Management Discussion and Analysis

*This management discussion and analysis of the financial position and results of operations of Atlanta Gold Inc. (the "**Company**") and its subsidiaries for the years ended December 31, 2015 and 2014 has been prepared as of April 26, 2016.*

*The discussion below should be read in conjunction with the audited consolidated financial statements of the Company and the notes thereto for the years ended December 31, 2015 and 2014. The Company prepares and files its financial statements in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**").*

All amounts are expressed in U.S. dollars and all amounts in financial tables, except per share amounts, are expressed in thousands of U.S. dollars, in each case unless otherwise indicated.

Additional information relating to the Company is filed with securities regulatory authorities in Canada and is available on SEDAR at www.sedar.com.

Cautionary Statement on Forward Looking Information

This document includes "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information"), within the meaning of applicable securities legislation, concerning the Company's business, operations, financial performance, condition and prospects, as well as management's objectives and strategies. Forward-looking information is based on assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors which the Company believes to be relevant and reasonable in the circumstances.

Forward-looking information is frequently identified by the use of words such as "may", "will", "could", "believe", "intend", "expect", "seek", "anticipate", "plan", "continue", "estimate", "predict", "potential" and similar terminology suggesting outcomes or statements regarding an outlook. Forward-looking information is included in the "Outlook" section of this MD&A as well as elsewhere in this document. Specifically, this document contains forward-looking information regarding, among other things, the effects of the Company's exploration strategy on gold recovery rates and the environmental impact at its Atlanta Project; the economic and environmental benefits arising from, and the effectiveness of modifications to be made to, the gold extraction process being tested by the Company; the completion at the Atlanta Project and the Neal Property of additional bulk samples and test processing and the timing and outcome thereof; the obtaining of saleable product from the Neal Property; the completion of future financings by the Company and by Neal Development LP and the timing thereof; the continuance and enhancement of environmental initiatives, including the implementation of the Supplemental Plan of Operations; the completion of the reclamation program at the Brodeur diamond property; the continued effectiveness of the passive water treatment system; the continuance of developmental initiatives including securing requisite permits, the successful conclusion of the patent process for the water treatment technology and the entering into of a lease-purchase option agreement on the East Amity Road property. In addition, statements relating to mineral resources are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the mineral resources described can be profitably produced in the future.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual events and the Company's actual results to differ materially from those predicted, expressed or implied by the forward-looking information and readers are cautioned not to unduly rely on such forward-looking information and to carefully consider the risks and uncertainties involved with respect to such forward-looking information. Such risks and uncertainties include, but are not limited to, the Company's limited financial resources and its ability to raise sufficient funds on a timely basis to fund the capital and operating expenses, to fund its debt repayment obligations, to fund its environmental penalty payment obligations, to fully implement the Supplemental Plan of Operations, to achieve its business objectives and to continue as a going concern; risks associated with the mining industry (including operating risks in exploration, development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; uncertainties relating to the interpretation of the geology, continuity, grade and size estimates of the mineral resource; the uncertainty of estimates and projections in relation to production, costs and expenses); the uncertainty surrounding the ability of the Company to obtain and the expected time to obtain all permits, consents or authorizations required for its operations and activities; and health, safety and environmental risks, adverse weather conditions, and the risk of fluctuations in gold prices and foreign exchange rates.

Such forward-looking information is based on a number of assumptions, including but not limited to, the successful and timely completion of additional financings, the expected timelines necessary to complete and the successful completion of exploration, development, permitting and pre-production activities, the level and volatility of the price of gold, the accuracy of resource estimates (including with respect to size, grade and recoverability) and the geological, operating and price assumptions on which they are based, the ability to achieve capital and operating cost estimates, and general business and economic conditions. Should one or more risks materialize or should any assumptions prove to be incorrect, then actual results could vary materially from those expressed or implied by the forward-looking information.

Readers are cautioned that the foregoing list of risks, uncertainties, assumptions and other factors is not exhaustive. These and other factors should be considered carefully by readers, who should not place undue reliance on such forward-looking information. The Company undertakes no obligation to update publicly or revise any forward-looking information or the foregoing list of factors, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Cautionary Note to United States Investors Concerning Estimates of Mineral Resources

The mineral resource estimates reported in this document were prepared in accordance with *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* ("**NI 43-101**") as required by Canadian securities regulatory authorities. The United States Securities and Exchange Commission (the "**SEC**") applies different standards in order to classify and report mineralization. This document uses the terms "measured", "indicated" and "inferred" mineral resources, as required by NI 43-101. Readers are advised that although such terms are recognized and required by Canadian securities regulations, the SEC does not recognize such terms. Canadian standards differ significantly from the requirements of the SEC. Readers are cautioned not to assume that any part or all of the mineral deposits in these categories constitute or will ever be converted into mineral reserves. In addition, "inferred" mineral resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource exists, is economically or legally mineable or will ever be upgraded to a higher category of mineral resource.

OVERVIEW

The Company's shares trade on the TSX Venture Exchange (TSX.V: ATG) and on the OTC Pink (OTC Pink: ATLDF).

The Company is engaged in the exploration, environmental permitting, engineering and development of the Atlanta Gold project ("**Atlanta Project**"), an advanced-stage gold exploration property near Atlanta, Idaho, U.S.A, through the Company's wholly-owned subsidiary, Atlanta Gold Corporation ("**AGC**"). In addition, to further test and improve upon the processing method intended to be used at the Atlanta Project, AGC through its subsidiary, Mineral Point, LLC, formed Neal Development, LP (the "**Partnership**") which in July 2015, commenced exploration activities at the Neal Property. The Neal Property is located 15 miles southeast of Boise, Idaho, in Elmore County and 45 miles southwest of the Atlanta Project within the same Trans-Atlanta-Challis fault alignment.

In 2008, the Company changed its approach at the Atlanta Project, electing to proceed on the basis of a combined open pit and bulk tonnage underground mining strategy. The Company also determined that it would process the ore on site, making both a gravity gold concentrate and a precious metal rich sulphide concentrate, thereby minimizing the environmental impact of mining, and significantly improving recoveries (from 63% to 83% for gold). The hypothesis that the Company decided to test was that (1) a significant gold deposit both near surface and at depth could be outlined, (2) the revised mining and processing strategy would be much easier to permit, because the environmental impact would be minimized, and (3) the potential for a long term operation would be very attractive to the local community and to the State of Idaho, because of the expected economic and social benefits of the Atlanta Project. This more selective method of ore extraction positively addresses environmental concerns identified during previous permitting efforts.

Over the next four years the Company outlined an Indicated mineral resource of 785,000 gold equivalent ounces within 7.77 million tons at an average grade of 0.101 ounces per ton ("**opt**") (3.46 grams per tonne) ("**gpt**") AuEq and an Inferred mineral resource of 397,300 gold equivalent ounces contained within 2.72 million tons at an average grade of 0.146 opt (5.01 gpt) AuEq. Approximately 74.3% of this resource is open pitable. Details of this resource, including gold and silver ounces and the respective grades thereof, are shown in the table below under "*NI 43-101 Resource Estimate for the Atlanta Project*". Additional detail is available on SEDAR and the Company's website.

The Company expects that significant economic and environmental benefits will be realized from using a pilot processing method which was used by Knife River Corporation ("**Knife River**") at the Gold Hill Mine, which is located approximately 50 miles from the Atlanta Project. This type of processing facility will allow the Company to advance the Atlanta Project while reducing capital investment and reducing power consumption and other operating costs associated with a conventional mill. In addition, this is an environmentally friendly method which uses and recycles water, eliminates water discharge and collects and concentrates all heavy metals. The recovery process medium is water with gravity recovery. Based on testing by Knife River and AGC on gold bearing structures from similar origins as that of the Neal Property (discussed below), recoveries in excess of 83%, using three (3) centrifugal concentrators in series and applying a slurry of water and minus ¼ inch (2mm) feed material, can be achieved. Four sources of material were tested and the results that were most favourable were achieved when the feed material was subjected to multiple passes through concentrators in series. This strategy offers an initial mine plan targeting further development and focusing on maximizing grades and gold recovery from near-surface material at attractive capital and operating costs.

Eric Berentsen, the Vice-President of AGC and a director of the Company, is a Registered Member of the Society for Mining Metallurgy and Exploration, Inc. ("**SME**") and is the Company's qualified person as defined by National Instrument 43-101 and has approved the foregoing disclosure of test results.

To assist in the evaluation of this processing method, the Partnership was formed with Mineral Point, LLC as the general partner, to conduct exploration activities at the Neal Property. AGC has entered into a five-year lease of the Neal Property expiring in 2020 and has staked an additional seven contiguous claims on public land that were open to mineral entry. The Neal Property is at a much lower elevation than the Atlanta Project and generally allows year round access to mineralized material which is expected to assist AGC in refining the processing equipment and procedures expected to be ultimately used at the Atlanta Project. Operations at the Neal Property, which is on private land and required Idaho State Lands approval to commence operations, was obtained by providing a Notice of Motorized Exploration ("**NOME**") within seven days following commencement of exploration operations. The Partnership commenced exploration in mid-July and the NOME was submitted on July 22, 2015. Knife River was contracted to excavate and transport the mineralized materials from the Neal Property approximately 23 miles, to Knife River's property located on Amyx Lane for crushing and Mineral Point, LLC will process the materials at the Knife River property as a contractor to the Partnership. During 2015, an estimated 8,000 ton bulk sample was completed and 562 samples in 8 batches were tested and analyzed by two independent laboratories, resulting in a weighted average gold grade of 0.1494 ounces per ton (5.12 grams per tonne). (Please also see the Company's news release of December 9, 2015). William L. Josey, an independent geologist and a Registered Member of SME, is the Company's "qualified person" as defined by National Instrument 43-101 and has reviewed and approved the foregoing.

NI 43-101 Resource Estimate for the Atlanta Project

In January 2012, P&E Mining Consultants Inc. ("**P&E**") of Brampton, Ontario completed an independent updated resource estimate on the Company's Atlanta property in Idaho, USA. The estimate incorporates all drilling results to date, including the 56,924 foot (17,350 metre) core drilling program completed in 2011.

P&E estimates an Indicated mineral resource of 752,000 gold ounces within 7.77 million tons at an average grade of 0.097 opt (3.32 gpt) Au and an Inferred mineral resource of 385,900 ounces contained within 2.72 million tons at an average grade of 0.142 opt (4.87 gpt) Au. Using a gold to silver price ratio of 50.35:1, the updated Indicated mineral resource is 785,000 gold equivalent ("**AuEq**") ounces within 7.77 million tons at an average grade of 0.101 opt (3.46 gpt) AuEq and the Inferred mineral resource is 397,300 AuEq ounces within 2.72 million tons at an average grade of 0.146 opt (5.01 gpt) AuEq.

Details of the P&E resource estimate as at January 31, 2012 are provided in the following table:

		GOLD					SILVER				TOTAL EQUIVALENT OUNCES OF GOLD (000's)
			Grade				Grade				
Area	Tons (000's	Cut-Off Grade Au	Ounces Per Ton Au	Grams Per Tonne Au	Ounces of Gold (000's)	Ounces Per Ton Ag	Grams Per Tonne Ag	Ounces of Silver (000's)	Ounces of Silver as Gold Equivale	
OPEN -PIT:										
Indicated	**7,140**	**0.035**	**0.091**	**3.13**	**652.4**	**0.218**	**7.47**	**1,556.4**	**29.6**	**682.0**
Inferred	**1,478**	**0.035**	**0.127**	**4.36**	**188.2**	**0.275**	**9.43**	**406.5**	**7.8**	**196.0**
UNDERGROUND:										
Indicated	**633**	**0.098**	**0.157**	**5.40**	**99.6**	**0.163**	**5.59**	**103.2**	**3.4**	**103.0**
Inferred	**1,239**	**0.098**	**0.160**	**5.47**	**197.7**	**0.153**	**5.25**	**189.6**	**3.6**	**201.3**
TOTAL:										
Indicated	**7,773**		**0.097**	**3.32**	**752.0**	**0.214**	**7.32**	**1,659.6**	**33.0**	**785.0**
Inferred	**2,717**		**0.142**	**4.87**	**385.9**	**0.219**	**7.52**	**596.1**	**11.4**	**397.3**

1. *Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.*
2. *The quantity and grade of reported Inferred resources in this estimate are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.*
3. *The mineral resources in the above table were estimated using the CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions.*
4. *Gold equivalent ("AuEq") was calculated such that one ounce of Au = 50.35 ounces Ag. Metal prices used were the January 31, 2012 two-year trailing average for Au at $1,419/oz and Ag at $28.18/oz with respective mill recoveries of 83% for gold and 88% for silver.*
5. *The historically mined tonnage from historic operations was removed from the block model.*
6. *Gold cut-off grades of 0.035 opt (1.20 gpt) for open pit and 0.098 opt (3.36 gpt) for underground resources were established from metal prices, expected recoveries, and estimated operating costs. Operating costs for the open pit resource estimate cut-off grade calculation were mining costs of $2 per ton, G&A expenses of $8 per ton and processing and concentrate shipping and smelter charges of $32 per ton. Operating costs for the underground resource estimate cut-off grade calculation were mining costs of $60 per ton; G&A expenses of $8 per ton and concentrate shipping and smelter charges of $42 per ton.*

Mineral resources contained within a preliminary optimized pit shell are considered to be amenable to lower cost open pit extraction, whereas mineral resources below this are considered to be amenable to underground extraction. Open pit slopes were 50 degrees.

Other Properties

Neal Property, Idaho, USA

AGC holds a five year lease on the Neal Property, expiring 2020, and has staked an additional seven contiguous claims on public land that are open to mineral entry. The Neal Property is contiguous to Forest Service Road 189, 15 miles southeast of Boise, Idaho, in Elmore County and 45 miles southwest of the Atlanta Project within the same Trans-Atlanta-Challis fault alignment. The Neal Property is hosted within the same granodiorite rocks of the Idaho Batholith as the Atlanta Project. The Neal Property is at a much lower elevation than the Atlanta Project and will generally allow year round access to mineralized material that will assist AGC in refining the processing equipment and procedures expected to be ultimately used at the Atlanta Project.

Jackson Inlet, Nunavut, Canada
As the Company's principal focus continues to be on developing the Atlanta Project and Neal Property, the Company allowed its interest in the mineral claims comprising the Jackson Inlet diamond property located on the Brodeur Peninsula of Baffin Island ("**Brodeur**") to lapse during 2013, rather than incur further expenditures necessary to maintain the claims. The Company completed a portion of its reclamation and restoration obligations at Brodeur in August 2013 and again in March and April 2014. Adverse weather conditions suspended completion of the final restoration. The Company will resume the reclamation and restoration when the funds are available.

Recent Achievements:

Development of the Properties and Plan of Operations

<u>Neal Property</u>
In order to fund exploration on the Neal Property, the Partnership was formed in February 2015. In June 2015, the Partnership completed an initial financing for proceeds of $1,100,000 and further financing of up to $1,400,000 is intended to be completed in the second and third quarters of 2016. The Partnership commenced exploration activity in mid-July, 2015.

As noted above, the Partnership expects to advance the exploration and processing method, with such advancements to be available to AGC for use at the Atlanta Project. The recovery process medium is water with gravity recovery and recent testing results indicate that gold concentration of up to 400:1 with the possibility of recoveries greater than 80% of total gold without the use of any chemicals is achievable. The expected field recovery of greater than 80% of total gold and a concentration ratio of over 100:1 is the target of processing of the planned sampling program by the Partnership.

The exploration trenching at the Neal Property completed during 2015 provided an estimated bulk sample of 8,000 tons. The results of the 500 truck samples have been tabulated indicating the average grade of the truck samples to be 0.156 opt. The truck samples were processed by independent certified laboratories. The sample area of three acres has been cross trenched followed by condemnation drilling to forty feet. The surface area has been contoured, covered with top soil and requires approved seeding. The concurrent reclamation will reduce the total area of disturbance as ongoing permitting is applied for and also reduce bonding requirements. To remove and process the exploration materials, a state mine permit is required. The Partnership filed for a mine permit with Idaho State Lands in mid-March which normally has a review term of sixty days**.**

Additional funds are required for the Partnership to carry out its work program at the Neal Property. The Partnership is working to raise up to an additional $1,400,000 through the sale of additional Partnership units. Delays in obtaining additional funding could result in the Partnership delaying or postponing its programs on the Neal Property. Also, AGC provides certain general, administrative and other services to the Partnership and if the Partnership is delayed in obtaining or is ultimately unable to obtain additional financing, this will impact adversely on the working capital of AGC.

In addition, in order to sustain its operations, the Company and AGC require additional funds to discharge their liabilities, to conduct the work program on the Atlanta Project and to meet their overhead expenses. While the Company completed debt financings of $600,000 in May 2015 and C$550,000 in August 2015 and an equity financing of C$203,550 in December 2015, additional funding is required and the Company intends to seek additional capital by means of equity financings, additional debt financings or the formation of partnerships open to new investors. Challenging financial markets and the decline in gold prices have adversely affected the Company’s share price and its ability to finance planned activities and ongoing operations. The Company has experienced delays in obtaining additional financing. While management believes that it will ultimately be successful in obtaining additional financing, additional delays in completing, or the inability to complete, additional financings will result in significant delays in carrying out or the possible cancellation of the Company’s planned activities and will adversely affect the Company’s ability to fund its commitments under its outstanding indebtedness, which would have a material adverse effect on the Company’s financial condition, business and operations.

Atlanta Property

Following the previous two years of surface material evaluation and testing gravity separation and centrifugal recovery, the Company believes that a bulk sample is warranted at the east end of the Atlanta Project. This area has a surface resource exposed for thousands of feet and as wide as hundreds of feet, containing placer-like gold bearing material covering a large area. The bulk sample of thousands of tons and on site processing is the next step to confirm gravity separation using water as the medium, can be the next generation of small mine development. This type of recovery system addresses present and future environmental issues. Work on a bulk sample is expected to commence as soon as funding is available following successful completion of testing at the Neal Property.

Water Treatment Facility

AGC resolved the environmental issues arising from the naturally occurring arsenic, iron and other contaminants entering waterways as a result of ground water passing through historic mined out areas near the Atlanta Project. AGC installed an innovative water treatment facility in October 2012 and expanded it in 2013, which resulted in the achievement of better water quality than mandated by the threshold set by the U.S. Environmental Protection Agency (the “**EPA**”). The Company continues to maintain overall compliance with the drinking water standards as set by the EPA and the Idaho Department of Environmental Quality in the State of Idaho.

AGC and the U.S. Forest Service (“**USFS**”) are in discussions to develop a scheduled Plan of Operations to determine the best option to close the 900 Level with a permanent control plug. Rehabilitation work within the cross-cut is necessary prior to commencing the required detailed geological assessment to determine the location of the proposed plug. The Company has planned for a plug to be installed since 2008 and intends to cooperate with all parties to execute a comprehensive closure plan for the 900 cross-cut. The installation of a control plug, which will create a large reservoir of water behind the plug, will provide the operator with the ability to control water discharge, manage water requiring treatment and maintain compliance with the United States Federal Water Pollution Control Act (the “**Clean Water Act**”). The ability to control the level of water discharge will be a significant additional safeguard as extreme conditions, such as unusually high Spring run-off levels or extreme flooding (such as that experienced in May 2014), can result in significant surges in water flow which on occasion have overwhelmed the containment systems and/or clogged filters, resulting in discharges that exceed the discharge levels mandated by the Clean Water Act.

HydroClean

AGC filed a Provisional Patent with the United States Patent Office in respect of certain aspects of the water treatment facility on November 26, 2014 and filed an International Patent on November 19, 2015. Funding of $100,000 to protect the intellectual property was provided at no cost to the Company by G2T Technologies Inc. (“**G2T**”), of which James Gray, the Chair of the Company, is a significant shareholder. G2T, AGC and Wm. Ernest Simmons, the Company’s CEO, have formed a limited partnership in 2016, HydroClean Resources LP, with the intent of further developing the technology. (Please see the Company's news release of January 19, 2016)

Environmental Matters

Southwestern Idaho is an environmentally sensitive area due to its proximity to the City of Boise and the presence of recreational rivers in the area. The Company believes that it has removed the most significant environmental hurdles by achieving compliance with the effluent limits of the Clean Water Act, modifying the process technology, planning to process high sulphide concentrates out of state in order to reduce acid-generating capacity of waste tailings product on the Atlanta Project site, and by relocating the proposed processing facility and tailings management facility to a more advantageous area. In addition, the Company continues to have open communications with the United States Forest Service ("**USFS**"), the Environmental Protection Agency ("**EPA**"), the Idaho Department of Water Resources ("**IDWR**"), the Idaho Department of Environmental Quality ("**IDEQ**") and special interests groups.

Environmental Litigation

Companies previously in production at the historic mine site drove an adit in 1917 at the 900 (6080 ft) level (the "**Adit**") and groundwater drains from the Adit. The geological structures within the area contain naturally-occurring arsenic, which enters the waterways as a result of water passing through historic mined-out areas in the mineralized structure. In 2006, AGC constructed, and began operating a Pilot Water Treatment Facility ("**PWTF")** which treated water flowing from the Adit to remove significant levels of naturally-occurring contaminants, including arsenic. AGC does not hold any interest in the land on which the Adit is located nor does it have any right to use the groundwater that is discharged from the Adit. Subsequent to construction of the PWTF, permitted limits for effluents, including for arsenic, were significantly reduced. The permitted discharge limit for arsenic was reduced from 190 to 10 micrograms per liter (10 µ/L) or parts per billion. The PWTF as constructed in 2006 was not capable of meeting these significantly lower limits. AGC subsequently modified its treatment regime and engaged consultants to evaluate various treatment options.

As noted above, the Company and the USFS are in discussion to develop a Supplemental Plan of Operations ("**SPOO**") to determine the best option to close the 900 Level with a permanent control plug. Rehabilitation work within the cross-cut is necessary prior to commencing detailed geological assessment.

In 2012, the U.S. District Court for the State of Idaho held that AGC had violated the effluent limits of the Clean water Act. The Court order AGC to implement measures to come into compliance with the effluent discharge limits. AGC subsequently completed the installation of a passive water filter system to the PWTF, which has been highly successful in achieving better water quality than mandated by the Clean water Act. The Court also imposed a $2,000,000 penalty to be paid over a five-year period, with the quarterly installments increasing in size annually to a maximum of $100,000 per quarter beginning in the third year and a balloon payment in the amount of $450,000 will be due September 30, 2018. AGC has made aggregate payments to date of $300,000 and payments of an additional $250,000 which were to be made during 2015 and $100,000 which were to be made by March 31, 2016, are accrued and unpaid as of April 26, 2016. The penalty amount bears interest at a rate of 0.1% per annum from November 28, 2012 and is secured by recording the Consent Judgment against AGC's four generators owned by AGC located on the East Amity property located in Boise, Idaho. If AGC is unable to pay the amount in arrears and to make future payments when due, the final judgment could be reopened and AGC could be subject to other recourse at the discretion of the Court.

Penalty incurred	$2,000,000
Payments made to date	$300,000
Payments due in 2015 past due	250,000
Payments due in 2016	400,000
Payments due in 2017	400,000
Payments due in 2018	650,000
Total	$2,000,000

OWNERSHIP OF ATLANTA PROJECT

Atlanta was initially held as a joint venture between AGC with an 80% interest and Canadian American Mining Company, LLC ("**CAMC**") with a 20% participating interest. CAMC transferred its 20% participating interest in the joint venture to AGC, and currently holds a 1% NSR royalty on Atlanta.

Atlanta consists of owned and leased patented and unpatented claims, as described below.

1. **Monarch Greenback LLC**
   On April 28, 2011, AGC exercised its option to purchase a 100% interest in a property comprised of 33 mining claims totaling approximately 430 acres (the "**Monarch Property**") from Monarch Greenback LLC ("**Monarch**") for $3,075,000, with the purchase completed in June 2011. Monarch retained a variable net smelter return royalty, varying from 0.5% to a maximum rate of 3.5% for gold prices exceeding $665 per ounce. As at December 31, 2015, advance royalty payments of $1,500,000 had been paid by AGC to Monarch and will be deducted from future royalty payments to Monarch.

2. **Hill & Davis**
   The Hill & Davis patented mining claim was purchased for $139,500 in five annual payments, with the final payment being made in December 2010.

3. **F. C. Gardner**
   AGC leases 31 unpatented lode claims pursuant to a lease agreement, as amended, with F. C. Gardner. The lease expired on April 18, 2016 and it has been agreed by the parties to renew the lease for a minimum of 5 years, and possibly 10 years. Lease payments are currently $10,000 per year and are treated as minimum annual advance royalties. If these claims go into commercial production before expiry of the lease, then the annual minimum advance royalty will be $20,000. If this property is mined, F.C. Gardner will receive a 6% NSR, from which all advance royalty payments shall be deducted. As at December 31, 2015, advance royalty payments of $218,500 have been made and will be deducted from any future royalty payments to F. C. Gardner.

4. **Hollenbeck Properties LLC**
   AGC leases 10 patented and 5 unpatented claims pursuant to a lease agreement with Hollenbeck Properties LLC. The lease has been renewed to November 14, 2016. The Company is in the process of negotiating the purchase of the properties. Lease payments of $10,000 per year are

treated as minimum advance royalties. If this property goes into commercial production, then the annual minimum advance royalty will be $20,000. If it is mined, Hollenbeck will receive a 4.25% NSR, from which all advance royalty payments shall be deducted. As at December 31, 2015, advance royalty payments of $332,500 had been paid and will be deducted from any future royalty payments to Hollenbeck.

Annual rental and advance royalty payments are required to keep lease agreements in good standing for the properties that collectively comprise the Atlanta Project. Advance royalty payments to lessors are credited against future royalty payments payable on production. As at December 31, 2015, advance royalty payments totaling $2,051,000 will be deducted from any future royalty payments to lessors / royalty holders. Lease payments made in 2015 to December 31, 2015 and advance royalty payments as at December 31, 2015 are summarized in the table below.

Lessor / Royalty Holder	**Property**	**Payments in 2015 $**	**Advance Royalty Payments as at December 31, 2015 $**
Monarch Greenback, LLC[1]	Monarch Greenback	-	1,500,000
F. C. Gardner[2]	Gardner	10,000	218,500
Hollenbeck Properties LLC[3]	Minerva	20,000	332,500
TOTAL		30,000	2,051,000

Notes:

(1) *Rental payments to Monarch totaling $290,000 per annum were extinguished upon purchase of this property in June 2011.*

(2) *The lease expired on April 18, 2016 and it has been agreed by the parties to renew the lease for a minimum of 5 years, and possibly 10 years, and $10,000 annual lease payment was paid on October 27, 2015.*

(3) *$10,000 annual lease payment was paid on October 27, 2015 on the Hollenbeck claims and the lease term was renewed to November 14, 2016. The Company is in the process of negotiating extensions of the lease terms or the purchase of the properties. During the negotiation period, the lease is extended annually each November when payment is made.*

DEBT FINANCING

Convertible Debentures

In connection with the purchase of the Monarch Property, in December 2011, the Company issued to Concept Capital Management Ltd. ("**CCM**") a 6% C$3 million convertible debenture having a five-year term (the "**Debenture**"). The Company also issued warrants to purchase 30 million common shares of the Company, exercisable for five years at a price of C$0.11 per share. The Company and AGC also entered into a gold option contract with CCM pursuant to which AGC granted to CCM an option to purchase, at a price of $1,400 per troy ounce, an aggregate of 4,000 troy ounces of gold produced from the Atlanta Project. This option will vest after AGC has completed production from the Atlanta Project of 20,000 troy ounces of gold and will expire on the fifth anniversary following the date of vesting. The Company guaranteed the performance of AGC's obligations under the contract.

On August 25, 2014, CCM requested that the Company redeem the Debenture on December 15, 2014, in accordance with the Debenture's early redemption provisions. On April 1, 2015, the Company reached agreement with CCM to refinance the Debenture (the "**Refinancing**") which was completed on August 26, 2015. Under the terms of the Refinancing, principal and accrued interest on the Debenture totalling C$3,250,000 were satisfied by the issuance to CCM of an amended and restated convertible debenture in the principal amount of C$1,500,000 (the "**Amended Debenture**") and by the issuance to CCM of the Company's senior secured notes ("**Notes**") in the principal amount of $1,500,000. The Amended Debenture bears interest of 10% per annum from April 1, 2015, matures April 1, 2018 and is convertible at CCM's option at a conversion price of C$0.10 per (consolidated) common share. Pursuant to the terms of the Refinancing, the Amended Debenture and the security thereon rank equally with the Company's Notes. The Amended Debenture and the Notes are secured by the limited recourse guarantee of AGC and by a mortgage of AGC's interest in the Atlanta Project.

As part of the Refinancing, the Company agreed to consolidate its common shares on a one-for ten basis. The issuance of the Amended Debenture to CCM and the consolidation of the Company's common shares were each approved by shareholders of the Company at the annual and special meeting of shareholders held on June 24, 2015 and the consolidation became effective on June 25, 2015.

Concurrently with the completion of the Refinancing, on August 26, 2015, the Company completed a private placement of an additional C$550,000 principal amount convertible debentures (the "**Additional Debentures**") which rank equally with and have the same terms and the same security as the Amended Debenture. Interest on the Additional Debentures accrues from August 26, 2015.

In connection with the Refinancing, the Company issued finders' warrants to purchase 192,000 consolidated common shares at an exercise price of C$0.10 until April 1, 2018.

$425,000 Secured Promissory Note of AGC

In August 2011, AGC purchased a 5.58 acre property located in Boise, Idaho for use as equipment storage and in part payment thereof, AGC issued to the vendor of the property a $425,000 three-year promissory note, bearing simple interest of 7% per annum, which is secured by a mortgage on the acquired property. The maturity date of the promissory note was subsequently extended to July 22, 2015 with all other terms and conditions of the note remaining unchanged. In January 2016, the vendor of the property notified AGC of its intent to foreclose on the mortgage. It is anticipated that the owner/vendor upon receiving title will negotiate a lease purchase option in respect of the property to AGC.

Senior Secured Notes

In August, 2013, the Company issued $4 million principal amount Notes. The Notes bear interest of 10% per annum and under the original terms, the principal, amortized at 25%, 35% and 40%, was to be repayable in cash installments on August 31, 2014, August 31, 2015 and August 31, 2016, respectively. The Notes were subsequently amended in August 2014 to extend the repayment dates by one year and accrued interest to August 31, 2014 was satisfied by the issuance of common shares of the Company, at the rate of one common share for each C$0.05 of accrued interest, which resulted in the issuance of 9,006,692 common shares (900,669 consolidated shares), representing approximately 3.5% of the Company's currently outstanding shares. The Notes are secured by the limited recourse guarantee by AGC, and by a mortgage of AGC's interest in the Atlanta Project.

Purchasers of the Notes also received options exercisable until August 31, 2016 to purchase an aggregate of 95.0 troy ounces of gold at $1,125 per ounce for each $100,000 of Notes purchased. In

August 2014, the terms of the gold options were also amended to increase the number of ounces purchasable by 10% (to 104.5 ounces per $100,000 Notes) and to extend the term to August 31, 2017. The options to purchase gold vest in three installments over the term of the option. Under the terms of the gold options, either the Company or the option holder may elect that the gold delivery requirement be satisfied by means of a cash payment based on the prevailing market price for gold at the time of exercise of the option.

In connection with the Refinancing, the Company, AGC and the holders of the Notes agreed to extend the maturity date of the Notes by an additional year to August 31, 2018, to be repayable in cash instalments at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively. The exercise price of the gold options was reduced to $1,100 per ounce and the expiry date of the gold options was extended to August 31, 2018, with the options vesting at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively.

In May 2015, CCM purchased additional Notes in the principal amount of $600,000 and received an option to purchase 627 ounces of gold at $1,100 per ounce.

Currently, there are Notes outstanding in the principal amount of $6,100,000.

Convertible loan
In June, 2014, the Company borrowed $600,000 by means of a convertible loan. The loan is unsecured and non-interest bearing and is to be repaid by delivery to the lender of 1,000 troy ounces of gold (or the cash equivalent thereof) produced from the Neal Property and payable in installments over approximately an 18-month period. The loan is convertible at the lender's election into common shares of the Company at a conversion price of C$0.05 per share (C$0.50 per consolidated share) during the initial 12 months and at C$0.10 per share (C$1.00 per consolidated share) thereafter. The lender also received a 5-year option to purchase, solely from gold produced from the Neal Property, up to 2,500 ounces of gold at $1,400 per ounce.

Overview of Financial Results

Debt and Equity Financing

In the fourth quarter of 2015, the Company issued 2,950,000 common shares at a price of C$0.069 per share to Jipangu Inc. for gross proceeds of C$203,550. The Company did not complete any equity financings in 2014.

In August 2015, the Company completed the issuance of C$550,000 principal amount Additional Debentures and in the second quarter of 2015, the Company completed the $600,000 Notes financing with CCM.

During 2014, the Company completed the $600,000 convertible loan financing (as described under "Debt Financing - Convertible loan") and satisfied C$450,335 of interest payable on the Notes by the issuance of 9,006,692 common shares (as described under "Debt Financing – Secured Notes").

In light of its limited cash position and working capital deficiency, shareholders and other investors including insiders of the Company, from time to time advance funds to the Company and AGC in the form of shareholders' loans. During the year ended December 31, 2015, the Company supplemented its cash position by borrowing $65,000 from directors and shareholders. The loans bear interest of 8% per annum and are repayable on demand.

In comparison, the Company supplemented its cash position by borrowing $664,000 from directors and shareholders during the year ended December 31, 2014.

Liquidity and Capital Resources
The mineral properties in which the Company currently has an interest are in the exploration stages and, consequently, the Company has no current source of operating revenue and is dependent on external financing to fund continued exploration and development of its mineral properties. Historically, the Company's principal sources of funding have been the issuance of equity securities for cash, and more recently, by a combination of the debt financings described under "Debt Financing", and in respect of the Partnership, by means of the sale of limited partnership units..

The decline in gold prices and the challenging financial markets currently faced by companies in the gold sector have had a significant adverse affect on the Company's share price and on its ability to raise additional funds through equity financings in a timely manner. In addition, previous uncertainty arising from the environmental litigation involving AGC had adversely affected the Company's share price and financing efforts.

The Company's cash position as at December 31, 2015 was $108,000 (not including $559,000 of the restricted cash retained by the Partnership) compared to $24,000 as at December 31, 2014. The Company's working capital deficiency as at December 31, 2015 was $7,230 ,000 compared to a deficiency of $9,716,000 as at December 31, 2014**.**

	As at	
	December 31, 2015	**December 31, 2014**
Cash and cash equivalents excluding restricted cash	$ 108,000	$ 24,000
Current assets	$ 797,000	$ 177,000
Current liabilities	(8,027,000)	(9,893,000)
Working capital (deficiency) [(1)]	$ (7,230,000)	$ (9,716,000)

(1) *Working capital (deficiency) is defined as current assets net of current liabilities, which is a non-GAAP measure. Non-GAAP financial measures do not have any standardized meanings prescribed by IFRS, and therefore cannot be comparable to similar measures presented by other issuers. Management believes that it is a useful measure when assessing the Company's liquidity.*

As the Company is in the development stage, it has no ongoing source of cash flow. The Company continues to seek additional near-term financing in the range of C$2 to C$3 million, by means of one or more debt or equity financings or by a combination of both equity and debt. Successful completion of financing in the lower end of this range would address immediate operational requirements. In that regard, in March 2016, the Company completed an equity financing for gross proceeds of C$120,750, in April 2016, completed an equity financing for gross proceeds of C$235,032 and expects to complete further equity financings during the next 30 days for additional gross proceeds of approximately C$265,000.

In order to advance the Neal Property, AGC formed Mineral Point, LLC, which is the general partner of the Partnership. The Partnership intends to raise up to $2.5 million in order to fund exploration of the

Neal Property. The first tranche of the financing, for gross proceeds of $1,100,000, was completed in June of 2015.

There can be no assurance that the planned financings will be completed in a timely manner or at all. If the financings are delayed or are not completed or are completed for reduced amounts, the Company will be required to further reduce or repurpose planned operational expenditures and / or rely on other sources of funds, if available, which may include additional shareholder loans. The Company may also consider the sale of non-core assets to assist it in meeting its ongoing capital requirements. In the longer term, the Company will require additional financing to finance its exploration and development activities and to meet its debt servicing obligations, including initial installment payments under its Notes which will become payable in August 2016. Additional funding may be in the form of equity and / or debt or also by obtaining direct investments in the Atlanta Project by joint venture partners. The inability to obtain additional funding on a timely basis will have a material adverse effect on the financial condition, business and operations of the Company and AGC.

Equity

As at December 31, 2015, the Company had (a) 29,554,826 consolidated common shares issued and outstanding following completion of the one for ten share consolidation on June 25, 2015 (December 31, 2014 – 26,604,826 as adjusted for the consolidation); (b) no stock options outstanding to purchase consolidated common shares (December 31, 2014 – 92,500 as adjusted for the consolidation); and (c) warrants to purchase 3,592,000 consolidated common shares (December 31, 2014 - 5,973,333 as adjusted for the consolidation) of the Company at exercise prices ranging between C$0.10 and C$1.10 per share, expiring between December 2016 and April 2018. In certain instances, the expiry dates of certain warrants may be accelerated by the Company. Shareholders' equity as at December 31, 2015 was $32,169,000 compared to $33,514,000 as at December 31, 2014.

General and Administrative Expenses

Corporate overhead expenses for the year ended December 31, 2015 were $523,000 compared to $686,000 for the year ended December 31, 2014. The decrease in the current year is attributable to lower investor relations fees, professional fees, administrative and office expenses and salaries and management fees during 2015, as the Company took additional steps to conserve cash.

Capital Expenditures

Atlanta Project, Idaho, USA:

Capital expenditures in the years ended December 31, 2015 were $1,027,000 and included expenditures on project administration, equipment rental, property carrying costs and capitalized depreciation of exploration and evaluation assets.

In comparison, expenditures in the years ended December 31, 2014 were $1,493,000 and included expenditures on project administration, equipment rental, property carrying costs, capitalized depreciation of exploration and evaluation assets and payment of rehabilitation provisions for the 900 Adit.

Exploration and evaluation expenditures for the Atlanta Project for the years ended December 31, 2015 and 2014 are shown in the table below.

	For the years ended	
	December 31, 2015	December 31, 2014
Opening Balance	$ 45,767,595	$ 44,274,702
Equipment rental	31,756	51,197
Field expenses	1,553	10,403
Salaries	509,713	796,179
Lab analysis	1,808	18,615
Project administration	119,053	259,428
Rehabilitation provisions	(90,939)	(100,481)
Depreciation - field equipment	454,273	457,552
Total Increase During the Period(1)(2)	$ 1,027,217	$ 1,492,893
Closing Balance	$ 46,794,812	$ 45,767,595

(1) Additions in the years ended December 31, 2015 include expenditures on project administration, equipment rental, property carrying costs, capitalized depreciation of exploration and evaluation assets and payment of rehabilitation provisions for the Adit.

(2) Additions in the years ended December 31, 2014 include expenditures on project administration, equipment rental, property carrying costs, capitalized depreciation of exploration and evaluation assets and payment of rehabilitation provisions for the Adit.

Neal Property, Idaho, USA:

Capital expenditures in the year ended December 31, 2015 were $217,000 and included expenditures on field expenses, excavation, project administration, engineering and lab analysis. In comparison, capital expenditures in 2014 were $54,000 and included expenditures on project administration and salaries.

Exploration and evaluation expenditures for the Neal Property for the years ended December 31, 2015 and 2014 are shown in the table below.

	For the year ended	
	December 31, 2015	December 31, 2014
Opening Balance	$ 54,368	$ -
Geology/Geophysics	3,515	-
Field Expenses	109,637	-
Engineering	12,245	-
Excavation	54,338	-
Equipment rental	189	-
Salaries	3,710	26,013
Lab analysis	9,391	-
Project administration	23,963	28,355
Total Increase During the Period(1)	$ 216,988	$ 54,368
Closing Balance	$ 271,356	$ 54,368

(1) Additions in the year ended December 31, 2015 include expenditures on field expenses, excavation, project administration, engineering, lab analysis and others.

(2) Additions in the year ended December 31, 2014 include salaries and project administration.

Property, plant and equipment

The net decrease of property, plant and equipment for the year ended December 31, 2015 was $961,000, including write-down of the book value of the East Amity Road property to the face value of the promissory note due to the foreclosure notice received in January 2016 and disposal of real estate property and equipment, offset by additions to the water treatment facility which was adjusted by depreciation expenses.

In comparison, the net decrease of property, plant and equipment for the year ended December 31, 2014 was $209,000, including disposal of a 50-ton crane which was purchased in September 2013, purchases of land, building and equipment, water treatment facility additions and capitalized interest on the East Amity Road property, which was reduced by depreciation expenses.

Contingencies and Commitments

The Company has made commitments in respect of its head office leases, payments against the penalty levied by the Court, implementation of the SPOO, long-term debt, mineral properties and other leases as follows:

($ in 000's)

		Payments Due by Period		
	Total	**Years 1 to 2**	**Years 3 to 4**	**Beyond Year 4**
Head office	2	2	-	-
Penalty, attorney fees and litigation costs	1,725	1,075	650	-
Shareholders' loans	1,042	1,042	-	-
Rehabilitation provisions - Atlanta gold property (1)	1,072	1,072	-	-
Rehabilitation provisions - Brodeur diamond property (2)	51	51	-	-
Convertible loan (3)	931	931		
Convertible debentures (4)	1,910	392	1,518	
Promissory note (5)	424	424	-	-
Senior secured notes (6)	7,894	5,291	2,603	-
Total Contractual Obligations	15,051	10,280	4,771	-

(1) During the third quarter of 2012, the USFS granted approval of maintenance and additions to the existing Pilot Water Treatment Facility and closure of the Adit, to be completed during 2016.

(2) The final phase of the restoration program at the Brodeur diamond property is expected to be completed within the next two years when funds are available.

(3) On June 11, 2014, the Company borrowed $600,000 by means of a convertible loan. The loan is unsecured and non-interest bearing and is to be repaid by delivery to the lender of 1,000 troy ounces of gold (or the cash equivalent thereof) payable in installments over an approximately 18-month period. The gold payments (1,000 troy ounces) were valued at $931,000.

(4) See the description of the debentures under "Debt Financing", which include C$1.5 million Amended Debenture issued upon completion of refinancing transactions with CCM and C$550,000 Additional Debentures.

(5) See the description of the $425,000 Secured Promissory Note under "Debt Financing".

(6) $6.1 million principal amount are currently outstanding and are repayable in cash installments at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively. See the description of the Notes under "Debt Financing-Senior Secured Notes".

Details and a discussion of the environmental litigation are included in the "Environmental Matters" section above and in Note 15 Commitments and Contingencies to the Company's audited consolidated financial statements for the year ended December 31, 2015.

Fourth Quarter Results

General and administrative expenses for the fourth quarter of 2015 were $75,000 (2014 - $121,000). The $46,000 decrease in 2015 over the comparable prior period reflects a decrease in investor relations, professional fees, administrative and office expenses and salaries and management fees.

Cash used in the operating activities for the fourth quarter of 2015 was $292,000 (2014 - used for $249,000). The increase in 2015 over the fourth quarter of 2014 reflects that the payments of Company's payables and accrued liabilities were increased in the fourth quarter of 2015 after the closing of the initial tranche of the private placement in December 2015.

Cash from financing activities for the fourth quarter of 2015 was $142,000 (2014 - $119,000), reflecting the equity financing completed in December 2015 as compared to shareholders loans financing completed during the fourth quarter of 2014.

Cash used in investing activities for the fourth quarter of 2015 was $468,000 (2014 - $148,000) resulting from mineral property expenditures of $516,000 (2014 - $52,000) and payment of rehabilitation provisions of $92,000 (2014 - $39,000), net disposal of equipment of $140,000 (2014 - $135,000)

The following table discloses certain financial data for the eight most recently completed quarters, expressed in thousands of U.S. dollars (except basic per share data).

Quarter ended	Total Revenues (4)	General and Administrative Expenses	Net Loss (Income) (2)	Basic Loss (Income) Per Share (5)	Fully Diluted Loss (Income) Per Share (5)
December 31, 2015	-	75	*(833)* (1)(4)	(0.03)	(0.02)
September 30, 2015	-	129	*(2,152)* (1)(4)	(0.08)	(0.05)
June 30, 2015	-	212	*1,488* (1)	0.06	0.06
March 31, 2015	-	107	*(5,040)* (1)(4)	(0.19)	(0.16)
December 31, 2014	-	121	*(1,168)* (1)(4)	(0.08)	(0.06)
September 30, 2014	-	152	*(2,218)* (1)(4)	(0.09)	(0.07)
June 30, 2014	-	250	*2,670* (1)	0.10	0.09
March 31, 2014	-	162	*(1,567)* (1)(4)	(0.06)	(0.05)

(1) Includes: Mineral property costs expensed as follows: Nil during the fourth, third, second and first quarters of 2015,and during the fourth, third, second quarters of 2014; and $1,000 during the first quarter of 2014.

(2) The Company has not incurred any losses arising from discontinued operations or extraordinary items in the last eight quarters.

(3) Since the Company is not in production, it does not generate any revenue.

(4) Net income in the fourth, third and first quarter of 2015, the fourth, third and first quarters of 2014 arose from foreign exchange gains which primarily arose from the impact of the translation of intercompany loans by the Company to AGC.

(5) (Income) Loss per share for the first quarter of 2015, the fourth, third, second and first quarters of 2014 were adjusted for the one for ten share consolidation completed in June 2015.

The Company presently operates in two countries, Canada and the United States. The Company has an interest in two mineral properties located in Idaho, U.S.A., which are principally gold properties. In December 2013, the Company elected to have its interest in the Brodeur diamond property lapse and the Company expects to complete the rehabilitation work at the Brodeur site within the next two years when funds are available. In November 2014, the Company sold its Quebec gold property. Since 2008, the Company's activities have focused on the Atlanta Project, an advanced stage gold exploration property, and since June 2014, have also focused on the Neal Property.

The Atlanta Project's property is accessible by highway and county-maintained roads. The level of the Company's development activities at the Atlanta Project is impacted by winter weather conditions, resulting in lower overall levels of activity on the project during that season. The Company's activities at the Atlanta Project have been and may in the future be adversely impacted by natural disasters such as forest fires and flooding. Due to severe flooding in August 2014 in the area of the Atlanta Project which restricted access to the site, the Company determined to move its planned bulk sampling operation to the Neal Property. To date, the Company has conducted exploration on a seasonal (May / June to October / November) basis. However, as the Atlanta Project advances towards the production stage and permanent camp and other facilities are constructed, the impact of adverse weather conditions is expected to be somewhat reduced and the Company intends to conduct exploration, development, mining and milling activities on a year-round basis. The Neal Property is accessible during all-seasons and it is anticipated that processing of material from that property will primarily occur during those months when the Atlanta Project is inaccessible.

The Company assesses, on a regular basis, whether any impairment has occurred in the carrying value of its mineral properties. If such impairment has occurred, a write-down is charged in the period that the impairment took place. The Company has determined that no charges had to be taken against either the Atlanta Project or the Neal Property in 2015.

SELECTED ANNUAL INFORMATION

All amounts in this section's tables are expressed in thousands of United States dollars, except per share data.

	2015	2014	2013
Total Revenues	Nil	Nil	Nil
(Gain)/Loss	(6,537)	(2,284)	(1,389)
(Gain)/Loss per share	(0.24)	(0.01)	(0.01)
(Gain)/Net loss	(6,537)	(2,284)	(1,389)
Net (gain)/loss per share	(0.24)	(0.01)	(0.01)
Total assets	48,479	47,576	46,873
Total non-current financial liabilities	7,202	4,169	7,168
Cash dividends per share	Nil	Nil	Nil

Due to the strengthening during 2015 of the U.S. dollar relative to the Canadian dollar, the Company had a foreign exchange gain of $8,664,000, most of which was derived from translation of inter-company loans made by the Company to AGC, which are denominated in U.S. dollars, resulting in net income of $6,537,000. The financial statements are presented in U.S. dollars, so the Company's balances are translated from Canadian dollars to U.S. dollars. The translation of loans receivable from AGC to the Company from Canadian dollars into U.S. dollars has been recognized on the balance sheet in accumulated other comprehensive loss.

Total assets increased by $903,000 to $48,479,000 at December 31, 2015 (2014 - $47,576,000) primarily due to mineral property expenditures and increases of restricted cash and cash and cash equivalents. Total assets increased by $703,000 to $47,576,000 at December 31, 2014 primarily due to mineral property expenditures and marketable securities additions.

Outlook

The price of gold is the most significant factor that will affect the Company's future profitability and operating cash flows. In the longer term, the Company expects gold to remain attractive as a safe haven as many developed nations continue to struggle with economic uncertainty, elevated debt levels and respond with loose monetary policies. The growing middle class in emerging economies is expected to provide further support for gold prices.

The Company is focusing on safeguarding the environment, environmental permitting, economic analysis, engineering and development. Metallurgical testing of the samples produced from the trenches from 2012 to 2014 has produced critical information that will be useful in initiating pilot scale gold processing in advance of commercial gold production. Additional testing of the trench material continues.

Fulfillment of the Company's plans and programs remains subject to the availability of sufficient financing on acceptable terms. The Company's activities during the first quarter of 2015 were curtailed due to lack of funding. However, funding secured by the Company and the Partnership in the second quarter of 2015 allowed planned activities at the Neal Property to commence. The 2015 exploration work on the Neal Property commenced in late May following acceptance and approval of the lower access road by the Elmore County Highway District and the USFS. Earth moving and exploration of mineralized trenching activities commenced in mid-July of 2015 and continued into November 2015. An estimated eight thousand (8,000) tons of bulk sample gold-bearing material was produced. The bulk sample was excavated from exposed material within three (3) contiguous acres. Five hundred and sixty-two (562) samples in eight (8) batches, primarily from stockpiles, were tested and analyzed by two (2) laboratories resulting in a weighted average gold grade of 0.1494 ounces per ton ("**opt**") (5.12 grams per tonne ("**gpt**")).

The planned activities for the remainder of the year were postponed and additional financing was required to take the project through the winter months. Planned activities during 2016 could be limited if and to the extent that financing is not available on a timely basis. Management believes that the creation of the Partnership, and the possibility of using additional partnerships, will assist in its fund raising initiatives. Subject to the availability of adequate financing of the Partnership and the Company, the plan for 2016 is: (1) to test the estimated eight thousand (8,000) tons of material removed from and stockpiled at the Neal Property to determine the most effective gravity recovery system for mining and processing of the Neal Property lode deposit in both the oxide and sulfide zones; (2) to continue to implement the SPOO for the Atlanta 900 Adit Closure and the Reclamation Plan pertaining to the water treatment plant and improving the water treatment process; and (3) to begin the process of developing the plan to take and process a bulk sample at the Atlanta Project.

Neal Property

The bulk sample planned for the Neal Property will provide the opportunity to test excavation and processing methods. A NOME has been submitted to the State of Idaho. A Storm Water Pollution Prevention Plan ("**SWPPP**") has also been generated and implemented as required, and all required SWPPP records will be on file for inspection at the Boise office and at the project site.

The bulk sample excavation at the Neal Property continued into November, producing an estimated eight thousand (8,000) tons of gold bearing material. The material is stockpiled on the property and is available for removal from the site for testing the gravity concentration using a combination of Falcon and Knelson concentrators with final concentrate being cleaned by passing through iCON concentrators.

The bulk sample was excavated from exposed material within three (3) contiguous acres. Five hundred and sixty-two (562) samples in eight (8) batches, primarily from stockpiles, were tested and analyzed by two (2) laboratories resulting in a weighted average gold grade of 0.1494 ounces per ton ("**opt**") (5.12 grams per tonne ("**gpt**")). The disturbed area from which the sample was excavated has been recontoured, layered with topsoil and seeded in December 2015.

Plan for 2016

Processing of the estimated 8,000 ton bulk sample will commence in the second quarter of 2016 subject to receiving the approval and acceptance of the Reclamation Plan submitted in March, 2016. It is planned that the sample will be transported off site, crushed in a gravel pit, fed to concentrators owned by AGC, processed by AGC and the concentrated product is expected to be delivered to a refinery or to a toll processing facility for final processing and then be available to market. Based on the initial analysis, it may contain more than 1000 ounces of gold.

Excavation of additional tons of gold bearing materials to be processed as the bulk sample will commence in April and continue to provide additional tons to test the gravity concentration process.

Atlanta Project

Results to date from concentrate produced from the trench samples processed in 2014 continue to confirm gravity recovery of gold at 83% or greater. The 83% recovery was used in the model developed by P&E for their NI 43-101 compliant resource estimate (see "NI 43-101 Resource Estimate").

The passive water filtration system was installed in Atlanta in October 2012 and expanded during 2013. The final stage of the government-approved SPOO is to plug the 900 cross-cut and complete the closure plan for the Adit. The location and final design of the plug is subject to the approval of the USFS and that decision cannot be finalized until rehabilitation of the cross cut is complete. The Company will commence rehabilitation in the third quarter of 2016, subject to funding being available. Rehabilitation of the cross cut, engineering and the installation of a permanent plug requires significant time and funding. The installation of a control plug, which will create a large reservoir of water, will provide the operator the ability to control water discharge, manage water requiring treatment and maintain compliance with the Clean Water Act.

AGC intends to construct an "all seasons" ridge line access road that will reduce sedimentation and leave a buffer zone between the access road and tributaries of drainages into the Middle Fork of the Boise River. The primary purpose of the road is to provide environmental protection of the watersheds and safety issues protecting the employees and the public. The request to construct the road was supported by residents, property owners and visiting sportsmen via a petition to the Elmore County Commissioners and Planning Board. The "Gold Claim" road will follow historic routing and cross public lands to the main shear zone of the Atlanta Mine's private property. This road will also provide a firebreak to protect the forested north-facing slope of the Atlanta Project land holdings. The North Slope is the area within which the historic Atlanta community is located. The Company has received approval for the construction of the private access road from the Atlanta Highway District and construction is expected to commence in the third quarter of 2016 subject to the approval of the USFS and funding. The five miles of road should take approximately three weeks to be completed.

The Company has limited financial resources and no source of operating revenue. In the past, it has relied on debt / equity financings to maintain its exploration, environmental permitting, and engineering and development activities and meet its administrative costs. The Company continues to seek capital through various means including by the issuance of debt and equity financing and from proceeds generated from contracting services provided to the Partnership for the processing of the exploration samples. AGC is entitled to a fee for providing general and administrative services to the Partnership as a contractor. AGC will consider the possible joint venturing of a direct interest in the Atlanta Project. The previous environmental legal action against AGC by two environmental interest groups has adversely affected the Company's ability to finance its activities and operations. However, with AGC's success in implementing water treatment initiatives so as to comply with the NPDES permit requirements, management believes that a significant amount of uncertainty regarding the Atlanta Project has been eliminated. The significant decline in the gold price during 2014 has had a significant adverse effect on the availability of financing for companies in the gold sector, including the Company. Significant delays in obtaining additional funding necessary to fund its ongoing operating and capital requirements and debt servicing obligations on a timely basis have occurred and if such delays continue to occur, this will have a material adverse impact on the Company's financial condition, business and plan of operations.

AGC continues to rely on the commitment and expertise of its management team, its professional advisors, employees and contractors to ensure compliance with current laws and foster a climate of open communication and co-operation with the various state and federal environmental agencies.

The Neal Project and Atlanta Project are significant assets with near-term production potential. The Atlanta Project has considerable Indicated and Inferred Resources with significant potential to develop known gold deposits within the boundaries of property controlled or owned by the Company that are expected to provide substantial long-term economic and environmental benefits to the town of Atlanta, the surrounding communities and the State of Idaho, as well as to the Company and its shareholders.

Both the Neal and the Atlanta properties are subject to further exploration and test processing technical development based on gravity and centrifugal recovery techniques using water as a medium. Exploration and development at the Neal Property commenced in the third quarter of 2015 and continued into the fourth quarter of 2015. Additional development will be contingent on satisfactory assay results on the Neal bulk sample and additional funding. Increased exploration activity at the Atlanta Project is expected to commence, subject to funding being available, in the second quarter of 2016.

HydroClean

As noted above, AGC has filed an International Patent in respect of certain aspects of the water treatment facility and through its interest in HydroClean Resources LP, intends to further develop the technology.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

The remuneration of key management personnel during the year ended December 31, 2015 was $391,420 (December 31, 2014 - $601,847), of which one-half of a senior officer's salary was unpaid and accrued at December 31, 2015. The Company had accrued $473,968 of a senior officer's salary including $449,176 of principal accrued for 2013, 2014 and 2015 and $24,792 of outstanding interest. At December 31, 2014, $314,029 was accrued for one-half of a senior officer's salary including $298,764 of principal accrued for 2013 and 2014 and $15,265 of interest. This amount is unsecured and has no fixed terms of repayment. The interest rate is 7% per annum on unpaid remuneration.

At December 31, 2015, Shareholders' loans of $1,041,659 (December 31, 2014 - $986,275) were payable to certain directors (Allan Folk, James Gray and Warren Holmes) and shareholders of the Company. Of the total amount, $313,500 (December 31, 2014 - $294,250) was owed to Wm. Ernest Simmons, the President, CEO and a director of the Company, for the purchase of equipment and it was evidenced by demand promissory notes bearing interest of 7% per annum and was secured against the equipment purchased. The remaining shareholder loans of $728,159 (December 31, 2014 - $692,025) were from directors and shareholders. The loans bear interest of 8% per annum and are repayable on demand.

Share Capital

As at April 26, 2016, the Company has 34,662,426 common shares outstanding and warrants outstanding to purchase 3,592,000 common shares at prices ranging from C$0.10 to C$1.10 per share, expiring between December 2016 and April 2018.

Accounting Policies

No new accounting policies were adopted in 2015. The Company is presently assessing the impact of IFRS 11, Joint Arrangements, was amended in May 2014 to require business combination, IFRS 15, Revenue from Contracts with Customers, was issued in May 2014 and replaces the previous guidance on revenue recognition and IFRS 16, Leases. The standard on leases was issued in January 2016 and is effective for annual reporting periods beginning on or after January 1, 2019 for public entities with early adoption permitted, provided IFRS 15 has been applied or is applied at the same date as IFRS 16.

Uncertainties and Risk Factors

The Company does not currently hold any interest in a mining property in production and its future success depends upon its ability to find, develop, exploit and generate revenue from mineral deposits, whether through profitable operations or from proceeds of disposition of assets. Exploration and development of mineral deposits involve significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate and there can be no assurance that the Atlanta Project or any of the Company’s other properties will ultimately be developed into a profitable mining operation. As a result, the securities of the Company must be considered speculative and readers should carefully consider the following factors:

Financing Risk

The Company has limited financial resources and no operating cash flow. Until profitable production is achieved, the Company is dependent on debt or equity financings and / or the sale, farm-out or lease of assets to provide the funds necessary for the Company’s operating and capital expenditures. The ability to obtain financing is, in addition to factors specific to the Company, subject to a number of factors beyond the control of the Company, including fluctuations in gold prices and currency exchange rates and changes in the financial markets. The Company has experienced delays in obtaining requisite funding and there can be no assurance that additional funding in amounts and on terms satisfactory to the Company will be available on a timely basis to fund the further exploration and development of its properties or to fulfill its obligations under applicable agreements. Failure to obtain such funding has resulted in delay and could in the future result in the delay or indefinite postponement of further exploration and development of the Company's properties and in the possible dilution or loss of interests in such properties. If the Company secures additional funding through the issue of equity securities, such financings will dilute the holdings of the Company's existing shareholders.

Secured Indebtedness

The Company's Notes, Amended Debenture and Additional Debentures are guaranteed by AGC and secured by a mortgage on AGC's Atlanta Project. Should the Company fail to comply with its obligations under its secured indebtedness, the holders of the secured indebtedness could seek to enforce their mortgage security, which could result in AGC losing its interest in the Atlanta Project. If the holders of the Amended Debenture or the Additional Debentures elect to convert all or a portion of the Debentures into common shares of the Company, the holdings of the Company's existing shareholders will be diluted.

In connection with various financings, AGC issued options to acquire gold from AGC. If AGC is unable to obtain sufficient gold from its projects prior to the exercise of the gold options, it will be necessary for AGC to purchase gold from other sources to deliver to the option holders or to otherwise satisfy the gold delivery commitment by means of an equivalent cash payment. The amount of such cash payment will be dependent on the price of gold at the time of exercise, and accordingly, the amount cannot be determined at this time but could be significant. Delays in obtaining gold or the failure to obtain sufficient gold from its projects could have a material adverse affect on the financial condition, business and operations of AGC and the Company.

Fluctuations in Gold Price

A significant and prolonged decline in the gold price would significantly reduce the economic prospects of the Atlanta Project and could render it uneconomic. A significant and prolonged decline in the gold price could require the Company to reduce its estimates of Mineral Resources, which could have a material adverse effect on the Company's value.

Litigation Risk

The mining industry is frequently subject to legal claims, particularly with respect to environmental matters. The Company's subsidiary, AGC, has been ordered to pay a penalty in the amount of $2,000,000, payable in quarterly installments over a five-year period. While AGC is endeavoring to comply with the terms of the payment arrangement, it is presently in arrears of its payment schedule and if AGC is unable to pay the penalty and related interest within the allotted times, the Court may impose additional financial or other sanctions, which could be significant. The U.S. Government may also take steps to enforce its security against the property and equipment provided by AGC as security for payment of the penalty, which could result in the loss of AGC's interest in the secured property and equipment.

Exploration and Development

Exploration for gold is highly speculative in nature, involves many risks and is frequently unsuccessful. There can be no assurance that exploration efforts will result in the discovery of additional mineralization or that any mineralization discovered will be converted into Mineral Reserves. Existing mineral resource estimates for the Atlanta Project included herein are estimates only, and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that identified mineral resources will ultimately qualify as a commercially viable deposit that can be legally and economically exploited. In addition, the grade of mineralization which may ultimately be mined may differ from that indicated by drilling results and resource estimates and such differences could be material.

Development projects rely on the accuracy of predicted factors, including capital and operating costs, metallurgical recoveries, mineral resource and reserve estimates and, in the case of Atlanta, future prices for gold and to a lesser extent, silver. Development projects are also subject to accurate pre-feasibility or feasibility studies, the acquisition of water and land rights, including land required for necessary infrastructure relating to the development of the project and the issuance of necessary governmental permits. Due to the number of years and substantial expenditures required from the time of initial drilling to production, the economic feasibility of production and level of profitability may change due to changes in mineral prices, commodity prices, labour and equipment costs and/or other factors which may result in material cost overruns versus budgeted amounts.

Environmental Factors
The mining industry is subject to environmental regulation by federal, state and local authorities. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased penalties for non-compliance and more stringent environmental assessments of proposed projects. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations or result in significant costs and liabilities in the future.

Governmental Regulation and Permits
Exploration and development activities and mining operations are subject to extensive federal, state and local laws and regulations governing exploration, development, production, occupational health and safety, waste disposal, protection and remediation of the environment, reclamation, taxes and other matters. Compliance with such laws and regulations necessarily imposes costs and may result in delays in planning, designing, developing, constructing, operating, and closing mines and other facilities. There can be no assurance that future changes in such laws and regulations, if any, will not adversely affect the Company's operations. The Company's operations require licenses and permits from various governmental authorities. Obtaining these licenses and permits is a complex and time-consuming process involving numerous jurisdictions and regulatory authorities. While the Company has been successful in the past in obtaining the requisite permits and licenses, there can be no assurance that the Company will be able to obtain all necessary permits that may be required to carry out exploration, development and mining operations.

Dependence on Key Personnel, Consultants and Contractors
The Company currently has a small management group and has used a limited number of consultants and contractors, which is sufficient for the Company's present stage of activity. The Company is currently highly dependent on the principal members of its senior management group and the loss of one or more of their services could have an adverse effect on the Company's operations and future development and growth.

Capital and Operating Estimates
The Company's projected capital and operating cost estimates have been developed only to an approximate order of magnitude based on generally understood capital cost to production level relationships and they are not based on any systematic engineering studies, so the ultimate costs may vary widely from estimated amounts and may take longer than normal to optimize. As is normal at this

stage of a project, data is incomplete and estimates were developed based solely on the expertise of the individuals involved. At this level of engineering, the criteria, methods and estimates are very preliminary and require a high level of subjective judgment. There can be no assurance that the Company's operating and financial estimates will be realized, and differences from actual results may be material.

Infrastructure
Exploration, development, mining and processing activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, such as the flooding in August 2014 in the area of the Atlanta Project, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Share Price Fluctuations
The securities markets in Canada and elsewhere generally, and the Company's shares specifically, have in recent years experienced a high level of price volatility. The market prices of securities of many companies, including those like the Company, considered to be development-stage companies, have experienced wide fluctuations in price which are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurances that continuing fluctuations in the Company's share price will not occur.

Additional Information
Additional information relating to the Company is available on SEDAR at www.sedar.com.

April 26, 2015