

Compass Gold Corporation
Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018

(Unaudited)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

Compass Gold Corporation

August 29, 2018

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

	Note	June 30, 2018	December 31, 2017
Assets			
Current assets			
Cash		\$ 3,688,747	\$ 5,436,302
Receivables	4	155,877	63,511
Prepays		1,450	1,450
Total Current Assets		3,846,074	5,501,263
Non-Current assets			
Exploration and evaluation asset	5	8,376,194	6,267,622
Machinery and equipment	6	217,762	-
Non-Current Assets		8,593,956	6,267,622
Total Assets		\$ 12,440,030	\$ 11,768,885
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	7	\$ 450,452	\$ 218,484
Total Liabilities		450,452	218,484
Shareholders' Equity			
Share capital	9	23,145,060	22,272,527
Share-based payment reserve	10	2,624,333	2,687,008
Deficit		(13,779,816)	(13,409,134)
Total Shareholders' Equity		11,989,577	11,550,401
Total Liabilities and Shareholders' Equity		\$ 12,440,029	\$ 11,768,885
Nature and continuance of operation	1		
Commitments related to project spending	5		

ON BEHALF OF THE BOARD

/s/ Larry Phillips

Larry Phillips, Chief Executive Office

/s/ Lou Nagy

Lou Nagy, Chief Financial Officer

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

		Three months ended June 30		Six months ended June 30	
	Note	2018 \$	2017 \$	2018 \$	2017 \$
Expenses					
Management fees	11	106,452	9,000	212,904	9,000
Consulting fees		29,715	46,293	51,715	49,293
Insurance		-	6,242	16,150	6,242
Listing and registration fees		15,107	4,861	26,266	7,444
General office expenses		11,187	1,088	21,503	2,589
Professional fees		21,173	15,153	30,287	15,153
Travel expenses		18,876	19,472	25,382	19,472
Interest and bank charges	11	1,452	225	3,383	2,061
Foreign exchange loss		(27,820)	449	3,633	449
Total Expenses		(176,142)	(102,783)	(391,223)	(111,703)
Net and comprehensive loss		(176,142)	(102,783)	(391,223)	(111,703)
Loss per share –					
Basic and diluted	9	(0.01)	(0.05)	(0.01)	(0.08)
Weighted average number of shares outstanding					
Basic and diluted*	9	28,913,036	1,964,573	28,127,494	1,362,794

* Note – During the year ended December 31, 2017 the Company completed the Share Consolidation (see note 9(a) – Share consolidation). All share and per share numbers, including comparatives, have been adjusted to reflect the effect of the Share Consolidation.

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

	Note	Share Capital		Share-based payment reserve	Deficit	Total Equity
		Number of shares*	Amount			
Balance at December 31, 2016		760,999	\$ 10,286,129	\$ 1,953,146	\$ (12,357,115)	\$ (117,840)
Shares issued pursuant to private placement	9(b)	2,000,000	500,000	-	-	500,000
Shares issued for debt	9(c)	380,952	133,333	51,352	-	184,685
Share issuance costs	9	-	(57,940)	22,690	-	(35,250)
Net and comprehensive loss for the period		-	-	-	(111,703)	(111,703)
Balance at June 30, 2017		3,141,951	10,861,522	2,027,188	(12,468,818)	419,892
Shares issued for purchase of Mali Gold	9(e)	12,000,000	6,000,000	-	-	6,000,000
Shares issued pursuant to private placement	9(d)	12,000,000	6,000,000	-	-	6,000,000
Shares issued for services	9(f)	200,000	100,000	89,015	-	189,015
Share based compensation	10	-	-	343,234	-	343,234
Share issuance costs	9	-	(688,995)	227,571	-	(461,424)
Net and comprehensive loss for the period		-	-	-	(940,316)	(940,316)
Balance at December 31, 2017		27,341,951	22,272,527	2,687,008	(13,409,134)	11,550,401
Shares issued from exercised warrants	9(g)	2,396,571	830,399	-	-	830,399
Fair market value of exercised warrants	9(g)	-	42,134	(42,134)	-	-
Expired Warrants		-	-	(20,541)	20,541	-
Net and comprehensive loss for the period		-	-	-	(391,223)	(391,223)
Balance at June 30, 2018		29,738,522	\$ 23,145,060	\$ 2,624,333	\$ (13,779,816)	\$ 11,989,577

* Note – During the year ended December 31, 2017 the Company completed the Share Consolidation (see note 9(a) – Share consolidation). All share and per share numbers, including comparatives, have been adjusted to reflect the effect of the Share Consolidation.

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

	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flows used in operating activities		
Net loss for the period	\$ (391,223)	\$ (111,703)
Changes in non-cash working capital items:		
Receivables	(92,366)	(2,114)
Trade payable and accrued liabilities	231,968	(31,121)
Cash flows used in operating activities	(251,621)	(144,938)
Cash flows from investing activities		
Acquisition of machinery and equipment	(247,974)	-
Exploration and evaluation expenditure	(2,078,359)	-
Cash flows from investing activities	(2,326,333)	-
Cash flows from financing activities		
Proceeds from exercised warrants	830,399	-
Loan received, net of repayment	-	37,542
Private placement funds received	-	500,000
Share issuance expense	-	(35,250)
Cash flows from financing activities	830,399	502,292
Net change in cash	(1,747,555)	357,354
Cash, beginning of period	5,436,302	1,775
Cash, end of period	\$ 3,688,747	\$ 359,129

1. Nature and continuance of operations

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

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. On November 30, 2017, the Company completed the acquisition of Mali Gold Exploration Pty Ltd ("MGE") (Note 8) together with a \$6,000,000 financing (Note 9(d)). The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with available cash on hand and/or private placement of common shares, if required.

2. Accounting policies and basis of preparation

Statement of Compliance with International Financial Reporting Standards

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company reported in Note 2 and 3 in its audited annual consolidated financial statements for the year ending December 31, 2017. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 21, 2018.

Basis of preparation

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

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

Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its controlled entities. Details of the controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		June 30, 2018	December 31, 2017
Exploration Azteca S.A De.C.V	Mexico	100%	100%
Mail Gold Exploration PTY LTD	Australia	100%	100%
SERM S.A.	Republic of Mali	100%	100%
REM S.A.	Republic of Mali	100%	100%
ML Commodities Mali S.A.	Republic of Mali	100%	100%

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant estimates and assumptions

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

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

Significant judgments

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

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

Adoption of IFRS 9 – Financial Instruments (“IFRS 9”)

The Company adopted all of the requirements of IFRS 9 Financial Instruments (“IFRS 9”) as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilize a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/ liabilities	Original Classification IAS 39	New classification IFRS 9
Cash	Loans and receivables	Financial asset at amortized cost
Receivables	Loans and receivables	Financial asset at amortized cost
Trade payables	Non-derivative financial liabilities	Financial liability at amortized cost

The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of reserves on January 1, 2018.

Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of comprehensive loss.

3. Accounting standards issued by not yet effective

IFRS 16 "Leases" ("IFRS 16")

IFRS 16 replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has not yet assessed the future impact of this new standard on its financial statements.

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

4. Receivables

	June 30, 2018	December 31, 2017
Taxes recoverable	\$ 96,506	\$ 63,511
Other receivables	59,371	-
Total receivables	\$ 155,877	\$ 63,511

5. Exploration and evaluation assets

	June 30, 2018	December 31, 2017
Acquisition of Sikasso Property (Note 8)	\$ 6,172,837	\$ 6,172,837
Exploration expenditure incurred and capitalized	2,203,357	94,785
	\$ 8,376,194	\$ 6,267,622

The exploration and evaluation assets comprise the Ouassada, Kalé, Sankarani, Kourou and Tieouléna gold exploration permits, collectively referred to as the Sikasso Property. All permits are for properties located in the gold producing regions of Mali. The Sikasso property was acquired as part of the Acquisition of Mali Gold Exploration in November 2017 (refer Note 8).

The Ouassada, Kalé, Sankarani, Kourou and Tieouléna permits were all granted to subsidiaries of the Company in February 2011. The permits are effective for three years, and the Company may renew the permits twice for additional three year periods. All these permits have been renewed in the ordinary course of operations. In order to maintain these permits in good standing, the Company was required to incur minimum exploration expenditures on each of the permits.

During the current period, the Company has been renewing the permits currently held to extend the life of the licenses to conduct mineral exploration. As a result of this process, the permits have been renewed resulting in the Company to commit to exploration expenditures over the next three years, which are as follows:

First year	\$ 840,010
Second year	\$1,518,305
Third year	\$4,261,529

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

6. Machinery and equipment

Machinery and equipment consist of the following:

Cost	Machinery	Equipment	Total
Balance, December 31 2017	\$ -	\$ -	\$ -
Additions in the period	210,032	37,942	247,974
Balance, June 30 2018	\$ 210,032	\$ 37,942	\$ 247,974

Accumulated Depreciation	Machinery	Equipment	Total
Balance, December 31 2017	\$ -	\$ -	\$ -
Additions in the period	28,413	2,173	30,586
Balance, June 30 2018	\$ 28,413	\$ 2,173	\$ 30,586

Net Book Value	Machinery	Equipment	Total
December 31 2017	\$ -	\$ -	\$ -
June 30, 2018	\$ 181,618	\$ 35,769	\$ 217,387

Depreciation is included with exploration expenditure incurred and capitalized.

7. Trade payable and accrued liabilities

	June 30, 2018	December 31, 2017
Trade payables	\$ 314,922	\$ 88,493
Amounts due to related parties (Note 11)	97,878	87,446
Accrued liabilities	37,652	42,545
	\$ 450,452	\$ 218,484

8. Acquisition of Mail Gold Exploration

The condensed interim consolidated financial statements have been prepared to give effect to the acquisition of 100% of MGE, a company incorporated in the Commonwealth of Australia, through the issue of shares, such that MGE becomes an indirect wholly-owned subsidiary of the Company (the "Transaction").

Upon closing of the Transaction, MGE became a wholly-owned subsidiary of the Company. MGE holds, through subsidiaries, the Sikasso Property comprising five (5) gold exploration licenses in Mali, West Arica covering established gold producing regions of Mali. The Company has now taken over MGE's business of gold mineral exploration in Mali.

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

Compass Gold Corporation
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited, expressed in Canadian dollars)
For the three and six months ended June 30, 2018 and 2017

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

A summary of the consideration paid is set out below:

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

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

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

9. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2018 there were 29,738,522 issued and fully paid common shares (December 31, 2017 – 27,341,951).

Escrow shares

At June 30, 2018, there were 6,816,798 shares in escrow (December 31, 2017 – 7,574,221).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended June 30, 2018 was based on the loss attributable to common shareholders of \$176,142 (2017 - \$102,783) and the weighted average number of common shares outstanding of 28,913,036 (2017 – 1,964,573). For the six months ended June 30, 2018, basic and diluted loss per share was based on the loss attributable to common shareholders of \$391,223 (2017 - \$111,703) and the weighted average number of common shares outstanding of 28,127,494 (2017 – 1,326,794). Diluted loss per share did not include the effect of the stock options outstanding as the effect would be anti-dilutive.

(a) Share Consolidation

On November 29, 2017, prior to the acquisition of MGE, the Company completed a consolidation of its common shares on the basis of one (1) new post-consolidation share for every five (5) pre-consolidation common shares. All share and per share information in these condensed interim consolidated financial statements have been restated to reflect the impact of the share consolidation

(b) Private Placement May 2017

On May 4, 2017, the Company closed a private placement to raise gross proceeds of \$500,000 by the issue of 2,000,000 units at a price of \$0.25 per unit. Each unit was comprised of one common share and one transferable common share purchase warrant. Each warrant entitled the holder to purchase one additional common share of the Company at a price of \$0.35 per share until May 4, 2018.

As part of the private placement, cash finders' fees totalling \$22,750 were paid and 84,000 broker warrants were issued to qualified persons acting as finders. Each broker warrant was exercisable into units of the private placement at a price of \$0.35 per unit until May 4, 2018. Each broker warrant comprises of one common share of the Company and one non-transferable warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.35 per share until May 4, 2018. The fair value of broker warrants issued in this placement was estimated at \$11,323. Additional share issuance costs of \$12,500 were incurred related to this private placement.

(c) Shares for debt May 2017

On May 11, 2017, the Company issued a total of 380,952 units in the Company to settle a total of \$100,000 of loans. Each unit was comprised of one common share and one transferable common share purchase warrant. Each warrant entitled the holder to purchase one additional common share of the Company at a price of \$0.35 per share until May 11, 2018. The fair value of the common shares is \$133,333 and the fair value of the warrants is \$51,352, resulting in a total fair value of \$184,685 and a loss on debt settlement of \$84,685.

(d) Private Placement November 2017

Immediately prior to 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 was comprised of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.75 per share until November 29, 2020.

As part of the private placement, cash finders' fees totalling \$154,424 were paid and 536,849 brokers' warrants were issued to qualified persons acting as finders. Each broker warrant is exercisable into units of the Company at a price of \$0.50 per unit until November 29, 2019. Each broker warrant comprises one common share of the Company and one non-transferable warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.75 per share until November 29, 2020. The fair value of the broker warrants issued in this private placement was estimated at \$238,938. Additional share issuance costs of \$307,000 were incurred related to this private placement.

(e) Acquisition of Mali Gold Exploration Ltd. ("MGE")

On November 29, 2017, the Company issued 12,000,000 common shares to MGE shareholders in exchange for 100% of the outstanding shares of MGE (Note 8). Upon closing, MGE became a wholly owned subsidiary of the Company.

The fair value of each share of \$0.50 per share is based on the value of the private placement completed immediately prior to this transaction. The total value of the shares issued under this transaction is \$6,000,000.

(f) Shares for Service - Acquisition of MGE

In connection with the concurrent private placement (note 9(d)), a financial advisor was paid 200,000 units, under the same terms as the financing in note 9 (d), which is equal to 200,000 common shares and 200,000 warrants. Each warrant is exercisable at a price of \$0.75 per unit until November 29, 2020. The fair value of the common shares is \$100,000 and the fair value of the warrants is \$89,015, resulting in a total fair value of \$189,015 and a loss on debt settlement of \$89,015.

(g) Exercise of warrants

Effective May 4, 2018, a total of 2,396,571 warrants were exercised for total gross proceeds of \$830,399. All of the 2,000,000 warrants that expired on May 4, 2018 were exercised at a price of \$0.35, along with the 84,000 broker warrants, for total proceeds of \$750,400. A further 228,571 warrants expiring on May 15, 2018 were exercised at \$0.35 for total proceeds of \$79,999.

BROKER WARRANTS

The changes in broker warrants during the six months ended June 30, 2018 and year ended December 31, 2017 as follows:

	June 30, 2018		December 31, 2017	
	Number of options*	Weighted average exercise price* (\$)	Number of options*	Weighted average exercise price* (\$)
Warrants outstanding, beginning	620,849	0.48	-	-
Warrants granted	-	-	620,849	0.48
Warrants exercised	(84,000)	0.25	-	-
Warrants outstanding, ending	536,849	0.50	620,849	0.48

* The number of warrants and the warrant exercise prices have been adjusted to reflect the impact of the Share Consolidation.

Details of broker warrants outstanding as at June 30, 2018 are as follows:

Expiry Date	Ref	Weighted average exercise price (\$)	Warrants Outstanding	Weighted average Contractual Life (Years)
November 29, 2019	Note 9 (d)	0.50	536,849	1.42

The fair values of the broker warrants issued for the year ended December 31, 2017 were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2017
Risk free interest rate	0.72%-1.43%
Expected dividend yield	Nil
Expected volatility	100%
Expected life	1 - 2 years

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

WARRANTS

The changes in warrants during the six months ended June 30, 2018 and year ended December 31, 2017 as follows:

	June 30, 2018		December 31, 2017	
	Number of warrants*	Weighted average exercise price*(\$)	Number of warrants*	Weighted average exercise price* (\$)
Warrants outstanding, beginning of year	14,580,952	0.68	-	-
Warrants issued	-	-	14,580,952	0.68
Warrants expired	(152,381)	0.35	-	-
Warrants exercised	(2,228,571)	0.35	-	-
Warrants outstanding, end of year	12,200,000	0.75	14,580,952	0.68

* The number of warrants and the warrant exercise prices have been adjusted to reflect the impact of the Share Consolidation.

Details of warrants outstanding as at June 30, 2018 are as follows:

Expiry Date	Ref	Weighted average exercise price (\$)	Options Outstanding	Weighted average Contractual Life (Years)
November 29, 2019	Note 9(f)	0.75	200,000	2.42
November 29, 2019	Note 9(d)	0.75	12,000,000	2.42
		0.75	12,200,000	2.42

10. Reserves

Share-based payment reserve

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

Stock options

The Company has a stock option plan (the "Plan"), under which the Company may grant options to directors, officers, employees, and third party service providers. Under the terms of the Plan that was re-approved by the shareholders on August 21, 2018, the Company is authorized to issue a maximum of 10% of the issued and outstanding shares.

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

Compass Gold Corporation
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited, expressed in Canadian dollars)
For the three and six months ended June 30, 2018 and 2017

The changes in options during the three and six months ended June 30, 2018 and year ended December 31, 2017 as follows:

	June 30, 2018		December 31, 2017	
	Number of options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)
Options outstanding, beginning	2,145,000	0.50	500	24.00
Options expired	-	-	(500)	(24.00)
Options granted	-	-	2,145,000	0.50
Options outstanding, ending	2,145,000	0.50	2,145,000	0.50

Details of options outstanding as at June 30, 2018 are as follows:

Expiry Date	Weighted average exercise price (\$)	Options Outstanding	Options Exercisable	Weighted average Contractual Life (Years)
December 31, 2018	0.50	120,000	120,000	0.50
December 31, 2022	0.50	2,025,000	675,000	4.50
	0.50	2,145,000	795,000	4.53

During the year ended December 31, 2017, the Company granted 2,145,000 (2016 – nil) new options. 120,000 of the options vest immediately and 2,025,000 vest as one-third on the date of grant and one-third on each of the first and second anniversary of the grant. The Company recognized a total expense of \$343,234 for the year ended December 31, 2017 (2016 - \$nil) in respect of the options vesting during the year. Share based payments expense is included in general and administrative costs.

The fair values of the options issued for the year ended December 31, 2017 were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2017
Risk free interest rate	1.41%
Expected dividend yield	Nil
Expected volatility	100%
Expected life	1 - 5 years

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

11. Related party transactions

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

Related party balances

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

	June 30, 2018	December 31, 2017
Directors and officers of the Company (Note 6) – trade payables and accruals	\$ 97,878	\$ 87,446
	\$ 97,878	\$ 87,446

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

Related party transactions

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

	Six months ended June 30, 2018	Six months ended June 30, 2017
Management, officers and director fees	\$ 193,000	\$ 9,000
Management fees in exploratory and evaluation asset	\$ 74,250	\$ -
Interest paid to companies controlled by a director	\$ -	\$ 5,078
Total	\$ 267,250	\$ 14,078

During the year ended December 31, 2017, \$59,000 of the loan from the director was assigned to third parties. These third parties also advanced other funds to the Company. These loans were assigned/advanced on the same terms and conditions as the original loan from the director.

12. Segmented information

Operating segments

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

Geographic segments

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

13. Financial instruments and capital management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in its bank account. The majority of cash is held in a bank account with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's source of funding has been the issuance of equity securities for cash, primarily through private placements as well as a loan facility. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

All of the Company's financial liabilities as at June 30, 2018 are due within one year of the financial period end date.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's subsidiaries located in Mali are exposed to currency risk as it incurs expenditures that are denominated in West African CFA franc ("CFA"), which is the currency in the Republic of Mali while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

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

	June 30, 2018	December 31, 2017
Cash and cash equivalents	\$ 638,312	\$ 61,137
Receivables	59,371	-
Trade payables	(368,118)	(64,697)
Net Exposure	\$ 329,569	\$ (3,560)

Based on the above net exposures, as at June 30, 2018, a 10% change in the CFA franc exchange rate would impact the Company's net loss by \$32,957 (December 31, 2017 – (\$356)).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At June 30, 2018, the Company does not have any financial instruments recorded that bear interest at variable rates and therefore interest rate risk is not considered significant.

Classification of financial instruments

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

	June 30, 2018	December 31, 2017
Financial assets at amortized cost:		
Cash	\$ 3,688,747	\$ 5,436,302
Receivables	\$ 155,877	\$ 63,511

Compass Gold Corporation
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited, expressed in Canadian dollars)
For the three and six months ended June 30, 2018 and 2017

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

	June 30, 2018	December 31, 2017
Financial liabilities at amortized cost:		
Trade payables	\$ 450,452	\$ 88,493

Fair value

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

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

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

Cash and other receivables fall under Level 1.

There were no transfers between levels during the period.

Capital Management

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

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