MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2018

The following management discussion and analysis ("MD&A") of financial results is dated May 28, 2018 and reviews the business activities of Compass Gold Corporation ("Compass" or the "Company") and its subsidiaries, for the three months ended March 31, 2018, and describes the Company's business operations through to the date of this MD&A. The MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2018 and the notes attached thereto ("Financial Statements"), as well as the audited annual financial statements for the year ended December 31, 2017 and related MD&A. This MD&A and the accompanying Financial Statements for the three months ended March 31, 2018 have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors.

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 MD&A, is complete and reliable. The Company's board of directors (the "Board") follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management regularly to review the financial statements and the MD&A, and to discuss other financial, operating and internal control matters.

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

HIGHLIGHTS

- On February 28, 2018, the Company provided an update on the shallow soil geochemical survey program on the primary target within the Ouassada exploration permit on its Sikasso Property in Southern Mali, noting:
    - Two parallel, northwest-trending gold anomalies identified over strike lengths up to 12 km and widths up to 1 km.
    - Highest soil samples contain 3,800 parts per billion (ppb) gold (Au) (3.8 grams per tonne (g/t) Au) 550 m north of artisanal workings at Farabrakoura, and 1,200 ppb Au from a surface nodular iron oxide 350 m west of the workings at Farabrakoura. Highest gold concentrations are associated with areas near current artisanal gold workings, although anomalous samples are not restricted to known workings.
    - A total of 2,342 shallow geochemical samples were collected over the main target area on the Ouassada permit where the average gold background for shallow soil samples was 5 ppb and 8 ppb for nodular iron oxide samples.
    - Deep soil auger sampling continued on the primary target area while the near surface geochemistry teams moved to the next target areas on the Ouassada and Sankarani permits.

- A further update on April 3, 2018 on the shallow soil geochemical survey program on the primary target within the Ouassada exploration permit reported:

    - Four additional parallel, northwest-trending gold anomalies have now been identified over strike lengths up to 12 km and widths up to 2 km, bringing the total to nine.

    - Highest soil samples contain 3,800 parts per billion (ppb) gold (Au) (3.8 grams per tonne (g/t) Au) 550 m north of artisanal workings at Farabakoura. Highest gold concentrations are not restricted to areas of known workings.

    - In this latest round of work, a total of 1,139 shallow soil samples were collected on the Ouassada permit where the average gold background for shallow soil samples was 5 ppb.

    - Deep soil auger sampling at Ouassada is now 90% complete, and the shallow soil sampling is currently taking place on the Sankarani permit with 88% of the samples collected.

    - High-resolution Airborne geophysical interpretation, and structural and hyperspectral remote sensing (satellite) studies have been initiated.

- On May 7, 2018, the Company announced the results of the previously announced ongoing deep soil auger geochemical survey program at the Ouassada exploration permit. These results included:

    - Deep soil auger sampling has identified a broad 1.5 km wide long and 12 km long zone of anomalous gold at an average depth of 13 m beneath and coincident with the previously reported shallow soil sampling areas. This anomaly, which closely correlates with the bedrock geology, remains open to the north.

    - Gold concentrations up to 2,600 parts per billion (ppb) gold (Au) (2.6 grams per tonne (g/t) Au) occur at the artisanal workings at Farabakoura, and up to 722 ppb Au located 500 m southeast of the workings at Kabangoué North. Highest gold concentrations are not restricted to areas of known workings.

    - Close correlation of anomalous zones with shallow soil geochemistry and a mapped fault bounded Birimian volcanoclastic unit.

    - A total of 1,786 3-m composite deep soil auger samples from 11,556 m of drilling were analyzed over target area 1.

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

    - A total of 56 discrete sub-surface exploration targets were identified on the Sikasso Property, many of which are identical to the 35 near-surface targets previously reported in the August 2017 "National Instrument 43-101 Technical Report on the Sikasso Property, Southern Mali," by Dr. Sandy Archibald, P.Geo.

    - Three primary targets on Ouassada correspond with a 12-km long and 1-km wide zone of anomalous gold identified by shallow soil and deep auger drilling. The largest target identified through these recent studies covered an area of 12 sq. km.

- 10 target areas are identified on the Ouassada permit, 12 on Sankarani, 13 on Kourou, 11 on Tiélouléna, and 10 on Kalé.
- Reinterpretation of the historic and recent airborne geophysics defined numerous regional and local scale faults, and discrete lithological boundaries related to radiometric results
- A Sentinel-2 multispectral study identified hydrothermal iron oxide and clay alteration associated with faults and margins of intrusions, and which are commonly associated with mineralizing fluids in ore systems

Satellite and geophysical lineament analysis was performed, which complemented the results of the initial geophysical study

1. COMPANY OVERVIEW

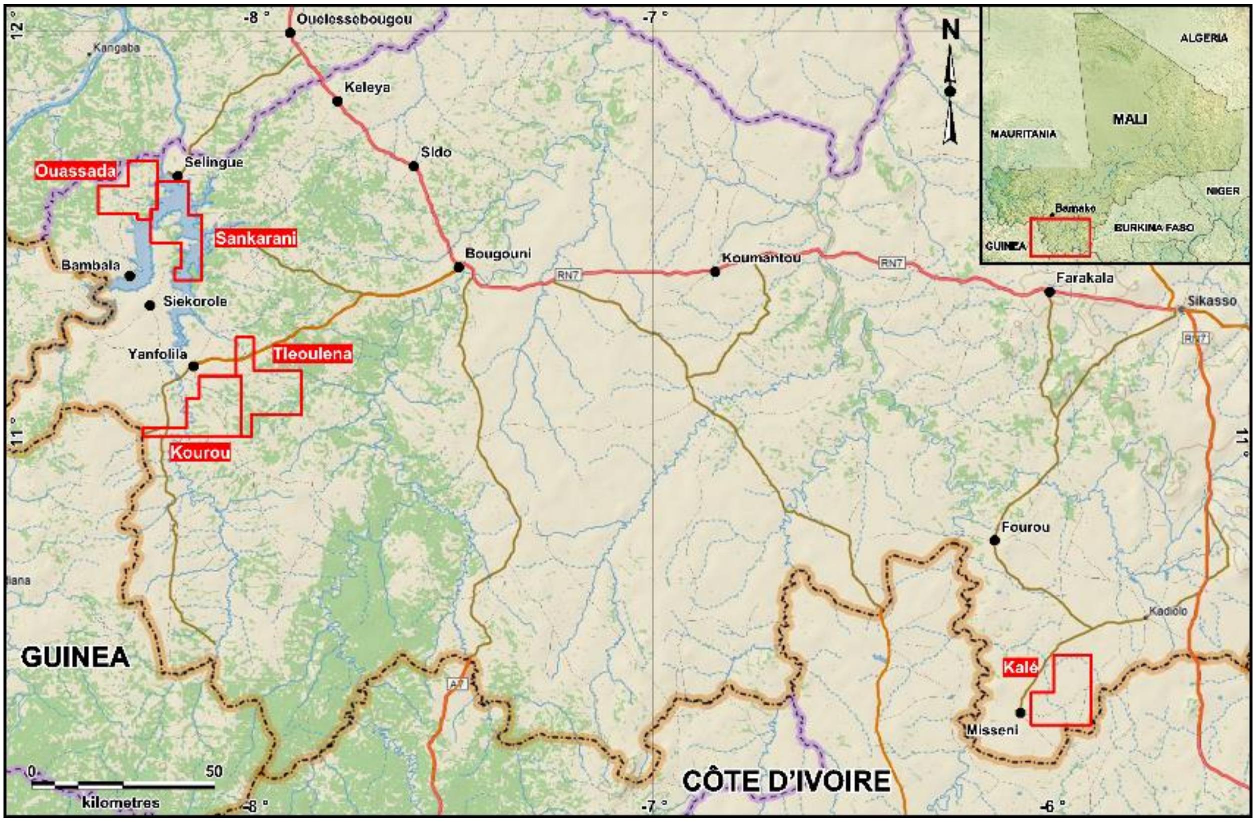
Compass, a public company having been continued from British Columbia to Ontario, is a Tier 2 issuer on the TSX-V. Through the recent Acquisition of MGE and its Malian subsidiaries, Compass holds gold exploration permits located in Mali that comprise the Sikasso Property. The exploration permits are located in three sites in southern Mali with a combined land holding of 1,179 sq. km. The Sikasso Property is located in the same region as several other 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 initiating a new exploration program. They are examining the first of numerous anomalies noted for further investigation in Dr. Archibald's August 2017 "National Instrument 43-101 Technical Report on the Sikasso Property, Southern Mali."

2. MINERAL PROPERTY

MGE holds, through subsidiaries, the Sikasso Property comprising five (5) gold exploration permits in Mali, West Africa covering a total area of 1,179 sq. km in established gold producing regions of Mali. The Company has now taken over MGE's business of gold mineral exploration in Mali.

The Sikasso Property comprises five exploration permits (see map below) at the following three sites:

- **Ouassada** and **Sankarini**;
- **Tiéouléna** and **Kourou**; (these four collectively referred to as the **Yanfolila Block**); and,
- **Kalé**.



As of March 31, 2018, the Company had incurred $6,172,837 of acquisition costs and $1,087,578 of exploration and development costs, plus the acquisition of machinery and equipment in the amount of $226,595, which represents exploration activities since the acquisition of the mineral properties were completed on November 29, 2017. For further information please refer to note 5 and 8 of the related Financial Statements for the three months ended March 31, 2018.

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

Project management and administrative support	$ 79,560
Property payment	1,166
Drilling and assay	694,848
Field work support	273,504
Technical studies	26,525
	1,075,603
Capital items purchase	226,595
Total expenditures	1,302,188

EXPLORATION ACTIVITY - November 30, 2017 to May 28, 2018

Initial Exploration Program

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

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

This first targeted anomaly, which was previously identified by Dr. Diallo and his team and partners, covers an area of approximately 60 sq. km.

The objective of the first stage of the drill program was to investigate the 12 discrete gold targets previously identified on the Ouassada permit area. This work was combined with a geochemical and auger drilling orientation survey to determine the most efficient method of assessing geophysical and geochemical targets in the permits. Based on the results of the initial sampling, Compass intends to conduct deeper reverse circulation and diamond drilling to determine the level of potentially economic mineralization in the bedrock.

Results of Initial Exploration Program

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

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

Highlights

- Two parallel, northwest-trending gold anomalies were identified over strike lengths up to 12 km and widths up to 1 km.
- Highest soil samples contained 3,800 parts per billion (ppb) gold (Au) (3.8 grams per tonne (g/t) Au) 550 m north of artisanal workings at Farabrakoura, and 1,200 ppb Au from a surface nodular iron oxide 350 m west of the workings at Farabrakoura. Highest gold concentrations are associated with areas near current artisanal gold workings, although anomalous samples are not restricted to known workings.

- A total of 2,342 shallow geochemical samples were collected over the main target area on the Ouassada permit where the average gold background for shallow soil samples was 5 ppb and 8 ppb for nodular iron oxide samples.
- Deep soil auger sampling continued on the primary target area while the near surface geochemistry teams moved to the next target areas on the Ouassada and Sankarani permits.

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

Highlights

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

Shallow soil geochemistry assays had been received on target zones 1, 2 and 3 on the Ouassada permit. The nine linear gold shallow soil anomalies correlated with structures present in the airborne magnetic data, and are highly encouraging. The Company looked forward to the infill shallow soil assays, and the result of the soil auger study. When all the geochemistry results were compiled and analyzed, they would form the basis for identifying bedrock drilling targets. This deeper drilling program is expected to be implemented in late Q2.

On May 7, 2018, the Company announced the results of the ongoing deep soil auger geochemical survey program at the Ouassada exploration permit. These results included:

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

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

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

Overall, the work program was currently progressing on time and within budget.

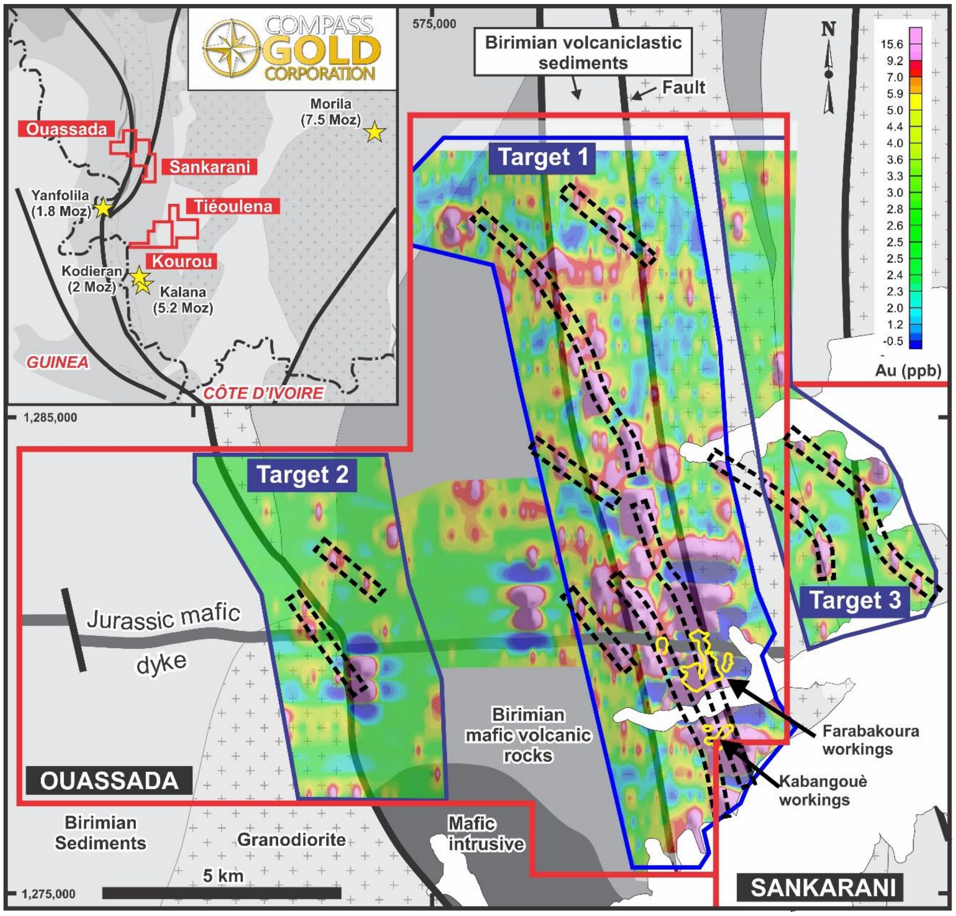


Figure: Location of the anomalous gold zones (dashed outlines) as identified by shallow soil geochemistry. Four additional zones are identified in target areas 2 and 3.

Current activities

Based on these initial shallow soil results, the Company is eagerly awaiting the remaining 813 results of the 2,024 holes (27,970 m) truck-mounted power auger soil samples collected within the Ouassada permit. The results of this program will be reported as soon as the assays are received from the laboratory. The results will be used to determine the location of drill holes to test the presence of bedrock mineralization.

The surface geochemistry teams have completed work over the adjacent Sankarani permit and the Kalé permit. A total of 1,715 samples were collected on Sankarani and 1,316 samples on Kalé, and have been dispatched to the assay laboratory.

Soil sampling teams are now in the process of collecting priority samples on the Kourou and Tiélouléna permits in the south Yanfolila block. These samples will be dispatched to the assay laboratory and reported in due course.

Internal target generation studies will be performed by the Compass exploration team in June and July to identify areas for additional (infill) geochemical sampling, and bedrock drilling starting in Q3.

3. RESULTS OF OPERTATIONS

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

Revenues

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

Expenses

During the three months ended March 31, 2018, the Company incurred a loss of $215,081 (2017 – $8,920). The current period reflects a significant increase in expenses as result of Compass becoming an active Company, through the acquisition of the MGE that was completed on November 29, 2017, and incurring normal operational expenditures for an exploration company of the size and activities of the Company.

Expenses for the three months ended March 31, 2018 were $215,081 (2017 - $8,920). Significant expenditures included and consisted of consulting fees of $22,000 (2017 - $3,000), Management and advisory fees of $106,452 (2017 – NIL), professional fees of $9,114 (2017 – Nil), listing and registration fees of $11,159 (2017 - $2,583), interest and bank charges of $1,931 (2017 - $1,837) foreign exchange loss of $31,453 (2017 - NIL), and general and administration expenses of $10,316 (2017 - $1,500).

Immediately after the completion of the transaction, that the Company implemented its initial exploration program. This increased activity of the Company has resulted in increases in management fees, professional fees and other administrative expenses as a result of supporting the exploration activities.

4. 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 March 31, 2018, the Company had the following capital stock position:

Common shares outstanding	27,341,951
Warrants outstanding	14,580,952
Broker warrants outstanding	620,849
Options outstanding	2,145,000

Basic common shares outstanding is 27,341,951. Fully diluted shares outstanding, which includes all issued common shares, warrants, broker warrants and options, totals 44,688,752. For further information on the Company's capital please refer to the notes of the Financial Statements (Note 9 – Share Capital, Note 10 - Reserves).

Subsequent to March 31, 2018, the Company announced that all of the 2,000,000 warrants that expired on May 4, 2018 were exercised at a price of $0.35, along with the 84,000 broker warrants, for total proceeds of $750,000. A further 228,571 warrants expiring on May 15, 2018 were exercised at $0.35 for total proceeds of $80,000. The exercise of these warrants brought Compass's total number of shares outstanding to 29,738,522.

5. LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2018 the Company had working capital of $3,860,285 (December 31, 2017 $5,282,779). Cash and cash equivalents as at March 31, 2018 were $4,035,139 compared to $5,436,302 as at December 31, 2017. The Company has no long-term debt and no long-term liabilities.

Cash Used in Operating Activities

Cash used in operating activities during the three months ended March 31, 2018 was $193,750 compared with $478,609 of cash used in operating activities during the year ended December 31, 2017. Cash was mostly spent on management and director fees, professional fees, listing and registration fees, and administrative costs.

Cash Used in Investing Activities

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

Cash Generated by Financing Activities

During the quarter ended March 31, 2017, the Company received $426,000 from the financing activities. This comprised loans from third parties totaling $41,000 and funds received for the Private Placement (which was not finalized until May 2017) totaling $385,000.

6. TRANSACTIONS WITH RELATED PARTIES

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

7. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

8. FINANCIAL INSTRUMENTS AND RISKS

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

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

It is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

The Financial Risk and Capital management of the Company is described in further details in Note 13 of the Financial Statements.

9. FORWARD LOOKING STATEMENTS

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

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

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

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

10. RISKS AND UNCERTAINTIES

Title and access to properties

The Company’s principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, decisions and policies of governmental authorities, metal prices, political and general economic conditions. Although the Company has taken steps to verify the title to its mineral interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects. The Company is dependent on the cooperation of surface rights holders to provide timely access to the Dingman Property. The Company has had ongoing disputes with the surface rights owners of the Dingman Property and cooperation of the surface rights owners in facilitating access to the Dingman Property for the Company cannot be assured. The Company has no significant source of operating cash flow and no revenues from operations.

Business Risk

Substantial expenditures are required to be made by the Company to establish ore reserves. The mineral interests being explored by the Company 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.

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.

Financing Risk

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.

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.

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 costs and expenses Euro dollar. Exchange rates have varied substantially in the last three years. Financings typically raise funds in Canadian dollars. The majority of exploration expenditures are incurred in Euro dollars 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 Company's mining operations and exploration and development activities are subject to laws and regulations governing health and worker safety, employment standards, exports, price controls, taxation, waste disposal, management and use of toxic substances and explosives, protection of the environment, mine development, protection of endangered and protected species, reclamation, historic and cultural preservation and other matters. Furthermore, the Company requires a number of different permits and licenses in order to carry on its business. Failure to comply with applicable laws, regulations and permits, even if inadvertent, may result in enforcement actions thereunder, including the forfeiture of claims, orders by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. The Company may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms and conditions of existing permits and agreements applicable to the Company or its properties, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. 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 the development of an exploration project or the operation or further development of a mine, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. 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.

11. ADDITIONAL INFORMATION

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

COMPASS GOLD CORPORATION
CORPORATE DIRECTORY

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Exchange - TSX-V

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Joseph Conway (Director)
William Pugliese (Director)
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Members of the Audit Committee
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