

**Compass Gold Corporation**  
**Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2019**

**(Unaudited, expressed in Canadian Dollars)**

**Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, DMCL, LLP, has not performed a review of these unaudited condensed interim consolidated financial statements, in accordance with standards established by the Institute of Chartered Professional Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

Compass Gold Corporation

November 27, 2019

Compass Gold Corporation  
Condensed interim consolidated statements of financial position  
(Unaudited, expressed in Canadian dollars)

	Note	September 30 2019	December 31 2018
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 766,568	\$ 1,668,915
Receivables	4	253,875	154,498
Prepays		1,450	1,450
<b>Total Current Assets</b>		<b>1,021,893</b>	<b>1,824,863</b>
<b>Non-Current assets</b>			
Exploration and evaluation asset	5	12,789,762	9,959,235
Equipment	6	117,721	191,628
<b>Non-Current Assets</b>		<b>12,907,483</b>	<b>10,150,863</b>
<b>Total Assets</b>		<b>\$ 13,929,376</b>	<b>\$ 11,975,726</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	7	\$ 337,132	\$ 375,090
<b>Total Liabilities</b>		<b>337,132</b>	<b>375,090</b>
<b>Shareholders' Equity</b>			
Share capital	9	25,610,635	23,145,060
Share-based payment reserve	10	3,359,438	3,067,986
Deficit		(15,377,829)	(14,612,410)
<b>Total Shareholders' Equity</b>		<b>13,592,244</b>	<b>11,600,636</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 13,929,376</b>	<b>\$ 11,975,726</b>
<b>Nature and continuance of operation</b>	<b>1</b>		
<b>Commitments related to project spending</b>	<b>5</b>		
Subsequent Event	14		
<b>ON BEHALF OF THE BOARD</b>			

/s/ Larry Phillips

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Larry Phillips, Chief Executive Office

/s/ Lou Nagy

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Lou Nagy, Chief Financial Officer

Compass Gold Corporation  
Condensed interim consolidated statements of comprehensive loss  
(Unaudited, expressed in Canadian dollars)

	Note	Three months ended		Nine months ended	
		September 30		September 30	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Expenses</b>					
Management fees	11	109,466	107,742	329,901	320,645
Share based payments		72,335	-	182,192	-
Investor Conferences		-	-	31,584	-
Consulting fees		10,000	4,000	74,500	55,715
Insurance		-	-	18,045	16,150
Listing and registration fees		17,679	12,698	39,961	38,964
General office expenses		8,190	9,678	27,012	31,181
Professional fees		7,522	39,218	24,964	69,505
Travel expenses		7,503	10,931	24,030	36,313
Interest and bank charges		396	1,325	2,416	4,708
Foreign exchange loss		27,670	38,910	10,814	42,544
<b>Total Expenses</b>		<b>(260,761)</b>	<b>(224,502)</b>	<b>(765,419)</b>	<b>(615,725)</b>
<b>Net and comprehensive loss</b>		<b>(260,761)</b>	<b>(224,502)</b>	<b>(765,419)</b>	<b>(615,725)</b>
<b>Loss per share –</b>					
<b>Basic and diluted</b>	9	(0.01)	(0.01)	(0.02)	(0.02)
<b>Weighted average number of shares outstanding</b>					
<b>Basic and diluted*</b>	9	38,832,857	29,738,522	34,953,027	28,127,494

Compass Gold Corporation  
Condensed interim consolidated statements of changes in shareholders' equity  
(Unaudited, expressed in Canadian dollars)

<b>Share Capital</b>						
	<b>Note</b>	<b>Number of shares</b>	<b>Amount</b>	<b>Share-based payment reserve</b>	<b>Deficit</b>	<b>Total Equity</b>
<b>Balance at December 31, 2017</b>		27,341,951	22,272,527	2,687,008	(13,409,134)	11,550,401
Shares issued from exercised warrants	9(a)	2,396,571	830,399	-	-	830,399
Fair market value of exercised warrants	9(a)	-	42,134	(42,134)	-	-
Expired warrants		-	-	(20,541)	20,541	-
Net and comprehensive loss for the period		-	-	-	(615,725)	(615,725)
<b>Balance at September 30, 2018</b>		29,738,522	23,145,060	2,624,333	\$ (14,004,318)	\$ 11,765,075
Share based compensation	10	-	-	466,890	-	466,890
Expired options		-	-	(23,237)	23,237	-
Net and comprehensive loss for the period		-	-	-	(631,329)	(631,329)
<b>Balance at December 31, 2018</b>		29,738,522	\$ 23,145,060	\$ 3,067,986	\$ (14,612,410)	\$ 11,600,636
Shares issued pursuant to private placement	9(b)	9,094,335	2,728,300	-	-	2,728,300
Share issue costs	9(b)	-	(262,725)	109,260	-	(153,465)
Share based compensation	10	-	-	182,192	-	182,192
Net and comprehensive loss for the period		-	-	-	(765,419)	(765,419)
<b>Balance at September 30, 2019</b>		38,832,857	\$ 25,610,635	\$ 3,359,438	\$ (15,377,829)	\$ 13,592,244

See accompanying notes to the condensed interim consolidated financial statements

Compass Gold Corporation  
Condensed interim consolidated statements of cash flows  
(Unaudited, expressed in Canadian dollars)

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
<b>Cash flows used in operating activities</b>		
Net loss for the period	\$ (765,419)	\$ (615,725)
Adjustments for items not affecting cash:		
Share based payments	182,192	-
Changes in non-cash working capital items:		
Receivables and prepayments	(99,374)	(185,280)
Trade payable and accrued liabilities	(37,959)	99,344
Cash flows used in operating activities	(720,560)	(701,661)
<b>Cash flows from investing activities</b>		
Acquisition of equipment	-	(262,640)
Exploration and evaluation expenditure	(2,756,622)	(2,866,348)
Cash flows used in investing activities	(2,756,622)	(3,128,988)
<b>Cash flows from financing activities</b>		
Proceeds from exercised warrant	-	830,399
Proceeds from private placement	2,728,300	-
Share issue costs	(153,465)	-
Cash flows from financing activities	2,574,835	830,399
<b>Net change in cash</b>	(902,347)	(3,000,250)
Cash, beginning of period	1,668,915	5,436,302
<b>Cash, end of period</b>	\$ 766,568	\$ 2,436,052

**1. Nature and continuance of operations**

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

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. On November 30, 2017, the Company completed the acquisition of Mali Gold Exploration Pty Ltd ("MGE") (Note 8) together with a \$6,000,000 financing. The Company has incurred cumulative net losses of \$15,377,829 for the nine months ended September 30, 2019. The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations and, upon successful results from its exploration activities, to be able to attain profitable operations. There is no guarantee that the Company will be able to complete any of the above objectives. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with available cash on hand and, if required, through the private placement of common shares (see Note 9(b) – Share Capital and Note 14 - Subsequent Event)

**2. Accounting policies and basis of preparation**

***Statement of Compliance with International Financial Reporting Standards***

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company reported in Note 2 and 3 in its audited annual consolidated financial statements for the year ending December 31, 2018. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 27, 2019.

***Basis of preparation***

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

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

**Consolidation**

The condensed interim 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*	
		September 30, 2019	December 31, 2018
Compass Gold Exploration	Canada	100%	100%
Exploration Azteca S.A De.C.V	Mexico	100%	100%
Mali Gold Exploration PTY LTD	Australia	100%	100%
SERM S.A.	Republic of Mali	100%	100%
REM S.A.	Republic of Mali	100%	100%
ML Commodities Mali S.A.	Republic of Mali	100%	100%

\*Percentage of voting power is in proportion to ownership.

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

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

**Significant judgments**

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

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

**3. Adoption and future changes in Accounting standards**

**Adoption of Accounting Standard - 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.

In line with the option under IFRS 16, the accounting standard is being applied using the modified retrospective method. Applying this method, the comparative information for the 2018 fiscal year has not been reinstated. The previous determination pursuant to IAS 17 and IFRIC 4 of whether a contract is a lease

has been maintained for the existing contracts. In the context of initial application, the Company has exercised the option not to apply the new recognition requirements to short term leases and to leases of low-value assets. There were no new leases agreements entered into during the period being reported.

The Company adopted all the requirements of IFRS 16, Leases as of January 1, 2019. Management's assessment is that there will not be a change in the valuation of prior period balances nor impact the current disclosure and accounting of such items under this accounting policy.

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

#### 4. Receivables

	September 30 2019		December 31 2018
Taxes recoverable	74,345	\$	126,445
Other receivables	179,530		28,053
	<b>\$ 253,875</b>	<b>\$</b>	<b>154,498</b>

#### 5. Exploration and evaluation assets

	September 30 2019		December 31 2018
Acquisition of Sikasso Property (Note 8)	\$ 6,172,837	\$	6,172,837
Exploration expenditure incurred and capitalized	6,616,925		3,786,398
	<b>\$ 12,789,762</b>	<b>\$</b>	<b>9,959,235</b>

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

The Ouassada, Kalé, Sankarani, Kourou and Tiélouléna 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. In order to maintain these permits in good standing, the Company was required to incur minimum exploration expenditures on each of the permits.

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

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

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

## 6. Equipment

Equipment consists of the following:

<b>Cost</b>	<b>Machinery</b>	<b>Equipment</b>	<b>Total</b>
Balance, December 31 2017	\$ -	\$ -	\$ -
Additions in the year	207,923	53,835	261,758
<b>Balance, December 31, 2018</b>	<b>\$ 207,923</b>	<b>\$ 53,835</b>	<b>\$ 261,758</b>
Additions in the period	-	-	-
<b>Balance, September 30, 2019</b>	<b>\$ 207,923</b>	<b>\$ 53,835</b>	<b>\$ 261,758</b>

  

<b>Accumulated Depreciation</b>	<b>Machinery</b>	<b>Equipment</b>	<b>Total</b>
Balance, December 31 2017	\$ -	\$ -	\$ -
Additions in the year	62,567	7,563	70,130
<b>Balance, December 31, 2018</b>	<b>\$ 62,567</b>	<b>\$ 7,563</b>	<b>\$ 70,130</b>
Additions in the period	61,000	12,907	73,907
<b>Balance, September 30, 2019</b>	<b>\$ 123,567</b>	<b>\$ 20,470</b>	<b>\$ 144,037</b>

  

<b>Net Book Value</b>	<b>Machinery</b>	<b>Equipment</b>	<b>Total</b>
December 31, 2017	\$ -	\$ -	\$ -
<b>December 31, 2018</b>	<b>\$ 145,356</b>	<b>\$ 46,272</b>	<b>\$ 191,628</b>
<b>September 30, 2019</b>	<b>\$ 84,356</b>	<b>\$ 33,365</b>	<b>\$ 117,721</b>

Depreciation is included with exploration expenditure incurred and capitalized

## 7. Trade payable and accrued liabilities

	<b>September 30 2019</b>	<b>December 31 2018</b>
Trade payables and accruals	\$ 290,909	\$ 308,048
Amounts due to related parties (Note 11)	46,222	67,042
	<b>\$ 337,131</b>	<b>\$ 375,090</b>

## 8. Acquisition of Mail Gold Exploration

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

Upon closing of the transaction, MGE became a wholly-owned subsidiary of the Company. MGE holds, through subsidiaries, the Sikasso Property comprising nine (9) gold exploration licenses in Mali, West Africa covering established gold producing regions of Mali.

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

Compass Gold Corporation  
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A summary of the consideration paid is set out below:

	<b>November 29, 2017</b>
12,000,000 common shares (Note 9)	\$ 6,000,000
Cash costs of acquisition	102,000
	<b>\$ 6,102,000</b>

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

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

9. **Share capital**

**Authorized share capital**

Unlimited number of common shares without par value.

**Issued share capital**

At September 30, 2019 there were 38,832,857 issued and fully paid common shares (December 31, 2018 – 29,738,522 ).

**Escrow shares**

At September 30, 2019, there were 3,408,400 shares in escrow (December 31, 2018 – 4,544,528 ).

**Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the three months ended September 30, 2019 was based on the loss attributable to common shareholders of \$260,761 (2018 - \$224,502) and the weighted average number of common shares outstanding of 38,832,857 (2018 – 29,738,522). For the nine months ended September 30, 2019, basic and diluted loss per share was based on the loss attributable to common shareholders of \$765,419 (2018 - \$615,725) and the weighted average number of common shares outstanding of 34,953,027 (2018 – 28,127,494). Diluted loss per share did not include the effect of the stock options outstanding as the effect would be anti-dilutive.

**(a) Exercise of warrants**

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

**(b) Private Placement April 2019**

On April 25, 2019, the Company closed a private placement with gross proceeds of \$2,728,300 through the issue of 9,094,335 common shares at a price of \$0.30 per common share.

As part of the private placement, cash finders' fees totalling \$112,963 were paid and 359,543 broker warrants were issued to qualified persons acting as finders. Each broker warrant is exercisable into one common share at a price of \$0.30 per unit until April 25, 2020. The fair value of broker warrants issued in this placement is estimated at \$109,260. Additional share issuance costs of \$40,502 were incurred related to this private placement.

**Broker warrants**

The changes in broker warrants during the nine months ended September 30, 2019 and year ended December 31, 2018 are as follows:

	September 30, 2019		December 31, 2018	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants*	Weighted average exercise price* (\$)
Warrants outstanding, beginning	536,849	0.50	620,849	0.48
Warrants granted	359,543	0.30	84,000*	0.25
Warrants exercised	-	-	(168,000)	0.30
Warrants outstanding, ending	896,392	0.42	536,849	0.50

\* These warrants arose as a result of the exercise of 84,000 broker units and were also exercised.

Details of broker warrants outstanding as at September 30, 2019 are as follows:

Expiry Date	Ref	Weighted average exercise price (\$)	Warrants Outstanding	Weighted average Contractual Life (Years)
November 29, 2019		0.50	536,849	0.16
April 25, 2020	Note 9 (b)	0.30	359,543	0.57

The fair values of the broker warrants issued for the nine months ended September 30, 2019 were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2019
Risk free interest rate	1.51%
Expected dividend yield	Nil
Expected volatility	199%
Expected life	1 year

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

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**Warrants**

The changes in warrants during the nine months ended September 30, 2019 and year ended December 31, 2018 are as follows:

	September 30, 2019		December 31, 2018	
	Number of warrants	Weighted average exercise price(\$)	Number of warrants	Weighted average exercise price (\$)
Warrants outstanding, beginning	12,200,000	0.75	14,580,592	0.68
Warrants expired	-	-	(152,021)	0.35
Warrants exercised	-	-	(2,228,571)	0.35
Warrants outstanding, ending	12,200,000	0.75	12,200,000	0.75

Details of warrants outstanding as at September 30, 2019 are as follows:

Expiry Date	Weighted average exercise price (\$)	Options Outstanding	Weighted average Contractual Life (Years)
November 29, 2020	0.75	200,000	1.17
November 29, 2020	0.75	12,000,000	1.17
	0.75	12,200,000	1.17

**10. Reserves**

**Share-based payment reserve**

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

**Stock options**

The Company has a stock option plan (the "Plan"), under which the Company may grant options to directors, officers, employees, and third-party service providers. Under the terms of the Plan, which was re-approved by the shareholders on June 25, 2019, the Company is authorized to issue a maximum of 10% of the issued and outstanding shares.

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

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The changes in options during the nine months ended September 30, 2019 and year ended December 31, 2018 as follows:

	September 30, 2019		December 31, 2018	
	Number of options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)
Options outstanding, beginning	2,025,000	0.50	2,145,000	0.50
Options expired	-	-	(120,000)	(0.50)
Options granted	775,000	0.30	-	-
Options outstanding, ending	2,800,000	0.44	2,025,000	0.50

Details of options outstanding as at September 30, 2019 are as follows:

Expiry Date	Weighted average exercise price (\$)	Options Outstanding	Options Exercisable	Weighted average Contractual Life (Years)
December 31, 2022	0.50	2,025,000	1,350,000	3.26
May 22, 2024	0.30	775,000	258,333	4.65
	0.44	2,800,000	1,608,333	2.35

During the nine months ended September 30, 2019, the Company grant 775,000 new options. During the current period the Company recognized a total share based payment expense of \$182,192 from the vesting of options granted. The Company recognized a total expense of \$466,890 for the year ended December 31, 2018 in respect of the options vesting during the year. Share-based payments expense is included in general and administrative expense.

The fair values of the options issued for the nine months ended September 30, 2019 were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2019
Risk free interest rate	1.46%
Expected dividend yield	Nil
Expected volatility	174%
Expected life	5 years

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

## 11. Related party transactions

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

### *Related party balances*

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

	September 30 2019	September 30 2018
Directors and officers of the Company – trade payables and accruals (Note 7)	\$ 47,222	\$ 97,878
	\$ 47,222	\$ 97,878

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

**Related party transactions**

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

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Management, officers and director fees	\$ 291,000	\$ 289,500
Share based payments	182,192	-
Management fees in exploration and evaluation asset	112,117	111,375
Total	\$ 585,309	\$ 400,875

**12. Segmented information**

**Operating segments**

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

**Geographic segments**

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

**13. Financial instruments and capital management**

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

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in its bank account. The majority of cash is held in an 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 September 30, 2019 are due within one year of the financial period end date.

**Foreign exchange risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's subsidiaries located in Mali are exposed to currency risk as it incurs expenditures that are

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denominated in the West African CFA franc ("CFA"), which is the currency in the Republic of Mali, while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

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

	<b>September 30 2019</b>	<b>December 31 2018</b>
Cash	\$ 26,100	\$ 74,109
Receivables	109,530	130,036
Trade payables and accruals	(305,800)	(341,153)
Net exposure	\$ (170,170)	\$ (137,008)

Based on the above net exposures, as at September 30, 2019, a 10% change in the CFA franc exchange rate would impact the Company's net loss by \$17,017 (December 31, 2018 – (\$13,700)).

**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 September 30, 2019, the Company does not have any financial instruments recorded that bear interest at variable rates and therefore interest rate risk is not considered significant.

**Classification of financial instruments**

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

	<b>September 30 2019</b>	<b>December 31 2018</b>
Financial assets at amortized cost:		
Cash	\$ 766,568	\$ 1,668,915
Receivables	\$ 253,874	\$ 154,498

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

	<b>September 30 2019</b>	<b>December 31 2018</b>
Financial liabilities at amortized cost:		
Trade payables	\$ 337,132	\$ 308,048

**Fair value**

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

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

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

Cash and other receivables fall under Level 1.

There were no transfers between levels during the year.

#### ***Capital Management***

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

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

### **13. Subsequent Event**

#### **Financing**

On November 20, 2019, the Company closed a private placement with gross proceeds of \$5,387,275 through the issue of 15,392,210 common shares at a price of \$0.35 per common share.

As part of the private placement, cash finders' fees totalling \$104,806 were paid and 200,000 compensation shares were issued to qualified persons acting as finders.