

Compass Gold Corporation
Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021 and 2020

(Unaudited, expressed in Canadian Dollars)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

Compass Gold Corporation

August 19, 2021

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

	Note	June 30 2021	December 31 2020
Assets			
Current assets			
Cash		\$ 884,556	\$ 3,846,616
Receivables	4	79,887	58,429
Prepays		44,756	96,136
Total Current Assets		1,009,199	4,001,181
Non-Current assets			
Exploration and evaluation asset	5	19,817,438	17,784,100
Equipment	6	55,705	35,481
Non-Current Assets		19,873,143	17,819,581
Total Assets		\$ 20,882,342	\$ 21,820,762
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	7, 10	\$ 243,352	\$ 582,837
Total Liabilities		243,352	582,837
Shareholders' Equity			
Share capital	8	34,186,517	34,146,767
Share-based payment reserve	9	3,798,406	3,693,038
Deficit		(17,345,933)	(16,601,880)
Total Shareholders' Equity		20,638,990	21,237,925
Total Liabilities and Shareholders' Equity		\$ 20,882,342	\$ 21,820,762
Nature and continuance of operation	1		
Commitments related to project spending	5		
Subsequent events	13		

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	2021 \$	2020 \$	2021 \$	2020 \$
Expenses					
Management fees	10	109,633	110,984	219,135	220,463
Consulting fees		31,000	6,000	74,500	30,330
Listing and registration fees		12,931	15,355	29,715	33,356
Investor relations		-	-	10,416	17,388
Insurance		-	-	23,513	19,479
General office expenses		11,012	8,178	18,410	17,074
Professional fees		12,742	16,343	27,622	29,640
Travel		762	515	1,462	6,571
Interest and bank charges		617	588	2,015	2,121
Share based payments	9, 10	61,669	54,941	123,338	98,540
Foreign exchange (gain)\loss		366,124	65,714	213,927	62,028
Total Expenses		606,490	278,618	744,053	536,990
Net and comprehensive loss		(606,490)	(278,618)	(744,053)	(536,990)
Loss per share –					
Basic and diluted		(0.01)	(0.005)	(0.01)	(0.01)
Weighted average number of shares outstanding					
Basic and diluted		72,719,278	54,425,067	72,712,623	54,425,067

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

Share Capital						
	Note	Number of shares	Amount	Share-based payment reserve	Deficit	Total Equity
Balance at December 31, 2019		54,425,068	\$ 30,819,493	\$ 3,477,603	\$ (15,805,177)	\$ 18,491,919
Share based compensation	9	-	-	98,540	-	98,540
Expired warrants		-	-	(109,260)	109,260	-
Net and comprehensive loss for the period		-	-	-	(536,990)	(536,990)
Balance at June 30, 2020		54,425,068	\$ 30,819,493	3,466,883	\$ (16,232,907)	\$ 18,053,469
Shares issued pursuant to private placement	8(a)	18,185,310	3,637,062	-	-	3,637,062
Share issue costs	8(a)	-	(309,788)	127,615	-	(182,173)
Share based compensation	9	-	-	98,540	-	98,540
Net and comprehensive loss for the period		-	-	-	(368,973)	(368,973)
Balance at December 31, 2020		72,610,378	\$ 34,146,767	\$ 3,693,038	\$ (16,601,880)	\$ 21,237,925
Shares issued from exercise of broker warrants	8(b)	108,900	21,780	-	-	21,780
Fair market value adjustment from exercise		-	17,970	(17,970)	-	-
Share based compensation	9	-	-	123,338	-	123,338
Net and comprehensive loss for the period		-	-	-	(744,053)	(744,053)
Balance at June 30, 2021		72,719,278	\$ 34,186,517	\$ 3,798,406	\$ (17,345,933)	\$ 20,638,990

See accompanying notes to the condensed interim consolidated financial statements

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

	Six months ended June 30, 2021	Six months ended June 30, 2020
Cash flows used in operating activities		
Net loss for the period	\$ (744,053)	\$ (536,990)
Adjustments for items not affecting cash:		
Share based payments	123,338	98,540
Changes in non-cash working capital items:		
Receivables and prepayments	(21,458)	35,815
Prepays	51,380	-
Trade payable and accrued liabilities	(339,485)	(536,846)
Cash flows used in operating activities	(930,278)	(939,481)
Cash flows from investing activities		
Acquisition of equipment	(32,918)	(6,723)
Exploration and evaluation expenditures	(2,020,644)	(2,263,071)
Cash flows used in investing activities	(2,053,562)	(2,269,794)
Cash flows from financing activities		
Proceeds from exercise of broker warrants	21,780	-
Cash flows from financing activities	21,780	-
Net change in cash	(2,962,060)	(3,209,275)
Cash, beginning of period	3,846,616	5,020,296
Cash, end of period	\$ 884,556	\$ 1,811,021

1. Nature and continuance of operations

Compass Gold Corporation (the "Company") was incorporated on July 1, 2002, under the laws of Alberta and subsequently continued into Ontario, Canada, and its principal activity is the acquisition and exploration of mineral properties. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "CVB.V". The registered office of the Company is located at 365 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. The Company has incurred cumulative net losses of \$17,345,933 as at June 30, 2021. The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations and, upon successful results from its exploration activities, to be able to attain profitable operations. There is no guarantee that the Company will be able to complete any of the above objectives. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with available cash on hand and, if required, through the private placement of common shares.

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, potentially leading to an economic downturn. Management continues to monitor the impact of the pandemic on all aspects of its business but anticipates that it may impact its ability to raise financing.

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, 2020. 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 19, 2021.

Basis of preparation

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

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

Comparative information

Certain amounts of the prior period balances have been reclassified to conform with the presentation of the current period 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, 2021	December 31, 2020
Compass Gold Exploration	Canada	100%	100%
Exploration Azteca S.A De.C.V	Mexico	100%	100%
Mali Gold Exploration PTY LTD	Australia	100%	100%
SERM S.A.	Republic of Mali	100%	100%
REM S.A.	Republic of Mali	100%	100%
ML Commodities Mali S.A.	Republic of Mali	100%	100%
Mali Gold Exploration SARL	Republic of Mali	100%	NA

*Percentage of voting power is in proportion to ownership.

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

Significant estimates and assumptions

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

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

Significant judgments

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

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

3. Adoption and future changes in Accounting standards

Certain pronouncements were issued by the IASB that are mandatory for accounting years on or after January 1, 2021 or later years. Many are not applicable or do not have significant impact on the Company and have been excluded. The following standard is likely to apply to the Company, has not yet been adopted and is being evaluated to determine its impact.

IAS 1 - Presentation of Financial Statements ("IAS 1") was amended in January 2020 to address inconsistencies with how entities apply the standard over classification of current and non-current liabilities. The amendment addresses whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. This amendment is effective for annual years beginning on or after January 1, 2022. Earlier adoption is permitted. The Company is evaluating the impact of the adoption of this amendment on its financial statements.

4. Receivables

	June 30 2021	December 31 2020
Taxes recoverable	37,785	57,499
Other receivables	42,102	930
	\$ 79,887	\$ 58,429

5. Exploration and evaluation assets

		June 30 2021	December 31 2020
Acquisition of Sikasso Property	\$	6,172,837	\$ 6,172,837
Exploration expenditure incurred and capitalized		13,644,601	11,611,263
	\$	19,817,438	\$ 17,784,100

The exploration and evaluation assets comprise the Faraba-Koura, Ouassada, Kalé, Sankarani, Kourou, Lontola, Badogo, Kapélégué, Tiélouléna and Sankarani Est gold exploration permits, collectively referred to as the Sikasso Property. All permits are for properties located in Mali.

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

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

First year	\$1,343,091
Second year	\$1,706,184
Third year	\$4,446,181

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

6. Equipment

Equipment consists of the following:

Cost	Machinery	Equipment	Total
Balance, December 31, 2019	\$ 207,923	\$ 42,286	\$ 250,209
Additions	-	13,610	13,610
Disposition	-	-	-
Balance, December 31, 2020	\$ 207,923	\$ 55,896	\$ 263,819
Additions	31,372	1,546	32,918
Disposition	-	-	-
Balance, June 30, 2021	\$ 239,295	\$ 57,442	\$ 296,737

Accumulated Depreciation	Machinery	Equipment	Total
Balance, December 31, 2019	\$ 130,362	\$ 15,763	\$ 146,125
Amortization	70,073	12,140	82,213
Dispositions	-	-	-
Balance, December 31, 2020	\$ 200,435	\$ 27,903	\$ 228,338
Amortization	6,668	6,026	12,694
Dispositions	-	-	-
Balance, June 30, 2021	\$ 207,103	\$ 33,929	\$ 241,032

Net Book Value	Machinery	Equipment	Total
December 31, 2020	\$ 7,488	\$ 27,993	\$ 35,481
June 30, 2021	\$ 32,192	\$ 23,513	\$ 55,705

Depreciation is included with exploration expenditure incurred and capitalized

7. Trade payable and accrued liabilities

		June 30 2021	December 31 2020
Trade payables and accruals	\$	243,352	\$ 559,489
Amounts due to related parties (Note 10)		-	23,348
	\$	243,352	\$ 582,837

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2021 there were 72,719,278 issued and fully paid common shares (December 31, 2020 – 72,610,378).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the six months ended June 30, 2021 was based on the loss attributable to common shareholders of \$744,053 (2020 - \$536,990) and the weighted average number of common shares outstanding of 72,719,278 (2020 – 54,425,067). For the three months ended June 31, 2021, the calculation of basic and diluted loss per share was based on loss attributable to common shareholders of \$606,490 (2020 – 278,618) and the weighted average number of common shares outstanding of 72,712,623 (2020 – 54,425,067). Diluted loss per share did not include the effect of stock options and warrants outstanding as the effect would be anti-dilutive.

(a) Private Placement December 2020

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 total \$106,980, of which \$85,200 was paid and \$21,780 was recorded in accruals and used to offset the proceeds from the warrants exercised subsequent to December 31, 2020 (Note 7 and 14), 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 share until December 15, 2022. The fair value of broker warrants issued in this placement is estimated at \$127,615. Additional share issuance costs of \$75,193 were incurred related to this private placement.

Insiders of the Company purchased an aggregate of 1,210,000 shares under the Offering, for aggregate consideration of \$242,000.

(b) Exercise of broker warrants

During the six month period ended June 30, 2021, 108,900 broker warrants were exercised at a price of \$0.20 per share to issue 108,900 common shares. Gross proceeds received by the Company was \$21,780.

A fair value adjustment from the exercise of the warrants was recognized in an amount of \$17,970 and is shown as an adjustment between share based payment reserve and share capital.

Compass Gold Corporation
Notes to the condensed interim consolidated financial statements
For the three and six months ended June 30, 2021 and 2020

Broker warrants

The changes in broker warrants during the six months ended June 30, 2021 and year ended December 31, 2020 are as follows:

	June 30, 2021		December 31, 2020	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
Warrants outstanding, beginning	774,900	0.20	359,543	0.30
Warrants expired	-	-	(359,543)	0.30
Warrants granted	-	-	774,900	0.20
Warrants exercised	(108,900)	0.20	-	-
Warrants outstanding, ending	666,000	0.20	774,900	0.20

The fair values of the broker warrants issued for the year ended December 31, 2020 were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2020
Risk free interest rate	0.25%
Expected dividend yield	Nil
Expected volatility	166%
Expected life	2 year

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

Details of broker warrants outstanding as at June 30, 2021 are as follows:

Expiry Date	Weighted average exercise price (\$)	Warrants Outstanding	Weighted average Contractual Life (Years)
December 15, 2022	0.20	666,000	1.46
	0.20	666,000	1.46

Compass Gold Corporation
Notes to the condensed interim consolidated financial statements
For the three and six months ended June 30, 2021 and 2020

Warrants

The changes in warrants during the six months ended June 30, 2021 and the year ended December 31, 2020 are as follows:

	June 30, 2021		December 31, 2020	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
Warrants outstanding, beginning	12,000,000	0.75	12,200,000	0.75
Warrants expired	-	-	(200,000)	0.75
Warrants exercised	-	-	-	-
Warrants outstanding, ending	12,000,000	0.75	12,000,000	0.75

Details of warrants outstanding as at June 30, 2021 are as follows:

Expiry Date	Weighted average exercise price (\$)	warrants Outstanding	Weighted average Contractual Life (Years)
November 29, 2021	0.75	12,000,000	0.42
	0.75	12,000,000	0.42

On November 25, 2020 the Company announced that the TSX-V 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-V 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.

9 Reserves

Share-based payment reserve

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

Stock options

The Company has a stock option plan (the "Plan"), under which the Company may grant options to directors, officers, employees, and third-party service providers. Under the terms of the Plan, which was re-approved by the shareholders on June 29, 2021, 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.

The changes in options during the six months ended June 30, 2021 and year ended December 31, 2020 are as follows:

	June 30, 2021		December 31, 2020	
	Number of options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)
Options outstanding, beginning	3,810,000	0.46	3,735,000	0.46
Options expired	-	-	-	-
Options granted	1,441,000	0.25	75,000	0.325
Options outstanding, ending	5,251,000	0.40	3,810,000	0.46

Details of options outstanding as at June 30, 2021 are as follows:

Expiry Date	Weighted average exercise price (\$)	Options Outstanding	Options Exercisable	Weighted average Contractual Life (Years)
June 30, 2022	0.50	2,025,000	2,025,000	1.50
May 22, 2024	0.30	775,000	516,667	2.95
December 15, 2024	0.50	935,000	623,333	3.46
January 31, 2025	0.325	75,000	75,000	3.59
January 5, 2026	0.25	1,126,000	375,333	4.52
January 8, 2026	0.25	315,000	105,000	4.52
	0.40	5,251,000	3,720,333	2.92

During the six months ended June 30, 2021, the Company granted 1,441,000 stock options and recognized a total share based-based payment expenses of \$123,338. During the year ended December 31, 2020, the Company granted 75,000 stock option and recognized a total share-based payment expense of \$197,080 from the vesting of options granted.

The fair values of the options issued for the six months ended June 30, 2021 and year ended December 31, 2020 were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2021	2020
Risk free interest rate	0.4%	1.4%
Expected dividend yield	Nil	Nil
Expected volatility	146%	160%
Expected life	5 years	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.

10. 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 2021	June 30 2020
Directors and officers of the Company – trade payables and accruals (Note 7)	\$ -	\$ 9,916
	\$ -	\$ 9,916

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, 2021	Six months ended June 30, 2020
Management, officers and director fees	\$ 194,000	\$ 194,000
Share based payments	106,960	74,925
Management fees in exploration and evaluation asset	74,373	74,448
Total	\$ 375,333	\$ 343,373

11. 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.

12. Financial instruments and capital management

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

Credit risk

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

Liquidity risk

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

Historically, the Company's source of funding has been the issuance of equity securities for cash, primarily through private placements. 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, 2021 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 the West African CFA franc ("CFA"), which is the currency in the Republic of Mali, while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

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

	June 30 2021	December 31 2020
Cash	\$ 22,430	\$ 77,447
Receivables	-	930
Trade payables and accruals	(208,241)	(265,050)
Net exposure	\$ (185,811)	\$ (186,673)

Based on the above net exposures, as at June 30, 2021, a 10% change in the CFA franc exchange rate would impact the Company's net loss by \$18,581 (December 31, 2020 – \$18,667).

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, 2021, 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	December 31
	2021	2020
Financial assets at amortized cost:		
Cash	\$ 884,556	\$ 3,846,616
Receivables	\$ 79,887	\$ 930

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

	June 30	December 31
	2021	2020
Financial liabilities at amortized cost:		
Trade payables	\$ 243,352	\$ 369,276

Fair value

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

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

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

Cash falls under Level 1.

There were no transfers between levels during the six months ended June 30, 2021.

Capital Management

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

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

13. Subsequent Event

On July 27, 2021, the Company closed a private placement with gross proceeds of \$2,677,500 through the issue of 13,387,500 common shares at a price of \$0.20 per common share. As part of the private placement, cash finders' fees totaling \$36,300 (in cash), 375,000 common shares (in lieu of cash) were paid and 556,500 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 July 27, 2023.