



## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

*The following management discussion and analysis (the “MD&A”) of financial results is dated April 19, 2021 and reviews the business activities of Compass Gold Corporation (“Compass” or the “Company”) and its subsidiaries, for the year ended December 31, 2020, and describes the Company’s business operations through to the date of this MD&A. The MD&A should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020 and the notes attached thereto (“Financial Statements”). This MD&A and the accompanying Financial Statements have been reviewed by the Company’s Audit Committee and approved by the Company’s board of directors (the “Board”).*

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

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

*All figures are reported in Canadian dollars (“\$”) unless otherwise stated.*

### **HIGHLIGHTS**

For the first four months of fiscal 2021

- On January 5, 2021, the Company announced that the Board of Directors had approved the issuance of 1,126,000 options, which will vest over a period of three years, to officers, employees and consultants of the Company.
- On January 20, the Company provided an update on the recently completed drilling at the Tarabala and Samagouela prospects, located on the Company’s Sikasso Property in southern Mali.
- On March 1, the Company provided a further update on the recently completed drilling at the Tarabala prospect.
- On March 16, the Company provided an update on the recently completed drilling at the Massala East, Massala West and Tarabala prospects, located on the Company’s Sikasso Property.

For the year ended December 31, 2020

- On December 16, the Company announced that had issued, on a non-brokered private placement basis, a total of 18,185,310 common shares of the Company, at a price of \$0.20 per share, for aggregate gross proceeds of \$3,637,062 pursuant to the closing of its previously announced private placement.

- On December 9, the Company announced that, as a result of substantial investor demand, it had further increased the size of its initially announced \$2.5 million private placement and would now issue up to 18,500,000 common shares of the Company, at \$0.20 per share, for aggregate gross proceeds of up to \$3.7 million.
- On December 7, the Company announced that it had increased the size of its previously announced \$2.5 million private placement and would now issue up to 17 million common shares of the Company, at a price of \$0.20 per share, for aggregate gross proceeds of up to \$3.4 million.
- On November 25, the Company announced that the TSX Venture Exchange approved the Company's request to extend the term of certain issued and outstanding warrants that were otherwise scheduled to expire on November 29, 2020.
- On October 29, the Company announced that it had nearly completed the ground geophysical surveys over the Samagouela Trends on its Sikasso Property in southern Mali.
- On October 5 the Company announced that it had launched its follow-up field program on the Tarabala and Samagouela trends on its Sikasso Property.
- On August 17, the Company announced that it would host a webinar and conference call at 11:30 a.m. E.T. on Tuesday, August 18<sup>th</sup>, to provide a review of the Company's recent activities, as well as its plans for continuing exploration on its Sikasso Property.
- On August 13, the Company provided an update on its latest exploration work at the Dialéké prospect.
- On June 29, the Company provided an update on its latest exploration work at the Sodala prospect.
- On June 15 and 22, the Company provided an update on the progress of its latest exploration work at the Tarabala and Samagouela prospecting areas on the Sikasso Property.
- On May 21, the Company hosted a webinar and conference call to provide a review of the Company's recent activities, as well as its plans for continuing exploration on its Sikasso Property.
- On May 14, the Company reported assay results and provided an update on the recently completed drilling at the Samagouela prospect, Sikasso Property.
- On May 7, the Company reported assay results and provided a further update on the recently completed drilling and ongoing shallow soil geochemistry exploration work at the Tarabala and Sodala prospect areas, Sikasso Property.
- On April 16, the Company provided an update on the progress of its latest exploration work at the Tarabala and Samagouela prospecting areas on the Sikasso Property
- On March 19, the Company reported that, in light of the global concern about coronavirus ("COVID-19"), Compass has implemented a detailed program of health and safety protocols to protect personnel while ensuring the safe operation of the Company.
- On March 9, the Company announced the appointment of Joe Conway as Chairman of the Board, effective March 10, 2020, following the resignation from the Chairman's position of Mr. James Henderson, who remains on the Board as a non-executive Director.
- On February 24, the Company provided an update on the latest exploration drilling at the Boumban South and Boumban Central prospects, Sikasso Property in southern Mali.
- On February 17, the Company provided an update on the latest exploration drilling at the Farabakoura and Kabangoué prospects, Sikasso Property.
- On January 14, the Company provided an update on the latest exploration work at the Boumban Central and Farabakoura prospect areas, Sikasso Property.

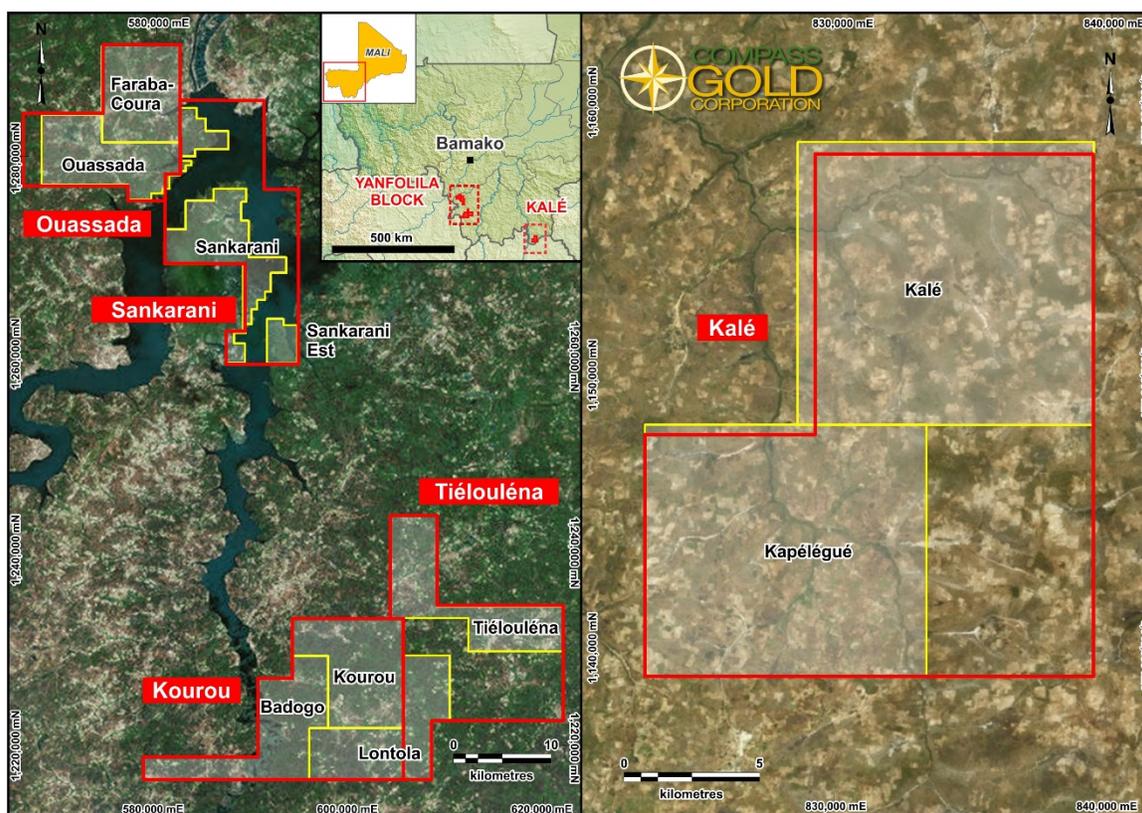
## 1. COMPANY OVERVIEW

Compass was incorporated on July 1, 2002, under the laws of Alberta and subsequently continued into Ontario and is a Tier 2 issuer on the TSX- V. Through the November 2017 acquisition of Mali Gold Exploration Pty Ltd (“MGE”) and Malian subsidiaries, Compass holds gold exploration permits located in Mali that comprise the Sikasso Property. The exploration permits are located in three sites in southern Mali with a combined land holding currently consisting of 867 square kilometres (km<sup>2</sup>). The Sikasso Property is located in the same region as several multi-million ounce gold projects, including Morila, Syama, Kalana and Yanfolila. The Company’s Mali-based technical team, led in the field by Dr. Madani Diallo and under the supervision of Dr. Sandy Archibald, P.Geo, is conducting the planned exploration program. They are examining the numerous anomalies first noted for further investigation in Dr. Archibald’s August 2017 “National Instrument 43-101 Technical Report on the Sikasso Property, Southern Mali,” (“**the Technical Report.**”)

## 2. MINERAL PROPERTY

### A) OVERVIEW

MGE holds, through its Malian subsidiaries, the Sikasso Property comprising ten (10) gold exploration permits in Mali, West Africa covering a total area of 867 km<sup>2</sup> in established gold producing regions of Mali (Figure 1). The Company has now taken over MGE's business of gold mineral exploration in Mali.



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

## Permit Renewals

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

**Table 1.** Changes to the Sikasso Property permits

Permit	Area (sq. km)	New Permit Name	Area (sq. km)	Arrêté Date	Compass Subsidiary
Ouassada	179	Faraba-Coura	94	2018-09-04	SERM SARL
		Ouassada	86	2018-10-17	SERM SARL
Sankarani	250	Sankarani	74	2018-10-05	SERM SARL
		Sankarani Est	13	2018-10-05	MGE SARL
Kourou	250	Kourou	100	2018-07-31	REM SARL
		Badogo	100	2018-07-31	REM SARL
		Lontola (partial)	100	2018-10-30	ML Commodities Mali SARL
Tiélouléna	250	Tiélouléna	100	2018-07-31	REM SARL
		Lontola (partial)	100	2018-10-30	ML Commodities Mali SARL
Kalé	250	Kalé	100	2018-09-04	ML Commodities Mali SARL
		Kapélégué	100	2018-10-03	ML Commodities Mali SARL

## Expenditures and Commitments

The Company has incurred exploration and development expenditures of \$3,636,133 for the year ended December 31, 2020 compared to \$4,076,793 for year ended December 31, 2019.

The Company initiated its first exploration program on November 29, 2017 (the day of acquisition of MGE). The actual expenditures made from this inception date to December 31, 2020 are \$11,611,263, plus the cost of acquired machinery and equipment in the amount of \$35,481 (net of amortization). For further information, please refer to notes 5 of the related financial statements for the year ended December 31, 2020.

As of December 31, 2020, the Company had incurred \$6,172,837 of acquisition costs of MGE.

**Table 2:** Exploration expenditures includes the following items as of December 31, 2020:

	<b>Year ended December 31, 2020 \$</b>	<b>Year ended December 31, 2019 \$</b>	<b>Year to date (since inception) December 31, 2020 \$</b>
Project Management and	667,845	619,300	1,755,315
Licensing Costs / Property	23,808	18,625	372,577
Drilling and Assay	1,744,144	1,938,551	5,296,156
Field work support	1,003,541	999,364	3,010,125
Technical studies	167,432	493,847	1,038,881
VAT recoverable related to	29,363	7,106	138,209
<b>Total Expenditures</b>	<b>3,636,133</b>	<b>4,076,793</b>	<b>11,611,263</b>

During fiscal 2018, the Company renewed the permits comprising the Sikasso Property to extend the life of the licences for the conduct of mineral exploration. As a result of this process, the permits have been renewed and the Company has committed to exploration expenditures over the next three years as follows, of which the first and second year expenditures have been completed:

<b>Year/Work Program (\$)</b>	<b>Phase 1</b>	<b>Phase 2</b>	<b>Future Phases</b>	<b>Total</b>
First Year	1,343,091	-	-	1,343,091
Second Year	-	1,706,184	-	1,706,184
Third year	-	-	4,446,181	4,446,181
<b>Total</b>	<b>1,343,091</b>	<b>1,706,184</b>	<b>4,446,181</b>	<b>7,495,456</b>

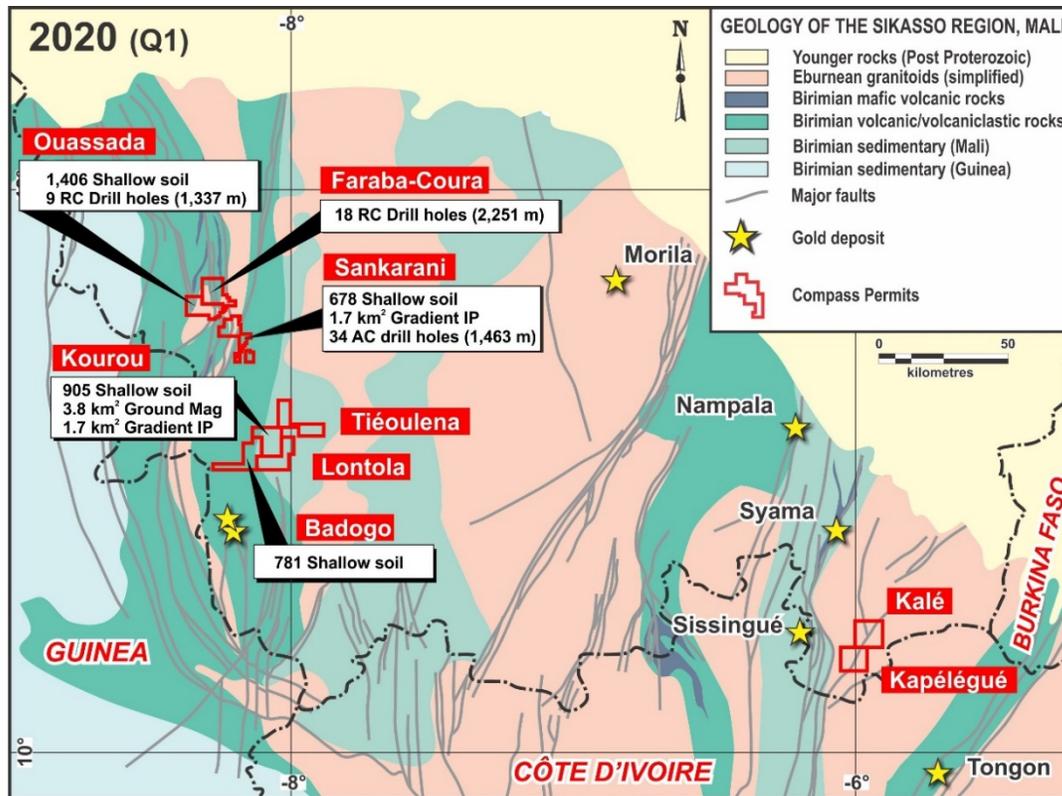
## **B) CURRENT ACTIVITIES**

### **Exploration Programs Conducted at the Sikasso Property Prior to the 2020 Malian Rainy Season– Fiscal 2020**

Following the cessation in October, 2019, of the Malian rainy season, the Company launched its follow-up field program on the Farabakoura Trend, which includes the Farabakoura and Kabangoué artisanal workings and the high-priority Boumban prospect, on its Sikasso Property in southern Mali. This includes approximately 11,000 m of planned reverse circulation (RC) drilling on six prospects. All information determined from the previous RC and diamond drilling was integrated with the results from the detailed ground geophysical surveys outlined above, and soil and pit geochemical samples collected in Q2, 2019. Based on this data synthesis, Compass identified areas where addition infill drilling could take place to determine the extent of mineralization at Farabakoura and Kabangoué.

The first 16 RC holes for 2,404 m examining three target structures were completed in December 2019 on the Boumban Central and Farabakoura prospect areas, located on the Company's Sikasso Property in southern Mali (Figure 2). Strong gold anomalism was identified during shallow soil and deep overburden sampling in six areas over 4 km at Boumban. The degree of gold anomalism is comparable to that found at Farabakoura, and ground geophysical interpretation suggests similar rock types and faults are also present. Drilling at Boumban Central intersected gold mineralization

in a similar geological environment to that encountered 5-km south at the Farabakoura artisanal workings. Exploration results show the geology of the Farabakoura Trend is in a similar structural setting to Hummingbird Resources' Komana East gold mine area, located 40 km to the south-southwest.



**Figure 2.** Summary of work completed on the Sikasso Property in Q1 2020.

Initial drilling at the Farabakoura artisanal workings intersected a NE-trending structure containing multiple (9) gold zones in one hole (OARC65 included 8 m at 1.17 g/t Au, (from 33 m), 4 m @ 0.81 g/t Au (from 61 m), and 3 m @ 1.54 g/t Au (from 73 m)). Further drilling at Farabakoura extended continuity of gold mineralization in east-west trending structures along strike and at depth, with the best interval returning 2 m @ 7.13 g/t Au, within 13 m @ 1.67 g/t Au (from 19 m).

Drilling at Kabangoué North and Kabangoué South intersected several mineralized zones of less than 1.0 g/t Au, including one narrow interval in an area of artisanal workings that contained grab samples assaying up to 25.4 g/t Au. The best mineralized interval was recorded from Kabangoué North with 8 m @ 0.67 g/t Au (from 21 m).

In February, 2020, a 2,000-m air core drill program was initiated and subsequently increased to 3,000 m, on four new geochemical targets with artisanal mining workings on the Sankarani, Sankarani East and Kourou permits.

Prior to the AC drilling activities, a total of 1,686 infill shallow soil samples were collected, covering an area of 13.54 km<sup>2</sup> on the Kourou and Badogo permits. Additionally, three ground Gradient IP surveys, covering an area of 4 km<sup>2</sup>, were performed at the Tarabala, Sodala and Samagouela prospects.

In April, the Company completed its initial drill program at Tarabala while drilling continued at the Samagouela artisanal workings. Air core (AC) drilling on the Tarabala prospect in the Sankarani permit consisted of a total of 26 holes in three fences totalling 1,435 m. All fences were chosen based on interpretation of the Gradient IP ground geophysics study that identified favourable structures based on resistivity and chargeability features, and surface prospecting. This work at Tarabala intersected gold mineralization within the 10-km long Tarabala soil geochemistry trend, e.g., 16 m at 1.51 g/t Au (from 16 m), including 4 m @ 5.20 g/t Au (from 26 m). Drilling at the Sodala artisanal workings intersected a NE-trending structure containing five narrow gold zones in one hole (SAAC031), including 1 m at 2.71 g/t Au (from 16 m)

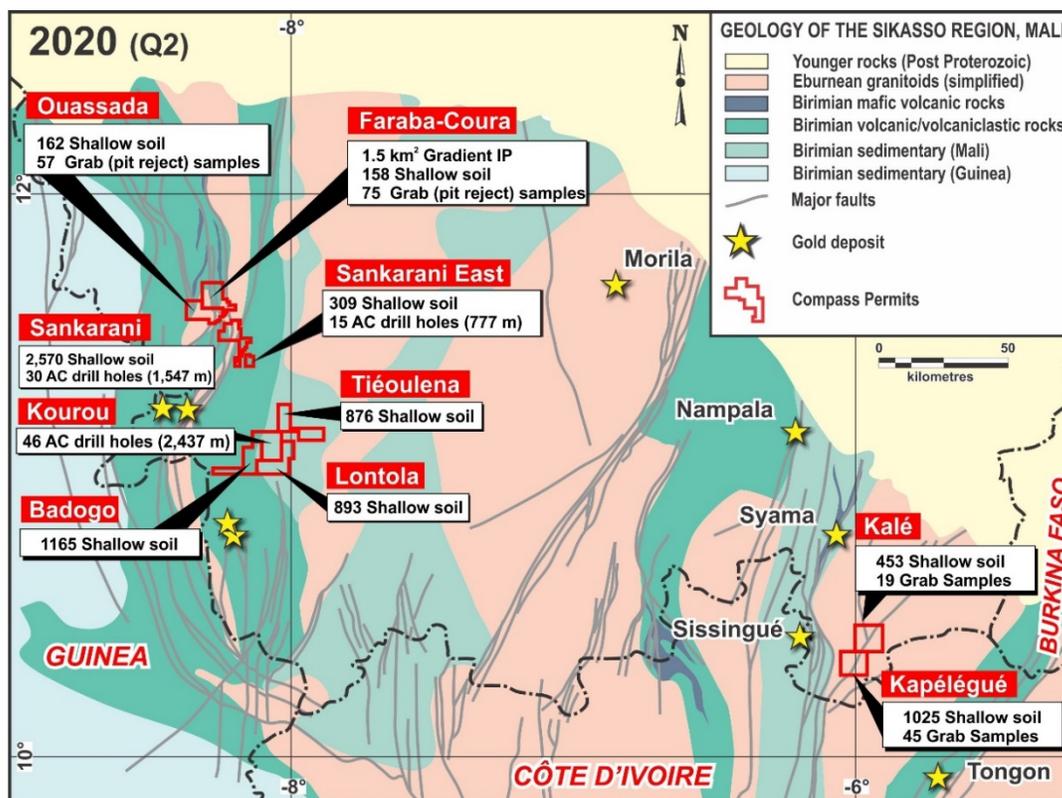
Compass reported that, due to concerns about coronavirus (“COVID-19”), the Company continues to implement its previously announced detailed program of health and safety field and office protocols to protect personnel during exploration activity in Mali. Members of the office team continued working from home and the field team continued to work in isolation.

A six-hole fence, totalling 310 m, was completed at Sodala in mid-April testing mineralization being worked by artisanal miners following a NE-trending fault identified by geological mapping and delineated by ground magnetics and IP surveys performed in February 2020. The artisanal workings occur 250 m to the northwest of an area where extremely high shallow soil samples were collected in 2018. Mineralization was encountered in three of the drill holes, with SAAC31 containing six mineralized zones. All mineralized zones were narrow (less than 2 m), and the highest grade was 1 m @ 2.71 g/t Au (from 16 m).

By April, Malian authorities had moved quickly to restrict the country’s borders and implement regulations and procedures that have helped to mitigate the spread of the virus. Based on then current testing, 148 cases had been reported to date in Mali. Compass continued monitoring the situation in Mali adheres to all directives issued by the Ministry of Health.

Air core drilling at the Samagouela prospect (26 RC holes, 1,497 m) intersected gold mineralization at both ends of a 1.4 km interpreted fault zone. The best interval was 10 m at 1.67 g/t Au (from 50 m), including 1 m @ 13.04 g/t Au (from 50 m), with mineralization open at the base of the hole. Drilling encountered gold mineralization 1.4 km south of the Samagouela artisanal workings, including 5 m at 1.93 g/t Au (from 53 m), with mineralization open at the base of the hole. Shallow soil anomalism (with samples up to 4.03 g/t Au) present along interpreted fault.

In May, a drilling program involving 26 AC holes totalling 1,435 m at the Tarabala and Sodala prospect areas intersected gold mineralization within the 10-km long Tarabala soil geochemistry trend (Figure 3). This included 16 m at 1.51 g/t Au (from 16 m), including 4 m @ 5.20 g/t Au (from 26 m) at Tarabala. Drilling at the Sodala artisanal workings intersected a NE-trending structure containing six narrow gold zones in one hole, including 1 m @ 2.71 g/t Au (from 16 m).



**Figure 3.** Summary of work completed on the Sikasso Property in Q2 2020.

Subsequently, results were received from the recently completed drilling (26 RC holes, 1,497 m) at the Samagouela prospect, intersected gold mineralization at both ends of a 1.4 km interpreted fault zone. The best interval was 10 m @ 1.67 g/t Au (from 50 m), including 1 m @ 13.04 g/t Au (from 50 m), with mineralization open at the base of the hole. Drilling encountered gold mineralization 1.4 km south of the Samagouela artisanal workings, including 5 m @ 1.93 g/t Au (from 53 m), with mineralization open at the base of the hole.

On May 21, the Company conducted an investor webinar and conference call to review of the Company's recent activities, as well as its plans for continuing exploration on its Sikasso Property in southern Mali.

In June, the Company reported that coordinated exploration work at Tarabala had identified a pronounced, broad, shallow gold target, associated with a shear zone, extending more than 2-kilometres. The latest air core drilling (24 AC holes, 1,253 m) had intersected gold mineralization within the 10 km long Tarabala soil geochemistry trend, including 14 m at 1.24 g/t Au (from 23 m), including 1 m @ 12.99 g/t Au (from 33 m).

The latest exploration work at the Samagouela and Samagouela South prospects on the Company's Kourou permit, involving both a geophysical survey and drilling, identified a pronounced, broad, shallow gold target, associated with a shear zone, extending more than 2-kilometres. Air core drilling (24 AC holes, 1,253 m) intersected gold mineralization within two wide trends. The best interval at Samagouela was 9 m at 5.79 g/t Au (from 45 m, and remains open at depth), including 1 m @ 36.37 g/t Au (from 45m). The best interval at Samagouela South was 14 m at 2.75 g/t Au (from 20 m), including 1 m @ 11.64 g/t Au (from 21 m).

Air core drilling (9 AC holes, 467 m) at the Sodala prospect identified a broad, shallow gold target, associated with a shear zone, intersecting gold mineralization within a 280-m wide fault zone cutting

artisanal gold workings. In August, the Company reported that exploration work at Dialéké identified two discrete >1-km-long zones of coincident gold-in-shallow-soil anomalism associated with the Siekeroli shear zone. The highest soil anomaly sample contained 3.80 g/t Au and sampling of shallow artisanal workings returned grades up to 35.11 g/t Au.

The Company noted plans for additional drilling to be conducted before the end of the year and including a fully-funded >3,000 m drill program on our Samagouela and Tarabala prospects. This field work was scheduled to commence as soon as the rainy season ends.

In July the company completed 1.46 sq. km of Gradient IP ground geophysics (Figure 4) at the Dialéké prospect (Faraba-Coura) to help define drilling targets for drilling in Q1 2021.

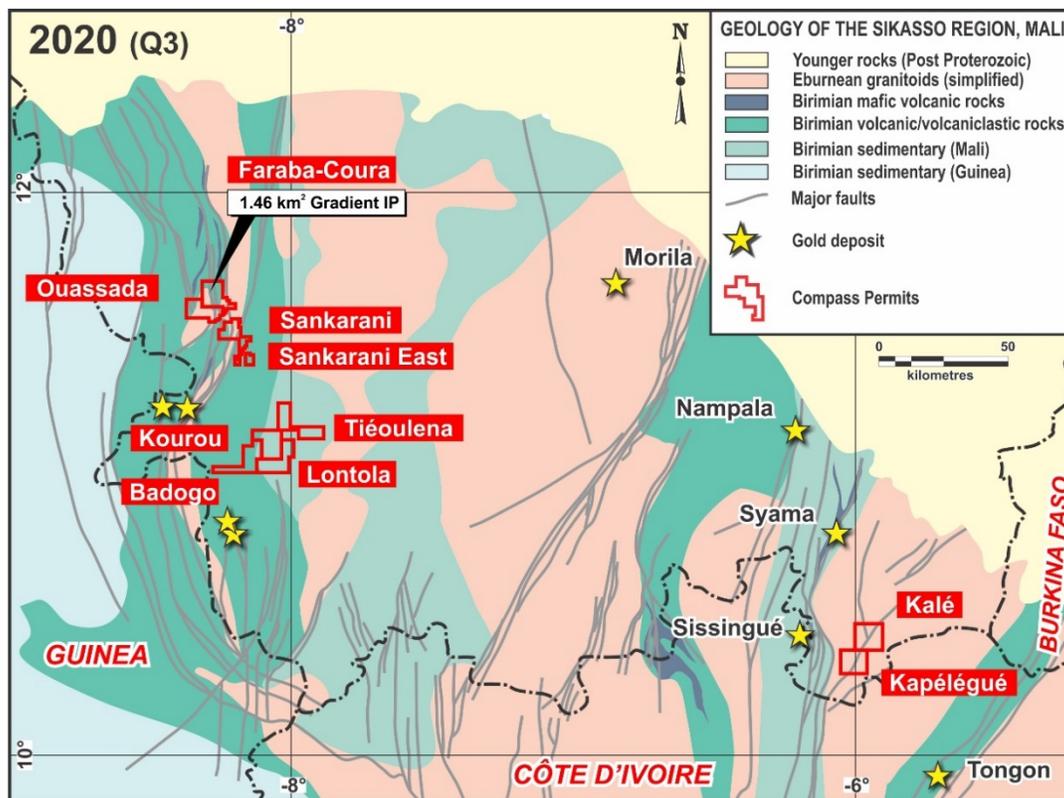


Figure 4. Summary of work completed on the Sikasso Property in Q3 2020.

**Exploration Programs Conducted at the Sikasso Property Following the 2020 Malian Rainy Season– Fiscal 2020**

In October, 2020, as the annual rains had recently ceased, the Company announced that field teams had been mobilized to prepare access and drilling pads for renewed drilling at the Tarabala and Samagouela prospects. Drilling was expected to commence in late November. Based on the success of drilling earlier in 2020, this program will focus on testing a 2.3-km zone on the 10 km Tarabala Trend, and a 1.4-km zone on the 10 km Samagouela Trend. The initial 3,000 m air-core drilling program will provide additional information on the continuity of the previously intercepted near surface mineralization.

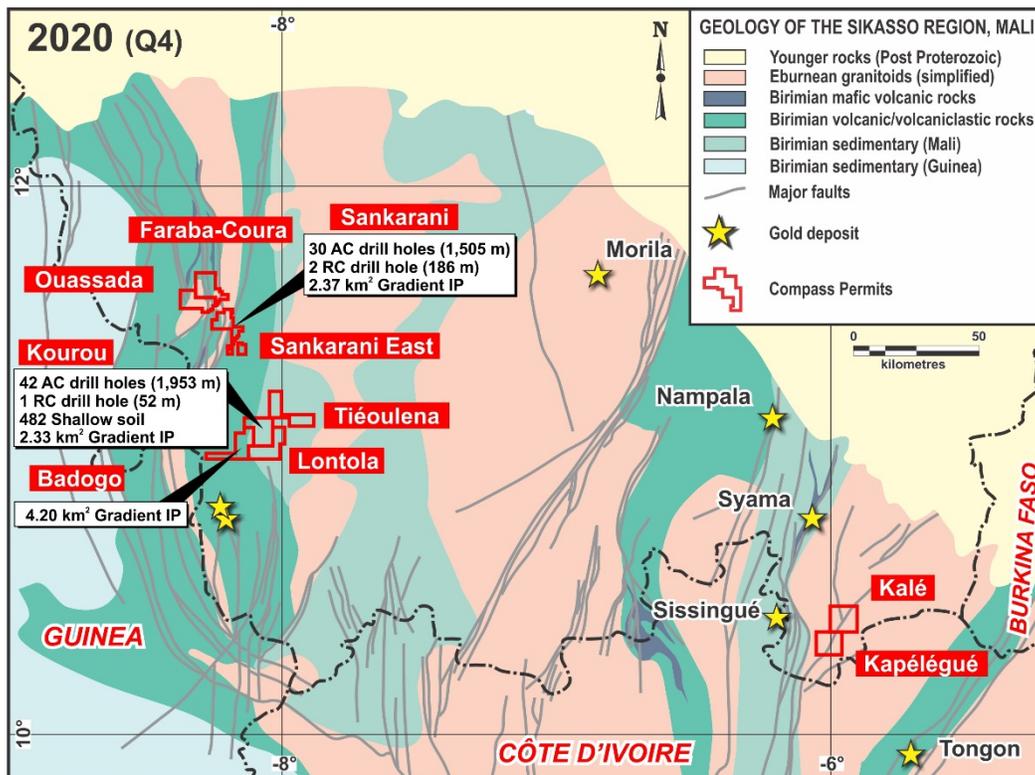
The Company also announced that it had nearly completed the ground geophysical surveys over the Samagouela Trends on its Sikasso Property. This included 4.3 sq. km of Gradient Induced

Polarization (IP) surveys being completed on three grids on the Samagouela Trend (Figure 5). Twelve additional IP surveys remained to be conducted on high-priority areas associated with artisanal workings and gold in shallow soil anomalism. The geophysical survey was subsequently completed on October 31, 2020.

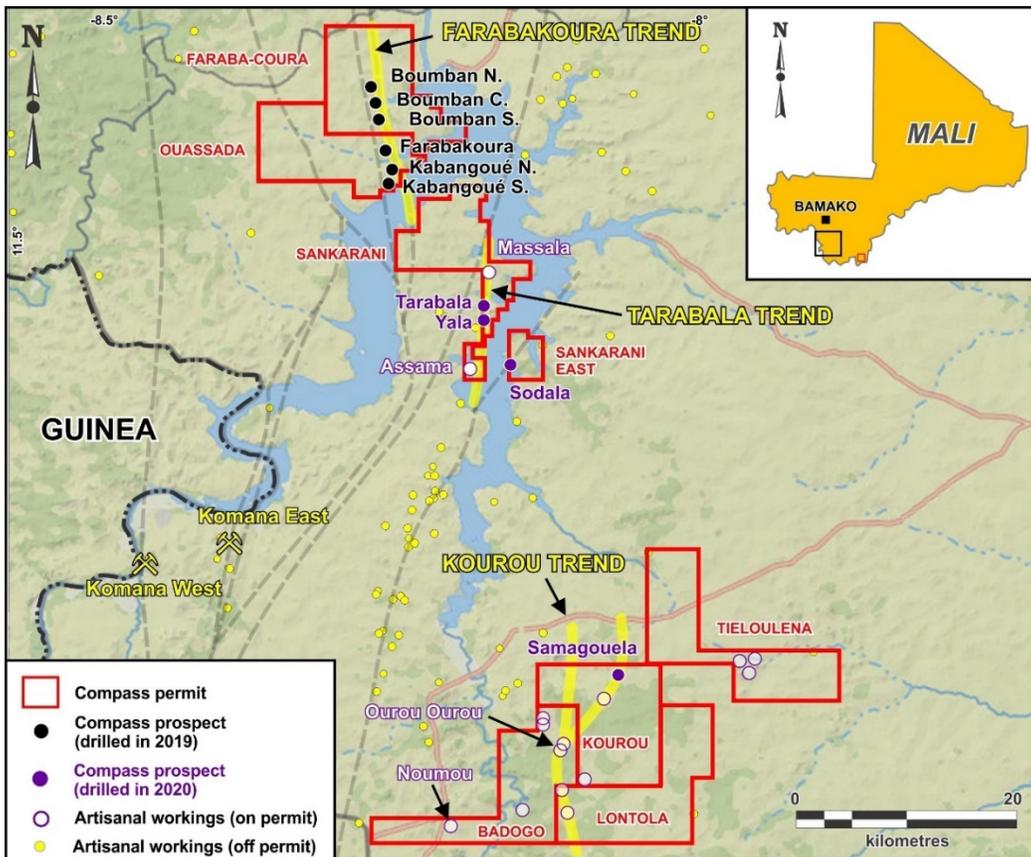
Exploration activities for 2020 are concentrating on five permit areas: Faraba-Coura, Ouassada, Sankarani, Sankarani East, and Kourou (Figure 6). Drilling has already been performed on these permits (see “Current Activities”), and based on the initial results, 3000 m of follow-up drilling is planned at Tarabala, Sodala and Samagouela. Additional drilling (air core, reverse circulation, and diamond coring) on these prospects is dependent on the results obtained. If encouraging results are obtained, additional drilling could occur during the rainy season if the necessary drill pads are prepared in Q2.

In-fill shallow soil geochemistry surveys are planned for all ten permit areas, and ground geophysics will be used on identified anomalies. New target areas identified include Massala, Assama, Ourou Ourou, and Noumou (Figure 5). Ground geophysics will help determine the subsurface geology and provide better constraints on the location of gold mineralization. The results of this work might lead to limited air core drilling prior to the start of the rainy season in July, or if a more substantial program is required, after the rains end in October.

On January 20, 2021, the Company announced the completion of 3,406 m air core and 186 m of reverse circulation drilling and at its Samagouela and Tarabala prospected. A total of 3,834 samples were dispatched for assaying, with the results expected in mid- to late-January.



**Figure 5.** Summary of work completed on the Sikasso Property in Q3 2020.



**Figure 6** - Location of five prospects (purple filled circles) where the most recent RC and AC drilling program was performed in early 2020.

## New Drilling Program Initiated at Sikasso Property - First Four Months of 2021

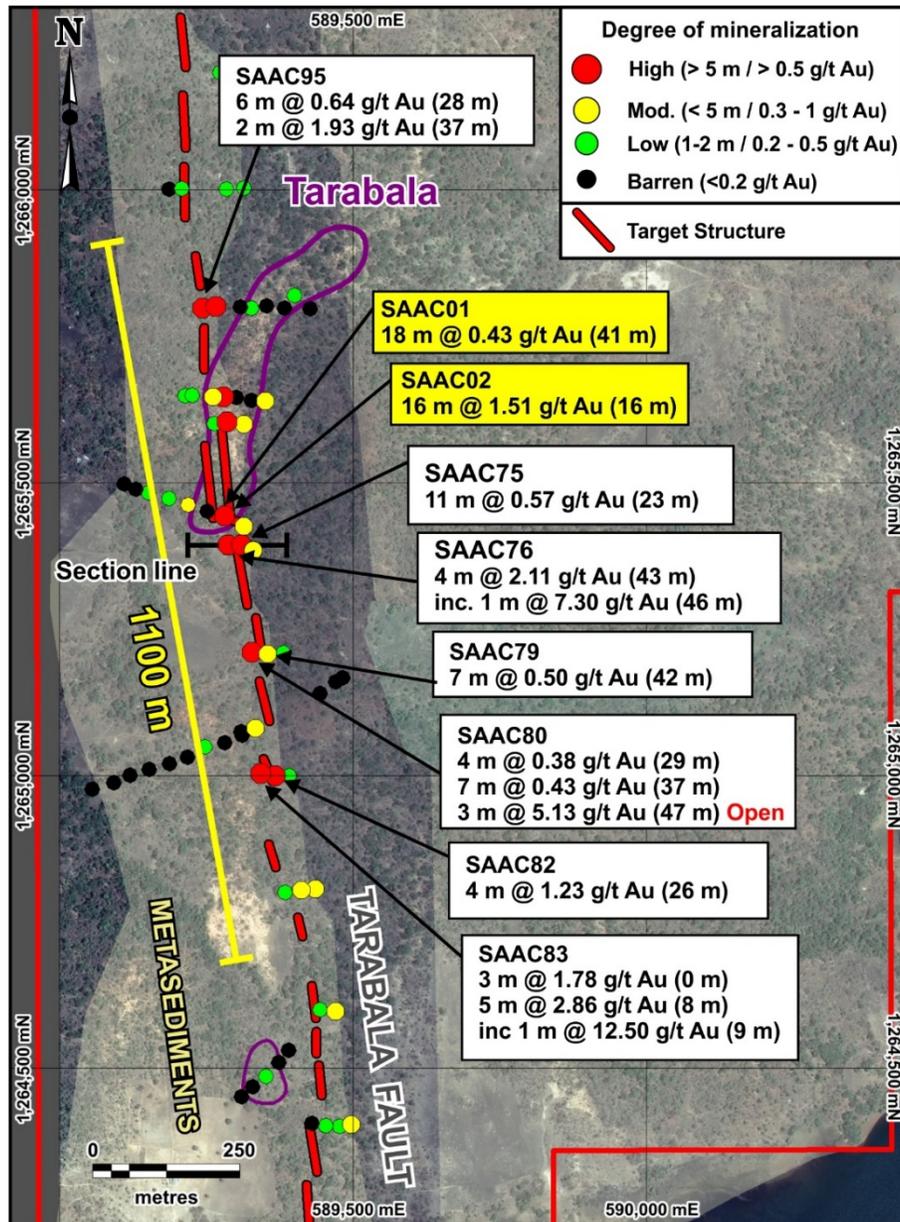
### Summary

On January 20, 2021, the Company reported that drilling at the Tarabala prospect identified a pronounced, broad, shallow gold target, associated with a shear zone, extending at least 1.1-kilometres. Within this zone – which remains open down dip – higher-grade mineralized zones were intercepted within wide zones of low-grade mineralization.

Thirty-six (36) air core (AC) holes (1,500 m) and two reverse circulation (RC) holes (186 m) were drilled in December at Tarabala to test the lateral extent and orientation of a wide zone of previously identified near-surface mineralization at the prospect.

Over the 1,800 m strike length tested, a 1,100-m panel of wider and higher-grade mineralization was identified (Figure 7). Generally, gold mineralization was present within a wide (15 to 34 m) zone of quartz veining parallel to the Tarabala fault that contained low-grade concentrations (< 0.5 g/t Au). Individual intervals within this mineralized zone are narrower with higher gold grades. For example, SAAC75 had a mineralized interval of 11 m @ 0.57 g/t Au (from 23 m), SAAC83 had 5 m @ 2.86 g/t Au (from 8 m), and SAAC95 6 m @ 0.64 g/t Au (from 28 m). Numerous higher-grade intervals were recorded, including 1 m @ 12.5 g/t Au (from 9 m) in SAAC83,

3 m @ 5.13 g/t Au (47 m to the end of the hole) in SAAC080, and 1 m @ 7.30 g/t Au (from 46 m) in SAAC076. These higher values correspond well to grab samples collected of quartz vein material from the artisanal workings.



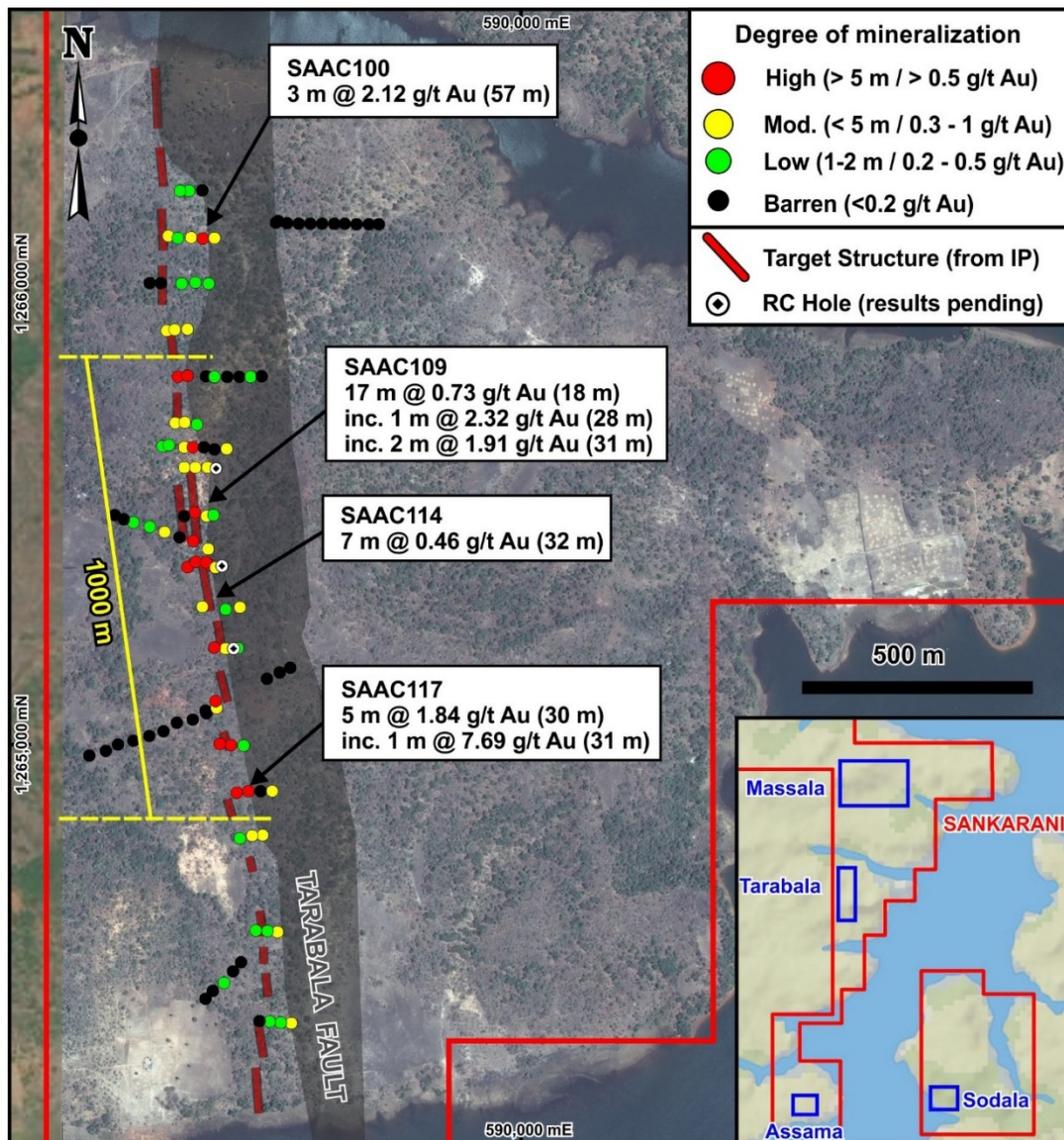
**Figure 7:** Drilling locations and significant results at Tarabala. Previous drilling in yellow labels.

On March 1, the Company reported the results of the next round of drilling at Tarabala, which confirmed a broad, shallow gold target, associated with a shear zone, extending at least 1-kilometre and remains open down dip.

Twenty-five (25) shallow air core (AC) holes (1,328 m) and three deeper reverse circulation (RC) holes (344 m) were drilled at Tarabala in late January and early February. This work tested the lateral extent, grade continuity, and orientation of a wide zone of previously identified near-surface

mineralization over a distance of 1-km at the prospect. Ten of the holes were drilled to test the continuation of the mineralized structure 350 m to the north that had only be partially tested. The three RC holes were drilled to test the down-dip (open) extension to a vertical depth of up to 95 m at three locations. Assay results from these holes are expected in early March.

Fifteen (15) AC holes, SAAC106-120, were drilled as five three-hole infill fences on the previously drilled 200 m fence spacing on a 1,000 m panel of the 2,300 m target structure at Tarabala (Figure 8). Gold mineralization was encountered where predicted by previous drilling and Gradient Induced Polarization (IP) geophysics. The highest grade of mineralization encountered during the current drilling program was on the southernmost fence (Figure 8). SAAC117 contained an interval with 5 m @ 2.02 g/t Au (from 23 m), which included 1 m @ 6.77 g/t Au (from 24 m).

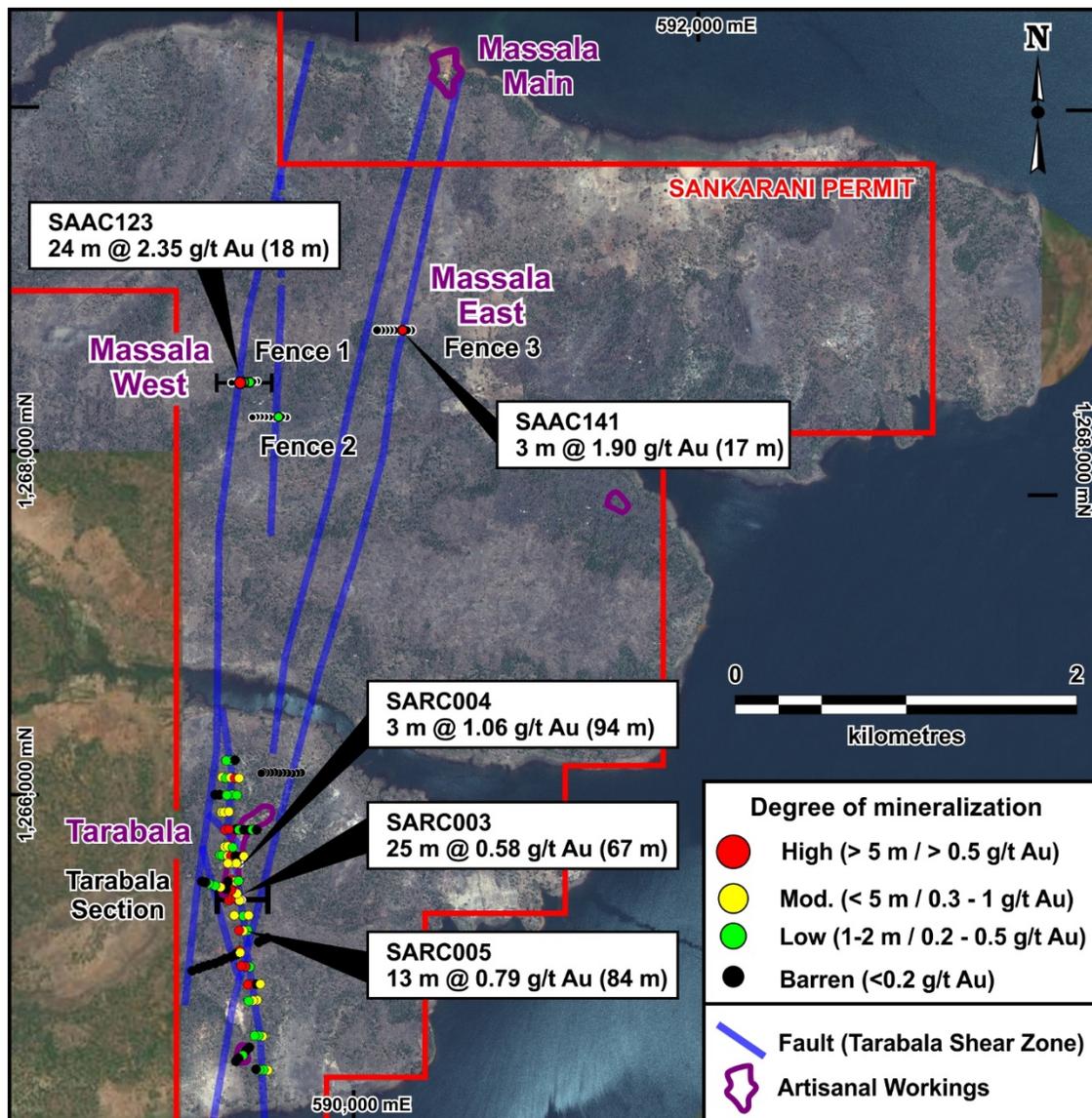


**Figure 8:** Drilling locations and significant results at Tarabala for the latest drilling.

From the ten holes drilled to test the northern extension of the mineralized structure, three contained mineralized intervals of 3 m (SAAC100, 102 and 104). The best interval was in SAAC100, which

contained 3 m @ 2.12 g/t Au (from 57 m), including 1 m @ 5.89 g/t Au. Mineralization was present in most of the holes as isolated 1 m zones and was generally located on the interpreted target structure.

On March 16, the Company reported the results of the recently completed drilling at the Massala East, Massala West and Tarabala prospects, these included sixteen shallow air core (AC) holes (900 m) drilled in two fences at Massala West and an eight-hole fence (498 m) was drilled at Massala East in mid-February. These holes were drilled to test strong to moderate gold anomalism found in shallow soil samples, as well as clearly defined targets interpreted from ground Gradient Induced Polarization (IP) geophysics. All three fences were drilled to test the potential for gold mineralization associated four discrete north-south oriented faults within the Tarabala shear zone.



**Figure 9:** Drilling locations and significant results at Tarabala for the latest drilling.

A seven-AC-hole fence (Fence 1), containing holes SAAC121-127, was drilled on a geological similar target to the mineralization at Tarabala, located 2 km to the south. The predicted mineralized structure was encountered in drill hole SAAC123, with 24 m @ 2.35 g/t Au (from a depth of 18 m),

which included a high-grade interval of 3 m @ 13.23 g/t Au (from 34 m), and a sub-interval of 1 m @ 26.80 g/t Au (from 35 m).

Two hundred metres to the southeast of the previous fence, a nine-AC-hole fence (Fence 2, SAAC128-136) was drilled. Only one hole, SAAC130, contained gold (1 m @ 0.28 g/t Au, from 11 m), with the rest of the hole barren.

A third east-west trending fence was drilled 800 m to the northeast of Fence 2 at Massala East (Figure 9). Drilling occurred on a coincident geochemical high (0.38 g/t Au soil sample) and a Gradient IP target (contact of a resistive high). Only SAAC141 was mineralized and contained 3 m @ 1.90 g/t Au (from 17 m), including 1 m @ 5.03 g/t Au (from 17 m). The mineralization appears to correlate with a fault that is traceable 1.5 km to the north and is associated with the Massala artisanal workings, where grab samples contained up to 16.5 g/t Au.

Three RC holes (SARC003-005) were drilled at Tarabala on sections where earlier AC drilling had identified near surface mineralization. The holes were drilled to test the depth of mineralization from 70 to 83 m from the surface. Hole SARC003 intercepted the widest mineralized interval, 25 m @ 0.58 g/t Au (from 67 m), with a higher-grade interval of 15 m @ 0.83 g/t Au (from 75 m). Mineralization in SARC003 correlated with the mineralization reported in SAAC75-77 and SARC001, and remains open at depth (Figure 9).

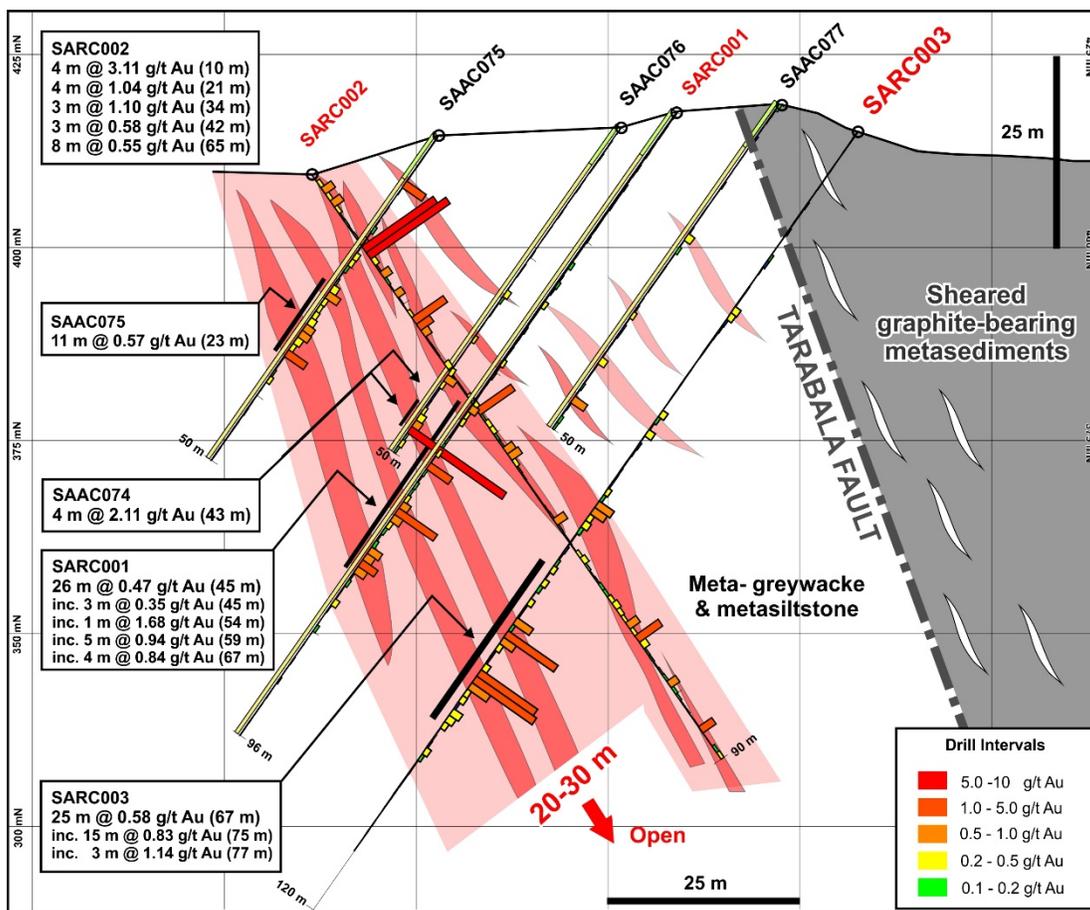


Figure 9: Cross section through the main workings at Tarabala.

SARC004 was drilled 200 m to the north of SARC003, and was designed to undercut shallow mineralization present in SAAC072-74. The best interval in SARCOO4 was 3 m @ 1.06 g/t Au (from 94 m), within a 28-m (true thickness) zone of weak mineralization that correlates with the near surface mineralization identified in SAAC073.

SARC005 was drilled 170 m to the south of SARC003, and was also designed to undercut previously identified shallow gold mineralization (present in SAAC078-80). A wide zone (38 m true thickness) of low-grade mineralization was identified that contained several narrow, higher-grade discrete zones of mineralization. The best interval was 13 m @ 0.79 g/t Au (from 84 m), including 2 m @ 2.88 g/t Au (from 94 m).

All three of these deeper RC holes indicate that the mineralized zones appear to extend at depth with similar grades and widths noted by shallow drilling, with the exception of SARC004. Additional RC drilling is warranted and a downhole camera survey is planned to determine the precise orientation of the veins.

A summary of all work completed on the Sikasso Property during the first quarter of 2021 is illustrated on Figure 10. Results for the drilling, geochemical and geophysical work programs will be announced when completed.

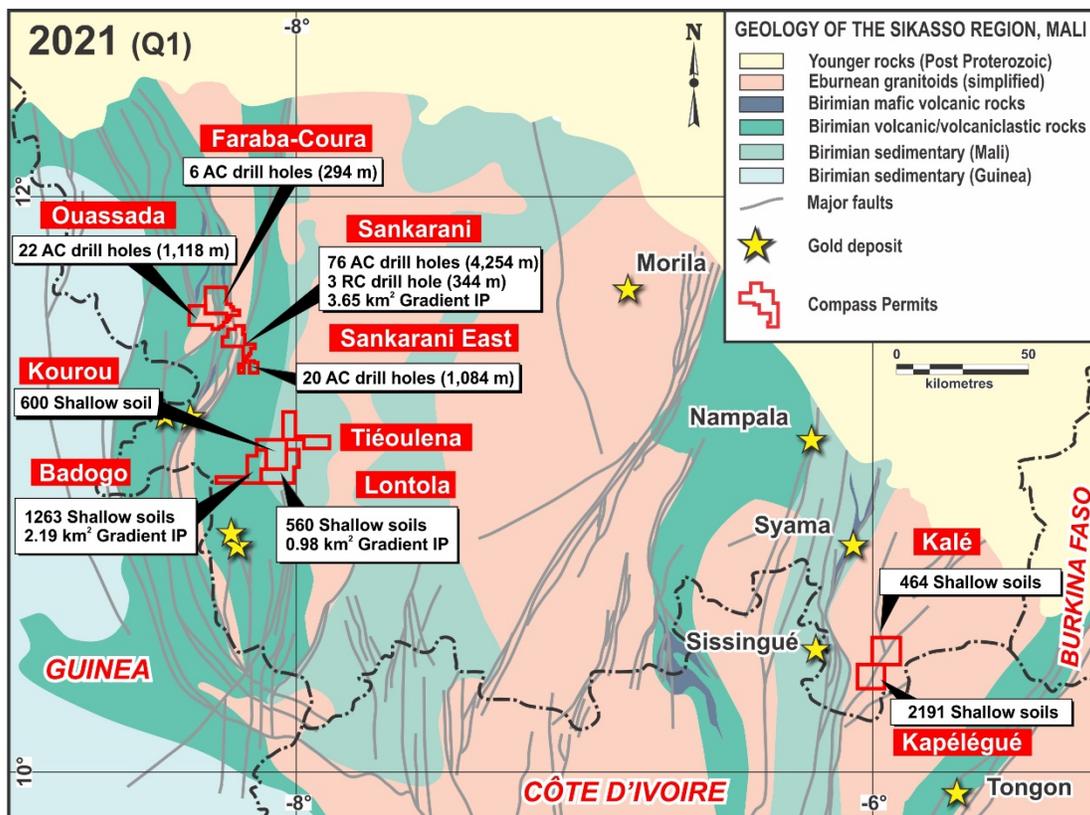


Figure 10. Summary of work completed on the Sikasso Property in Q1 2021.

## **C) FUTURE ACTIVITIES 2021**

The principal activities in 2021 will be to test down dip extensions of mineralization at Tarabala and expand the near surface drilling of mineralization along a strike length of at least 2-km on the recently identified at Massala (Main, West and East prospects). A total of 3,600 m of air core drilling is planned for the Massala area targets and will be completed in two campaigns in the next three months. If the results are positive, it is likely that drilling pads will be prepared in May to allow drilling to occur during the rainy season. This drilling will be a combination of near-surface air core, to test the strike extension of the system, and reverse circulate to test the depth extension down to 100-120 m.

Infill shallow soil geochemical sampling is taking place on the Kalé, Kapélégué, Kourou, Badogo and Latola permits (Figure 10). The results of this work will be integrated with recently completed and ongoing Gradient IP surveys to identify suitable drilling location for drilling in late Q2 or Q4 2021.

Expenditures for the above noted exploration program are estimated to be between \$1.0 million and \$2.3 million, which can be financed with existing cash reserves. This includes all costs associated with the recently initiated drilling and related exploration work noted above, as well as in-country running costs.

## **D) HISTORICAL ACTIVITIES**

### **Activities for year-end December 31 2019**

#### **Ongoing Phase 2 – Initial Bedrock Drilling Exploration Program**

The actual expenditure for Phase 2 in the first year of 2019 totalled approximately \$2.9 million. The exploration program consisted of drilling and infill ground geophysics to target near-surface bedrock gold mineralization (Figure 11). The Company had the financial resources to complete the 2019 exploration program as a result of completing the \$2.7 million financing on April 25, 2019 added to the existing cash as at the beginning of the year.

The Phase 2 drilling targeted near-surface bedrock gold mineralization (Figure 12). Target selection was based on shallow- and deep (auger)- soil gold anomalism; Induced Polarization (IP) chargeability zones; high-resolution ground magnetics; geological mapping; and, interpretation of high-resolution airborne magnetic geophysical survey data. Internal target generation studies have been completed by the Compass exploration team, which had identified areas for additional (infill) geochemical sampling, and bedrock drilling that had started in 2018 Q4.

The first component of the Phase 2 exploration consisted of 2,742 m of AC drilling and 924 m of RC drilling on the first five of the 19 targets identified over a distance of 14 km on the Ouassada and Faraba-Coura permits. The results of this work were reported on January 10, 2019. However, it was decided that, as well as drilling the targets, additional ground geophysical surveys were warranted. The survey methods employed were Induced Polarization (IP) and high-resolution ground magnetics, which help determine the rock types and structure present, as well as identifying potentially mineralized zones. The timing of completion of Phase 2 was dependent on weather and site conditions, as well as turnaround time from drilling to assaying and analysing the results. The prime reason for the uncertainty concerns the question of when the rainy season would end, which is typically between mid-October and early November.

Initial results of this Phase 2 work were reported on October 9, 2018, January 10, March 5, 19, 26, 28, 2019. Subsequent results were reported on May 8 and 15, July 29, August 19 and 26, 2019. Further results were reported on September 5 and October 8. The location of all work performed on the Sikasso Property is illustrated on Figure 6, with drill hole locations shown on Figure 7.

- Drilling focused on 5 of the 19 targets on Ouassada
- Targets 2, 4, 7, 8 and 9 were drilled by AC, and Targets 4 and 7 were also tested by RC
- 2,742 m of AC drilling (73 holes) were completed in early December 2018
- 924 m of RC (8 holes) were completed before Christmas 2018
- All assays were received by the end of 2018
- 406 m of RC (3 holes) were drilled in January 2019
- 201 m of diamond drilling (1 hole) was completed in January 2019
- 5.85 km of IP geophysics surveying was performed and interpreted
- 1,928 m of RC (14 holes) were drilled in April 2019
- 46.76 sq. km of high-resolution ground magnetic data was collected and interpreted
- 3,352 m of RC (23 holes) were drilled in June and July 2019
- 995 m of diamond drilling (7 holes) was completed at Farabakoura in July
- 563 shallow soil samples were collected over the Faraba-Coura in June and July 2019 (supplementing 3,421 samples collected on the Faraba-Coura and Ouassada exploration permits in early 2018)
- All seven diamond holes (total 995 m) drilled at Farabakoura just prior to the commencement of the rainy season intercepted significant gold mineralization, including some high-grade gold, within a 200 m section of the 750 m long Farabakoura high-grade gold zone.
- Additional ground magnetic surveys were performed on the Faraba-Coura, Sankarani, Sankarani East, and Kourou permits.
- Interpretation of the ground magnetic survey combined with the earlier results of a shallow soil survey at Samagouela (Kourou permit) revealed discrete gold anomalism over a distance of 1.8 km along strike from the artisanal gold workings, and which is coincident with regional shear zone and crossing-cutting faults.
- All fieldwork ceased on the property in late July due to the start of the rainy season.

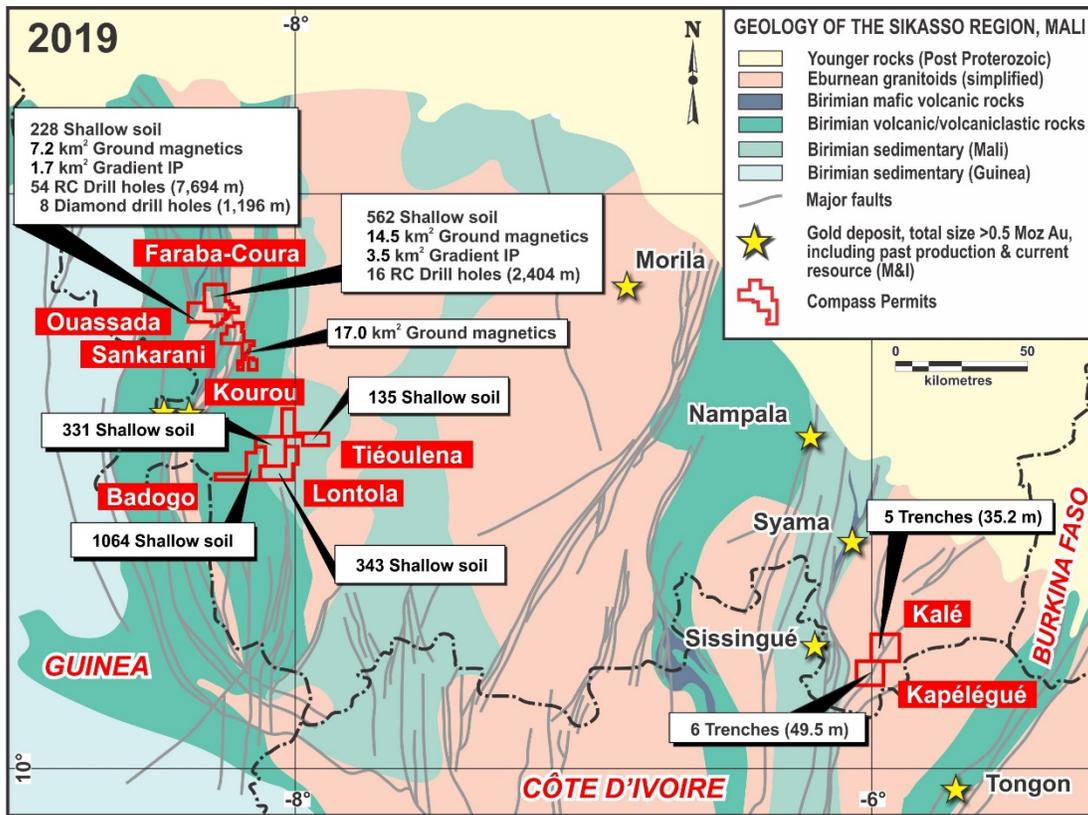
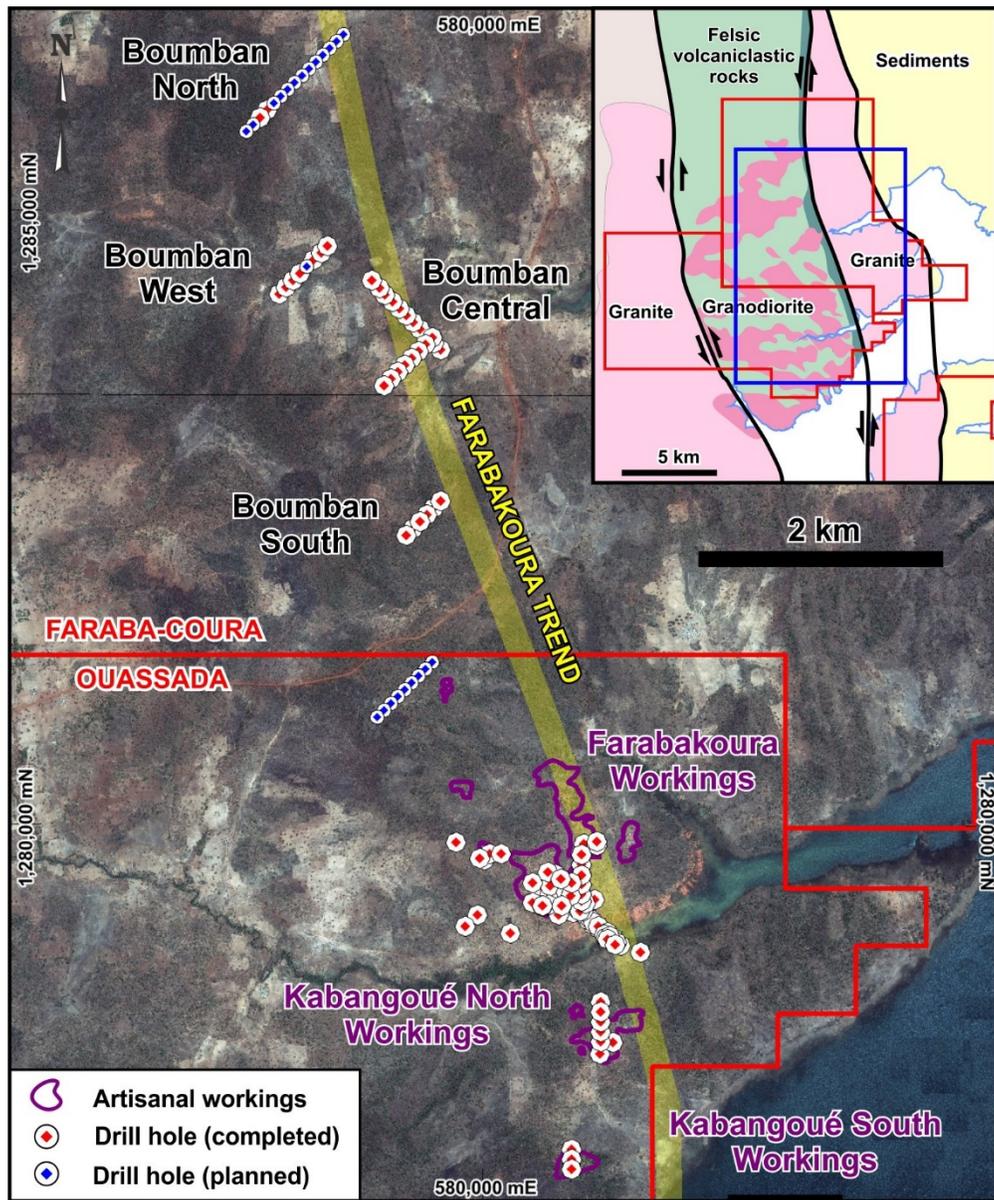


Figure 11. Summary of work completed on the Sikasso Property in 2019.



**Figure 12.** The location of all bedrock drilling (RC and diamond) on the Ouassada and Faraba-Coura permits. The insert map shows the revised geology for the Faraba-Coura and Ouassada permits based on interpretation of the airborne geophysics and geological mapping.



### 3. RESULTS OF OPERATIONS

This analysis of the results of the Company's operations should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2020.

#### Revenues

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

#### Expenses

During the year ended December 31, 2020, the Company incurred a net loss of \$905,963 (2019–\$1,431,705). Overall, the expenditures for the current year are consistent with the amounts reported last year. Significant expenditures and significant changes in expenditures are discussed below for the year ended December 31, 2020:

1. Management fees for the year ended December 31, 2020 were \$504,184 compared to \$534,367 last year. These costs are for the management and director fees and are comparable between the periods;
2. Share based payments, as explained in note 9 to the audited consolidated financial statements, were \$197,080 for the year ended December 31, 2020. For the year ended December 31, 2019, the expense was \$539,295. Yearly fluctuations in stock option expense are dependent on several factors including, but not limited to, the number of options issued, valuation of options, vesting period and timing. For the year ended December 31, 2020, there were 75,000 options granted. For the year ended December 31, 2019, the Company granted 1,710,000 options in two tranches, with one in May 2019, and the other in December 2019;
3. Professional fees increased to \$44,704 for the year ended December 31, 2020 from \$33,384 last year. The increase is due to marginal increase in audit fees and legal fees in the period. Overall expenditures are within budget;
4. Consulting fees decreased to \$64,794 for the year ended December 31, 2020 from \$99,000 last year. The decrease is due to higher fees for corporate strategy services in the prior year;
5. Investor conference expenditures decreased to \$22,196 for the year ended December 31, 2020 from \$31,584 last year. The decrease in fees is due to the cancellations of investor conference in the current period due to the COVID-19 pandemic restrictions; and
6. Travel expense have decreased to \$8,580 for the year ended December 31, 2020 from \$29,446 last year. The decrease in travel expense is mainly due to limited travel for management as a result of the COVID-19 pandemic travel restrictions.

#### 4. SELECTED ANNUAL FINANCIAL INFORMATION

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

Summary of Annual results	Year Ended December 31		
	2020	2019	2018
Net Sales or total revenues	-	-	-
Net loss	905,963	1,431,705	1,247,054
Loss per share – basic and diluted (based on the weighted average of common shares outstanding for the year)	(0.02)	(0.04)	(0.04)
Total assets	21,870,762	19,373,231	11,975,726
Total current liabilities	582,837	881,312	375,090
Total current liabilities, excluding borrowings due to related party	559,489	834,626	308,048
Total non-current liabilities	-	-	-
Cash dividends declared per-share for each class of share.	Nil	Nil	Nil

Immediately after the completion of the transaction in November 2017, the Company implemented its initial exploration program. This increased activity in support of the Company's exploration efforts has resulted in increases in management fees, professional fees and other administrative expenses which continued throughout fiscal 2018 to fiscal 2020. The Company had the working capital to fund exploration and overhead expenditures from the private placements completed in November 2017, May 2019, November 2019 and December 2020.

#### 5. DISCLOSURE OF OUTSTANDING SHARE CAPITAL

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

As of December 31, 2020, the Company had the following capital stock position:

Common shares outstanding	72,610,378
Warrants outstanding	12,000,000
Options outstanding	3,810,000

Basic common shares outstanding total 72,610,378. Fully diluted shares outstanding, which includes all issued common shares, warrants, broker warrants and options, totals 88,420,378. For further information on the Company's capital, please refer to the notes of the Financial Statements (Note 8 – Share Capital, Note 9 - Reserves).

On November 25, 2020 the Company announced that the TSX Venture Exchange approved the Company's request to extend the term of certain issued and outstanding warrants that were otherwise scheduled to expire on November 29, 2020. The TSX Venture Exchange has agreed that certain

issued and outstanding warrants exercisable at a price of \$0.75 per share for a total of 12,000,000 common shares will now expire on November 29, 2021. The 200,000 warrants issued as partial compensation to the Company's primary financial advisor as part of the original private placement could not be extended.

## 6. QUARTERLY RESULTS

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

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$000's							
Revenues	-	-	-	-	-	-	-	-
Loss for the period	(289)	(81)	(278)	(258)	(667)	(261)	(307)	(197)
Loss per share	(0.005)	(0.00)	(0.005)	(0.005)	(0.02)	(0.01)	(0.01)	(0.00)

Overall, the expenditure pattern, excluding the impact from share-based payments, has remained consistent between the quarters reported for fiscal 2018 through to 2020. The increase in expenditures in the fourth quarter of 2019 are due to share based expenses recorded in that quarter. The decrease in the loss reported in the third quarter of 2020 is from the foreign exchange translation that resulted in a gain in the period. Otherwise expenditures on a quarterly basis are consistent between the periods.

## 7. LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2020, the Company had working capital of \$3,418,344 (December 31, 2019 \$4,239,868). Cash and cash equivalents as at December 31, 2020 were \$3,846,616, compared to \$5,020,296 as at December 31, 2019. The Company has no long-term debt and no long-term liabilities.

On December 15, 2020 the Company closed a private placement with gross proceeds of \$3,637,062 through the issue of 18,185,310 common shares at a price of \$0.20 per common share. As part of the private placement, cash finders' fees totaling \$106,980 were paid and 774,900 broker warrants were issued to qualified persons acting as finders. Each broker warrant is exercisable into one common share at a price of \$0.20 per unit until December 15, 2022.

On November 21, 2019, the Company issued 15,392,211 common shares, on a non-brokered private placement basis, at a price of \$0.35 per share, for aggregate gross proceeds of \$5,387,275. The Company paid an aggregate of \$104,806 in cash to certain finders. No broker warrants were issued and issued 200,000 shares of \$70,000 at a price of \$0.35 as finders' fees. .

On April 25, 2019, the Company issued 9,094,335 common shares, on a non-brokered private placement basis, at a price of \$0.30 per share, for aggregate gross proceeds of \$2,728,300. The Company issued an aggregate of 359,543 broker warrants and paid an aggregate of \$112,963 in cash to certain finders. Each broker warrant entitles the holder to purchase one common share of the Company for a period of 12 months from date of closing at an exercise price of \$0.30 per share.

On May 4, 2018, the Company announced that all of the 2,000,000 warrants with an expiry date of May 4, 2018 were exercised at a price of \$0.35, along with the 168,000 broker warrants, for gross proceeds of \$750,400. A further 228,571 warrants with an expiry of May 15, 2018 were exercised at \$0.35 for gross proceeds of \$79,999.

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

### ***Review of Statement of Cash flows***

#### ***Cash Used in Operating Activities***

Cash used in operating activities during the year ended December 31, 2020 was \$907,698 compared with \$432,864 of cash used in operating activities during the year ended December 31, 2019. Cash was used to fund management and director fees, professional fees, listing and registration fees, and administrative costs, as well reduce payables that were incurred in the previous fiscal period. The biggest change in non-cash working capital items was the decreased in payables (use of funds) of \$145,134 for the year ended December 31, 2020 compared to an increase in payables (source of funds) of \$506,222 for the year ended December 31, 2019.

#### ***Cash Used in Investing Activities***

The project expenditures reflect the level of activity for the years ended December 31, 2020 and 2019. Total project expenditures on a cash flow basis for the year ended December 31, 2020 were \$3,720,871 compared to \$3,999,448 last year. For more detail see Section 2.

## **8. TRANSACTIONS WITH RELATED PARTIES**

Transactions with related parties are described in detail in Note 10 of the Financial Statements

For further clarification, management and director fees of \$449,500 (2019 - \$479,000) for the year ended December 31, 2020 were paid or accrued. These fees are payable to Company officers and directors or companies controlled by or associated with Company officers or directors as follows:

- The President and Chief Executive Officer of the Company (the “CEO”), Larry Phillips, was paid \$207,000 (2019 – \$225,000). Larry Phillips became the CEO on November 29, 2017. Such consideration was paid to a management company pursuant to which Mr. Phillips provides the CEO services.
- The Chief Financial Officer of the Company (the “CFO”), Louis Nagy, was paid \$90,000 (2019 – \$94,000). Such consideration was paid to a management company pursuant to which Mr. Nagy provides the CFO services.
- The Exploration Manager of the Company, Madani Diallo, who is a non-executive director of the Company, was paid \$171,396 (2019 – \$179,490). Such consideration was paid to a company pursuant to which Dr. Diallo provides services to the Company, on a consultancy

basis, relating to the oversight of project work at the Sikasso Property. Majority of these costs are capitalized.

- Non-management directors of the Company were paid, in aggregate, fees of \$130,000 (2019 – \$130,000), such fees paid on a quarterly basis.

## **9. OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **10. FINANCIAL INSTRUMENTS AND RISKS**

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

For the year ended December 31, 2020 and December 31, 2019, 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 13 of the Financial Statements.

## **11. FORWARD LOOKING STATEMENTS**

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

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

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

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

## 12. EMERGING MARKET DISCLOSURE

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

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

### *Mining Rights / Asset Verification*

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

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

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

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

### *Legal Right to Conduct Operations / Laws and Customs*

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

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

The principal business operations and activities of the Company relate to the exploration for minerals on the Sikasso Property. The Faraba-Coura, Ouassada, Kalé, Sankarani, Kourou, Lontola, Badogo, Kapélégué and Tiélouléna gold exploration permits, respectively, allow the Company to conduct exploration activities on the lands subject thereto.

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

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

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

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

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

## *Corporate Structure*

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

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

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

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

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

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

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

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

#### *Board and Management Experience in Mali*

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

- Mr. Henderson is the former chairman of Oklo Resources Limited (ASX:OKU), a company with gold mining projects in Mali. Mr. Henderson was also formerly a senior officer and significant shareholder of MGE prior to its acquisition by the Company.
- Mr. Phillips was previously a senior officer at IAMGOLD Corporation, holding the positions of Executive Vice President, Corporate Affairs and General Counsel. Among other jurisdictions, including various emerging market jurisdictions, IAMGOLD held interests in Mali (Sadiola and Yatela gold mines) during Mr. Phillips' tenure at that company.
- Dr. Diallo is a Professional Geochemist with over 35 years of experience in mineral exploration with a focus on developing gold and base metals exploration programs in West Africa. Dr. Diallo has held many senior roles including country manager, exploration manager, geochemist and project manager. Dr. Diallo is Executive Director, Country Manager of Oklo Resources Limited (OKU:ASX) and was also formerly a senior officer and significant shareholder of MGE prior to its acquisition by the Company. Dr. Diallo, who is resident in Mali, is responsible for overseeing project work in respect of the Sikasso Property.
- Mr. Conway was previously a senior officer at IAMGOLD Corporation, holding the positions of President and Chief Executive Officer. Among other jurisdictions, including various emerging market jurisdictions, IAMGOLD held interests in Mali (Sadiola and Yatela gold mines) during Mr. Conway's tenure at that company.

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

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

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

### *Judgments and Remedies*

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

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

### *Language / Communication*

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

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

## **13. RISKS AND UNCERTAINTIES**

### ***COVID 19***

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally.

The Company is subject to various market, political and regulatory trends as a result of the COVID-19 situation and additional business and financial risks that may result therefrom. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and disruptions, can all have an impact on the Issuer's operations and access to capital. There can be no assurance that the Issuer will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets, share prices and financial liquidity and that may severely limit the financing capital available to the Company.

### ***Exploration, Development and Operating Risks***

The exploration for, discovery and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not reduce or eliminate. While the discovery of gold and other minerals may result in substantial rewards, few properties

which are explored are ultimately developed into producing mines. Substantial expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of mineral products, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

### ***Mineral Exploration and Development***

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

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

### ***Financial Resources***

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

### ***Title to Properties***

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

### ***Business Risk***

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

### ***Financing Risk***

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

### ***Risks Associated with Operations in Mali***

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

foreign ownership, difficulty obtaining key equipment and components for equipment and inadequate infrastructure.

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

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

### ***Political Risk in Mali***

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

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

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

### ***Asset Location and Legal Proceedings***

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

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

### ***Permits***

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

### ***Gold Price***

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

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

### ***Currency Risk***

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

### ***Government Regulation***

The exploration and development activities of the Company require licenses, permits or other approvals from various federal, provincial and local governmental authorities and such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production,

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

### ***Operating Hazards and Risks***

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

### ***Environmental Compliance***

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

### ***Conflicts of Interest of Directors***

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

### ***The Company is Dependent on Key Officers and Employees***

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

### ***Limited Operating History***

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

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

## **14. ADDITIONAL INFORMATION**

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

## **COMPASS GOLD CORPORATION CORPORATE DIRECTORY**

Trading Symbol – CVB-V  
Exchange - TSX-V

### **Head Office**

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

Tel: 1-416-596-0996

Fax: 1-416-596-6902

Email: [info@compassgoldcorp.com](mailto:info@compassgoldcorp.com)

Website: [www.compassgoldcorp.com](http://www.compassgoldcorp.com)

### **Officers and Directors**

James Henderson, (Chairman Audit Committee and Director)

Larry Phillips (CEO and Director))

Madani Diallo, (Director)

Joseph Conway (Board Chairman and Director)

William Pugliese (Director)

Louis Nagy (CFO and Corporate Secretary)

### **Members of the Audit Committee**

James Henderson

Joseph Conway

William Pugliese

### **Members of the Compensation Committee**

James Henderson

Joseph Conway

William Pugliese

### **Legal Counsel, Canada and Registered Office**

Wildeboer Dellelce LLP  
365 Bay Street, Suite 800  
Toronto Ontario, M5H 2V1

Tel: 1-416-361-3121

Fax: 1-416-361-1790

### **Auditors**

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

Tel: 1-604-687-4747

Fax: 1-604-689-2778

### **Transfer Agent**

Computershare Investor Services  
3<sup>rd</sup> Floor- 510 Burrard St.  
Vancouver BC

Tel: 1-604-661-9400 ext 4479