital to undertake its activities. The Company has no long-term debt and no long-term liabilities.

Subsequent to balance date, the Company announced the Proposed Transaction. As part of the Proposed Transaction the Company is required to complete the Capital Raising. The Company has no committed expenditure and its near term commitments are restricted to general administrative costs and costs associated with the Proposed Transaction.

Working Capital

As at June 30, 2017 the Company had working capital of \$335,207 (June 2016 – working capital deficiency \$81,075). The working capital at June 30, 2017 includes cash on hand and receivables. The working capital position is affected by the operating expenses of the Company.

Cash and Cash Equivalents

As at June 30, 2017 the Company had cash and cash equivalents of \$359,129 (June 2016 - \$988).

Management of cash balances is conducted in-house based on internal investment guidelines, which generally specify that investments be made in conservative money-market instruments that bear interest and carry a low degree of risk.

Cash Used in Operating Activities

Cash used in the operating activities during the quarter ended June 30, 2017 was \$99,535, compared with \$16,074 of cash used in operating activities during the quarter ended June 30, 2016. Cash was mostly spent on consulting fees, insurance, listing and registration fees, professional fees, travel expenses and general and administrative expenses. The amount of cash used in operating activities is consistent with the operational activities of the Company during the quarter.

Cash used in the operating activities during the six months ended June 30, 2017 was \$144,938, compared with \$17,350 of cash used in operating activities during the six months ended June 30, 2016. Cash was mostly spent on consulting fees, insurance, listing and registration fees, professional fees, travel expenses and general administration expenditure. The higher amount of cash used in operating activities is consistent with the corporate activities of the Company during the quarter.

Cash Generated from in Investing Activities

Cash generated from Investment activities during the quarter ended June 30, 2017 and six months ended June 30, 2017 was \$Nil, compared with \$Nil for the quarter ended June 30, 2016.

Cash Generated by Financing Activities

Cash generated from financing activities during the quarter ended June 30, 2017 was \$76,292, compared with \$16,500 for the quarter ended June 30, 2016.

Cash generated from financing activities during the six months ended June 30, 2017 was \$502,292, compared with \$16,500 for the six months ended June 30, 2016.

Cash from financing activities during the quarter and the six month ended 30 June 2017 related to the funds from the Private Placement and the repayment of the balance of loan the owed to a director.

7. GOING CONCERN

As at June 30, 2017 the Company had completed the Private Placement and Debt Settlement and was investigating the Proposed Transaction. The Company's continuation as a going concern is dependent upon its ability to complete the Proposed Transaction, including the Capital Raising. As at the date of this MD&A, the Company considers it is a going concern.

As at June 30, 2017, the Company had cash and cash equivalents of \$359,129 (June 2016 - \$988) available to fund operations. In order to complete the Proposed Transaction, the Company will be required to undertake the Capital Raising. There can be no guarantees that the Company will be able to secure this funding in whole or in part.

8. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are described in detail in Note 8 of the Financial Statements.

Other than as set out in the Financial Statements, there are no ongoing remuneration arrangements.

9. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

10. PLAN OF OPERATIONS AND FUNDING

The Company's plan of operations over the next 12 months is to complete the Proposed Transaction and then undertake the exploration activities proposed in the 43-101 report on the Sikasso Property Package.

As at June 30, 2017 the Company had cash and cash equivalents of \$359,129 (June 2016 - \$988). The Company has no committed expenditure and its near term commitments are restricted to general administrative costs, which are minimal. As part of the Proposed Transaction, the Company will complete the Capital Raising.

11. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash, receivables, trade payables, and other liabilities. 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 derivative financial liabilities, which are subsequently measured at fair value. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

For the six months ended June 30, 2017 and the year ended December 31, 2016, 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 16 of the Audited Financial Statements.

12. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are detailed in Note 2 to the Audited Financial Statements. IFRS principles have been applied.

The Company's assets principally comprise cash.

13. 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: the Proposed Transaction, the Capital Raising, 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 complete the Proposed Transaction and the Capital Raising.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: 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.

14. DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction and in context with all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

15. ADDITIONAL INFORMATION

For further detail, see the Company's Financial Statements and Audited Financial Statements. Additional information about the Company can also be found on the company's website (www.compassgoldcorp.com) and www.sedar.com.

Approved on Behalf of the Board:

(Signed) "Ian Spence"

Ian Spence
Chief Executive Officer

29 August 2017

(signed) "Lara Iacusso"

Lara Iacusso
Chief Financial Officer

For further details please contact:

Danica Topolewski, Corporate Secretary
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**COMPASS GOLD CORPORATION
CORPORATE DIRECTORY**

Trading Symbol – CVB-H
Exchange - TSX-V (NEX)

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[Website: www.compassgoldcorp.com](http://www.compassgoldcorp.com)

Officers and Directors

James Henderson, (Executive Chairman and Director)
Ian Spence (President and CEO)
Lara Iacusso, (CFO, Director)
Madani Diallo, (Director)
Malcolm Carson, (Director)
Larry Phillips (Director)
Danica Topolewski, (Corporate Secretary)

Members of the Audit Committee

James Henderson
Malcolm Carson
Larry Phillips

Members of the Compensation Committee

Larry Phillips
Malcolm Carson
Madani Diallo

Legal Counsel, Canada

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Mariano Banting
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CERTIFICATE OF COMPASS GOLD CORPORATION

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Compass assuming completion of the Transaction.

"Ilan Spence"
Chief Executive Officer
Compass Gold Corporation

"Lara Iacusso"
Chief Financial Officer
Compass Gold Corporation

ON BEHALF OF THE BOARD OF DIRECTORS

"James Henderson"
Director
Compass Gold Corporation

"Madani Diallo"
Director
Compass Gold Corporation

CERTIFICATE OF MALI GOLD EXPLORATION PTY LTD.

The foregoing document, as it relates to MGE, constitutes full, true and plain disclosure of all material facts relating to the securities of MGE.

ON BEHALF OF THE BOARD OF DIRECTORS

“James Henderson”
Director
Mali Gold Exploration Pty Ltd.

“Madani Diallo”
Director
Mali Gold Exploration Pty Ltd.