ATLANTA GOLD INC.

Atlanta Gold Inc.

Condensed Interim Consolidated Financial Statements

September 30, 2017

(Expressed in U.S. Dollars)

(Unaudited)

Notice of no auditor review of condensed interim consolidated financial statements

Under National Instrument 51-102, Part 4, subsection 4.3(3a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee of the Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

November 28, 2017

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in U.S. Dollars)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 84,986**	$ 543,717
Restricted cash (note 3)	**14,126**	92,659
Recoverable taxes	**6,971**	8,837
Prepaid expenses	**20,558**	102,078
Total current assets	**126,641**	747,291
Exploration and evaluation assets (note 4)	**48,951,927**	48,270,636
Property, plant and equipment (note 5)	**70,857**	15,161
Intangible assets (note 6)	**116,189**	115,108
Total assets	**$ 49,265,614**	$ 49,148,196
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	**$ 2,679,610**	$ 3,183,867
Other payables (note 9)	**103,452**	103,452
Penalty payables to U.S. Treasury (note 13)	**1,926,000**	1,675,000
Shareholders' loans (note 11)	**1,392,486**	1,892,891
Convertible loan (note 7(c))	**700,342**	658,897
Convertible loan - embedded derivatives (note 7(c))	**96,306**	96,306
Rehabilitation provisions (notes 12 and 13)	**173,190**	169,236
Senior secured notes - current (note 7(b))	**5,990,972**	5,833,750
Senior secured notes - gold options (note 7(b))	**445,509**	431,050
Convertible debentures (note 7(a))	**1,592,808**	-
Convertible debentures - embedded derivatives (note 7(a))	**73,004**	-
Convertible debenture - gold options (note 7(a))	**330,015**	-
Total current liabilities	**15,503,694**	14,044,449
Non-current liabilities		
Rehabilitation provisions (notes 12 and 13)	**965,000**	965,000
Convertible debentures (note 7(a))	**-**	1,419,310
Convertible debentures - embedded derivatives (note 7(a))	**-**	300,789
Convertible debenture - gold options (note 7(a))	**-**	190,964
Total liabilities	**$ 16,468,694**	$ 16,920,512

Nature of operations and going concern (note 1)
Commitments and contingencies (note 13)
Subsequent events (note 14)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Financial Position (continued)
(Unaudited - Expressed in U.S. Dollars)

	September 30, 2017	December 31, 2016
EQUITY		
Capital stock (notes 8(a)(d)(e))	**$ 92,650,235**	$ 90,254,906
Warrants (note 8(b))	**8,801**	153,359
Contributed surplus (note 8(c))	**11,096,750**	10,792,032
Accumulated deficit	**(60,762,751)**	(55,433,299)
Accumulated other comprehensive loss	**(11,277,781)**	(14,620,980)
Total equity attributable to Atlanta Gold Inc. shareholders	**31,715,254**	31,146,018
Non-controlling interests (note 9)	**1,081,666**	1,081,666
Total equity	**32,796,920**	32,227,684
Total liabilities and equity	**$ 49,265,614**	$ 49,148,196

Nature of operations and going concern (note 1)
Commitments and contingencies (note 13)
Subsequent events (note 14)

Approved by the Board:

"Allan Folk"
Allan J. Folk
Director

"Kenji Sakai"
Kenji Sakai
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ATLANTA GOLD INC.

(An exploration stage company)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in U.S. Dollars)
Three and Nine Months Ended September 30, 2017 and 2016

	For the three months ended September 30, 2017	For the three months ended September 30, 2016	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
General and administrative expenses:				
Professional fees	**$ 32,040**	$ 20,170	**$ 147,109**	$ 95,446
Salaries and management fees (note 11)	**22,910**	21,503	**84,812**	69,190
Administrative and office	**18,928**	18,271	**52,897**	54,620
Investor relations	**10,189**	7,587	**45,134**	38,144
Travel and accommodation	**4,078**	-	**7,249**	963
Share-based compensation (note 8(c))	**121,839**	-	**121,839**	-
	209,984	67,531	**459,040**	258,363
Penalty, attorney fees and litigation costs	**351,427**	-	**351,427**	-
Exploration and evaluation expense	**-**	-	**366**	365
	561,411	67,531	**810,833**	258,728
Finance items:				
Finance costs (note 7)	**215,102**	222,401	**815,005**	632,619
Gain on sale of marketable securities	-	(56,079)	**-**	(56,079)
Unrealized gain on marketable securities	**-**	55,731	**-**	-
Accretion of convertible debentures and senior secured notes (notes 7(a)(b))	**70,755**	83,841	**220,601**	249,436
Financial assets at fair value through profit or loss				
- Embedded derivatives (notes 7(a)(c))	**(167,880)**	10,085	**(239,449)**	23,695
- Gold options (notes 7(a)(b)(c))	**102,085**	(121,570)	**195,241**	124,061
Loss (income) from foreign currency transactions	**1,913,939**	(677,105)	**3,527,221**	2,653,359
	2,134,001	(482,696)	**4,518,619**	3,627,091
Loss (income) before income taxes	**2,695,412**	(415,165)	**5,329,452**	3,885,819
Net loss (income)	**2,695,412**	(415,165)	**5,329,452**	3,885,819
Other comprehensive loss				
Items that may subsequently be reclassified through profit and loss				
Foreign currency translation adjustment	**(1,776,609)**	653,994	**(3,343,199)**	(2,480,037)
Net loss and comprehensive loss for the period	**$ 918,803**	$ 238,829	**$ 1,986,253**	$ 1,405,782
Weighted average number of consolidated shares outstanding (note 10)				
Basic	**75,568,314**	38,448,008	**54,787,454**	34,797,621
Diluted	**75,568,314**	38,448,008	**54,787,454**	34,797,621
Net loss (income) per share (note 10)				
Basic	**$ 0.04**	$ (0.01)	**$ 0.10**	$ 0.11
Diluted	**$ 0.04**	$ (0.01)	**$ 0.10**	$ 0.11

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Cash Flow
(Unaudited - Expressed in U.S. Dollars)
Three and Nine Months Ended September 30, 2017 and 2016

	For the three months ended September 30, 2017	September 30, 2016	For the nine months ended September 30, 2017	September 30, 2016
Cash provided by (used in)				
Operating activities:				
Net loss for the period	**$ (2,695,412)**	$ 415,165	**$ (5,329,452)**	$ (3,885,819)
Add (deduct) items not involving cash:				
Gain on sale of marketable securities	**-**	(56,079)	**-**	(56,079)
Stock-based compensation	**121,839**	-	**121,839**	-
Unrealized loss on marketable securities	**-**	55,731	**-**	-
Finance costs	**213,681**	208,987	**812,106**	617,378
Financial assets at fair value through profit or loss				
- Embedded derivatives (notes 7(a)(c))	**(167,880)**	10,085	**(239,449)**	23,695
- Gold options (notes 7(a)(b)(c))	**102,085**	(121,570)	**195,241**	124,061
Accretion of convertible debentures and senior secured notes (notes 7(a)(b))	**70,755**	83,841	**220,601**	249,436
Foreign exchange	**1,629,787**	(659,569)	**2,696,602**	2,597,721
Net change in non-cash working capital	**637,536**	20,522	**509,010**	99,712
Net cash used in operating activities	**(87,609)**	(42,887)	**(1,013,502)**	(229,895)
Financing activities:				
Loans from shareholders	**162,000**	-	**162,000**	-
Proceeds from share issuances	**-**	-	**980,128**	441,386
Net cash from financing activities	**162,000**	-	**1,142,128**	441,386
Investing activities:				
Exploration and evaluation asset	**(188,603)**	(315,175)	**(604,527)**	(622,898)
Property, plant and equipment	**(19,888)**	(17,584)	**(60,282)**	(86,893)
Sale of marketable securities	**-**	84,737	**-**	84,737
Intangible assets	**(839)**	-	**(1,081)**	-
Net cash used in investing activities	**(209,330)**	(248,022)	**(665,890)**	(625,054)
Decrease in cash and cash equivalents	**(134,939)**	(290,909)	**(537,264)**	(413,563)
Cash and cash equivalents, beginning of period	**234,051**	543,923	**636,376**	666,577
Cash and cash equivalents, end of period	**99,112**	253,014	**$ 99,112**	$ 253,014
Cash and cash equivalents	**$ 84,986**	$ 16,514	**$ 84,986**	$ 16,514
Restricted cash (note 3)	**$ 14,126**	$ 236,500	**$ 14,126**	$ 236,500
Interest paid	**$ 459**	$ 1,075	**$ 1,147**	$ 1,710

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Cash Flow (continued)
(Unaudited - Expressed in U.S. Dollars)
Three and Nine Months Ended September 30, 2017 and 2016

	For the three months ended September 30, 2017	September 30, 2016	For the nine months ended September 30, 2017	September 30, 2016
Net change in non-cash working capital items				
Recoverable taxes	**$ 21,363**	$ 10,450	**$ 1,866**	$ 4,445
Other receivables	**-**	(16,925)	**-**	(24,104)
Prepaid expenses	**15,729**	9,750	**81,520**	17,758
Accounts payable and accrued liabilities	**349,444**	17,247	**174,624**	151,613
Penalty payable to U.S. Treasury	**251,000**	-	**251,000**	(50,000)
	$ 637,536	$ 20,522	**$ 509,010**	$ 99,712
Significant non-cash financing and investing activities				
Capitalized depreciation (note 5)	**$ 3,371**	$ 56,651	**$ 4,586**	$ 227,335
Shares issued to settle trade payables and loans from shareholders	**78,672**	**-**	**844,409**	-
Shares issued in satisfaction of senior secured notes and Debentures interest	**-**	**-**	**570,793**	-
Capitalized stock-based compensation (note 8(c))	**24,067**	-	**31,540**	-
Expensed stock-based compensation (note 8(c))	**121,839**	-	**121,839**	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in U.S. Dollars, except for shares and per share amounts)
Three and Nine Months Ended September 30, 2017 and 2016

	Number of Shares (adjusted for share consolidation)	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
Balance - January 1, 2016	29,554,837	$ 89,813,520	$ 826,952	$ 10,118,439	$(52,541,471)	$(16,048,419)	$ 1,081,666	$ 33,250,687
Shares issued								
- at C$0.069 per common share, net of share issue costs	1,750,000	80,382	-	-	-	-	-	80,382
Shares issued								
- at C$0.07 per common share, net of share issue costs	7,143,171	361,004	-	-	-	-	-	361,004
Net loss for the period	-	-	-	-	(3,885,819)	-	-	(3,885,819)
Foreign currency translation adjustment	-	-	-	-	-	2,480,037	-	2,480,037
Balance - September 30, 2016	38,448,008	$ 90,254,906	$ 826,952	$ 10,118,439	$(56,427,290)	$(13,568,382)	1,081,666	$ 32,286,291
Warrants expiring unexercised	-	-	(673,593)	673,593	-	-	-	-
Net income for the period	-	-	-	-	993,991	-	-	993,991
Foreign currency translation adjustment	-	-	-	-	(1,052,598)	-	(1,052,598)	
Balance - December 31, 2016	38,448,008	$ 90,254,906	$ 153,359	$ 10,792,032	$(55,433,299)	$(14,620,980)	$ 1,081,666	$ 32,227,684

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Changes in Equity (continued)
(Expressed in U.S. Dollars, except for shares and per share amounts)
Three and Nine Months Ended September 30, 2017 and 2016

	Number of Shares (adjusted for share consolidation)	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
Balance - January 1, 2017	38,448,008	$ 90,254,906	$ 153,359	$ 10,792,032	$(55,433,299)	$(14,620,980)	$ 1,081,666	$ 32,227,684
Shares issued - at C$0.09 per common share, net of share issue costs (note 8(d))	26,390,000	1,745,864	-	-	-	-	-	1,745,864
Shares issued for interest - at C$0.077per common share, net of share issue costs (note 8(e))	10,010,374	570,793	-	-	-	-	-	570,793
Shares issued for interest - at C$0.077per common share, net of share issue costs (note 8(e))	1,298,701	78,672	-	-	-	-	-	78,672
Share-based compensation (note 8(c))	-	-	-	160,160	-	-	-	160,160
Warrants expiring unexercised (note 8(b))	-	-	(144,558)	144,558	-	-	-	-
Net loss for the period	-	-	-	-	(5,329,452)	-	-	(5,329,452)
Foreign currency translation adjustment	-	-	-	-	-	3,343,199	-	3,343,199
Balance - September 30, 2017	76,147,083	$ 92,650,235	$ 8,801	$ 11,096,750	$(60,762,751)	$(11,277,781)	$ 1,081,666	$ 32,796,920

1. Nature of operations and going concern

Atlanta Gold Inc. (the “Company”) was incorporated on March 6, 1985 under the laws of British Columbia and continued into Ontario on March 15, 2000. The Company is domiciled in Canada and its registered head office is 5600 – First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1C9. Its common shares are listed on the TSX Venture Exchange (the “Exchange”) trading under the symbol “ATG”, and on the OTC Pink Market under the symbol “ATLDF”.

The Company’s primary property is its Atlanta Gold Property (“Atlanta”), located in Idaho, U.S.A. Atlanta is in the advanced exploration phase. The Company also holds a leasehold interest on five patented lode claims known as the Neal Property and staked an additional seven contiguous claims on public land that were open to mineral entry, also located in Idaho, U.S.A.

Recoverability of exploration and evaluation expenditures is dependent upon the further development of economically recoverable reserves, the preservation of the Company’s interest in the underlying mineral claims, its ability to obtain necessary financing, obtain government approval and attain profitable production, or alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material write downs of the carrying amounts of deferred exploration expenditures.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they become due. As at September 30, 2017, the Company had a deficit of $60,762,751 and no source of operating cash flows. The Company’s current liabilities exceeded its current assets by $15,377,053 as of September 30, 2017. The Company's wholly owned subsidiary, Atlanta Gold Corporation ("AGC"), is in arrears of environmental penalty payments due totaling $925,000 as of September 30, 2017. The interest due April 1, 2017 on the Company’s outstanding debentures in the amount of C$246,000 remain unpaid. In addition, payments of principal and interest on the Company’s outstanding notes in the aggregate amount of $2,135,000 became due on August 31, 2017 and remain unpaid. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. In view of these circumstances, the Company requires additional financing to settle its existing liabilities and to complete its planned exploration and evaluation program on Atlanta and the Neal Property, and will continue to explore financing alternatives to raise capital. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms or that the Company will achieve profitable operation.

These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. These adjustments could be material.

(Unaudited - Expressed in U.S. Dollars)

2. Basis of preparation

(i) Basis of presentation and measurement

The Company prepares its unaudited condensed interim consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim consolidated financial statements have been prepared under the historical cost method, except for certain financial instruments measured at fair value.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2016 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods adopted are consistent with those disclosed in note 3 to the Company's consolidated financial statements for the year ended December 31, 2016.

These unaudited condensed interim consolidated financial statements were approved by the board of directors for issue on November 28, 2017.

(ii) Critical accounting estimates and judgments

Areas of critical accounting estimates and judgments that have the most significant effect on the amounts recognized in the unaudited condensed interim consolidated financial statements are disclosed in note 3 of the Company's consolidated financial statements for the year ended December 31, 2016.

3. Restricted cash

Cash and cash equivalents, in the amount of $14,126, held by Neal Development, LP are contractually not available for general corporate purposes, except for amounts as provided for in the partnership agreement governing profit distribution and fees to be paid to the Company for processing, general, administrative and other services to Neal Development. (note 9)

4. Exploration and evaluation assets

	Atlanta Gold Property	Neal Property	Total
Balance at January 1, 2016:	$ 46,794,812	$ 271,356	$ 47,066,168
Additions	535,701	332,892	868,593
Balance at September 30, 2016	47,330,513	604,248	47,934,761
Additions	200,767	135,108	335,875
Balance at December 31, 2016	47,531,280	739,356	48,270,636
Additions	554,876	126,415	681,291
Balance at September 30, 2017	$ 48,086,156	$ 865,771	**$ 48,951,927**

4. Exploration and evaluation assets (continued)

Atlanta Gold Property, Idaho, U.S.A.

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 retained a 2% NSR royalty (the "Royalty") on Atlanta. In September 2009, the Company purchased one-half of the Royalty (1%) from CAMC.

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

(a) 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. 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 September 30, 2017, advance royalty payments of $1,500,000 had been paid by AGC to Monarch and will be deducted from future royalty payments to Monarch.

(b) 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.

(c) F. C. Gardner

AGC leases lode claims pursuant to a lease agreement, as amended, with F. C. Gardner which expires on April 30, 2021. 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 September 30, 2017, advance royalty payments of $238,500 (December 31, 2016 - $228,500) have been made and will be deducted from any future royalty payments to F. C. Gardner.

(d) Hollenbeck Properties LLC

AGC leases 10 patented and 5 unpatented claims pursuant to a lease agreement with Hollenbeck Properties LLC ("Hollenbeck"). The lease was extended to November 14, 2017 and the payment to extend the lease to November 14, 2018 is outstanding. The Company is in discussions with Hollenbeck on the lease payment and the purchase of the properties. The lease payment should be made pending financing in a few weeks. 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 September 30, 2017, advance royalty payments of $342,500 (December 31, 2016 - $342,500) 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 Atlanta. Advance royalty payments to lessors are credited against future royalty payments payable on production. As at September 30, 2017, advance royalty payments totaling $2,081,000 (December 31, 2016 - $2,071,000) will be deducted from any future royalty payments to lessors/royalty holders.

(Unaudited - Expressed in U.S. Dollars)

4. Exploration and evaluation assets (continued)

Neal Property, Idaho, U.S.A.
AGC holds a lease expiring July 2020 of 5 patented claims known as the Neal Property and has staked an additional seven contiguous claims on public land that were open to mineral entry. The annual lease payments consist of a $3 per dry ton royalty and a 3% net smelter return royalty, with a minimum annual payment of $10,000. As at September 30, 2017, advance royalty payments of $25,000 have been made which will be deducted from future lease payments and/or production/royalty payments.

In February 2015, AGC formed Mineral Point, LLC, an Idaho limited liability company to be the General Partner of Neal Development, LP, an Idaho limited partnership, with Neal Development, LP to be used to explore the Neal Property.

Mineral Point, LLC is the General Partner of Neal Development, LP and holds 100 units of the partnership. In June 2015, Neal Development, LP completed an initial financing for proceeds of $1,100,000 and 44 units were subscribed for. Neal Development, LP commenced exploration activity in mid-July, 2015. (note 9)

5. Property, plant and equipment

	Land	Building, Field Equipment and Other	Total
At January 1, 2016:			
Cost	$ 381,903	$ 3,403,269	$ 3,785,172
Accumulated depreciation	-	(3,168,524)	(3,168,524)
Opening Net Book Value at January 1, 2016	381,903	234,745	616,648
Year ended December 31, 2016:			
Opening Net Book Value at January 1, 2016	381,903	234,745	616,648
Additions	-	94,392	94,392
Disposals	(381,903)	(81,005)	(462,908)
Disposals - accumulated depreciation reversal	-	38,191	38,191
Depreciation	-	(227,334)	(227,334)
Closing Net Book Value at September 30, 2016	-	58,989	58,989
Additions	-	13,187	13,187
Depreciation	-	(57,015)	(57,015)
Closing Net Book Value at December 31, 2016	$ -	$ 15,161	$ 15,161

(Unaudited - Expressed in U.S. Dollars)

5. Property, plant and equipment (continued)

	Land	Building, Field Equipment and Other	Total
At January 1, 2017:			
Cost	$ -	$ 3,429,843	$ 3,429,843
Accumulated depreciation	-	(3,414,682)	(3,414,682)
Opening Net Book Value at January 1, 2017	-	15,161	15,161
Period ended September 30, 2017:			
Opening Net Book Value at January 1, 2017	-	15,161	15,161
Additions	-	60,282	60,282
Depreciation	-	(4,586)	(4,586)
Closing Net Book Value at September 30, 2017	$ -	$ 70,857	$ 70,857
At September 30, 2017:			
Cost	$ -	$ 3,490,125	$ 3,490,125
Accumulated depreciation	-	(3,419,268)	(3,419,268)
Closing Net Book Value at September 30, 2017	**$ -**	**$ 70,857**	**$ 70,857**

All depreciation charges during the nine months ended September 30, 2017 and 2016 were capitalized to exploration and evaluation assets.

As of September 30, 2017, AGC's four generators on the East Amity Road property and an excavator have security interests against them (notes 11 and 13).

6. Intangible assets

HydroClean Resources, LP	Organizational Costs	Patent Developing Costs	Total Intangible Costs
January 1, 2017	$ 2,004	$ 113,104	$ 115,108
Additions	-	1,081	1,081
September 30, 2017	$ 2,004	$ 114,185	$ 116,189

(Unaudited - Expressed in U.S. Dollars)

6. Intangible assets (continued)

HydroClean Resources, LP	Organizational Costs	Patent Developing Costs	Total Intangible Costs
January 1, 2016	$ -	$ -	$ -
Additions	2,004	113,104	115,108
December 31, 2016	$ 2,004	$ 113,104	$ 115,108

All the costs incurred have been capitalized as Intangible assets and organizational costs when the patent is being developed in HydroClean. (note 9)

7. Convertible debentures, senior secured notes and convertible loan

(a) Convertible debentures

	Face value C$	Host debt Amortized costs	Embedded Derivatives Fair value	Gold option Fair Value
Debenture - December 2011 - refinanced	$ -	$ -	$ -	$ 330,015
Amended debenture - April 2015	1,500,000	1,182,760	45,277	-
Additional debenture - August 2015	550,000	410,048	27,727	-
Total	**$ 2,050,000**	**$ 1,592,808**	**$ 73,004**	**$ 330,015**

In connection with the purchase of the Monarch Property, the Company issued to Concept Capital Management Ltd. ("CCM") in December 2011 a 6% convertible debenture (the "Debenture") in the principal amount of C$3 million having a five-year term. The Company and AGC also entered into a gold option agreement pursuant to which CCM received an option to purchase an aggregate of 4,000 troy ounces of gold produced from Atlanta, at a price of $1,400 per ounce. The option will vest after AGC has completed production of 20,000 troy ounces from Atlanta and will be exercisable for five years from the date of vesting.

By notice dated August 25, 2014, CCM requested that the Company redeem the Debenture on December 15, 2014, in accordance with the Debenture’s early redemption provisions, which permitted CCM to request redemption at any time after December 14, 2014.

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 totaling 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 the issuance to CCM of the Company’s Senior Secured Notes in the principal amount of $1,500,000 (note 7(b)). $285,775 of gain on Refinancing was recognized to statement of loss (income) and comprehensive loss for the year ended December 31, 2015. 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

7. Convertible debentures, senior secured notes and convertible loan (continued)

(a) Convertible debentures (continued)

equally with the Company's Senior Secured Notes. The Amended Debenture and the Senior Secured Notes are secured by the limited recourse guarantee of AGC and by a mortgage of AGC's interest in Atlanta.

The issuance of the Amended Debenture to CCM and the consolidation of the Company's common shares on a one for ten basis (as required pursuant to the terms of the Refinancing) 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.

The Amended Debenture involves two components: host debt and conversion options. The principal face value was allocated as follows:
i) Conversion options were valued at C$122,211 as of April 1, 2015 and classified as non-current liability. The fair value of the conversion options was valued at C$56,531 ($45,277) as at September 30, 2017 (December 31, 2016 - C$295,501 ($220,089)).
ii) The host debt of C$1,183,150 was recorded as non-current liability at its initial fair value at the date of inception as of April 1, 2015 and subsequently measured at amortized cost as of September 30, 2017. The accretion interest has been charged to statement of loss and comprehensive loss.

Assumptions used for the valuation:
The Amended Debenture components were measured at fair value using the following methods:
The fair value of the Amended Debenture and its conversion rights were estimated by using a range of fair values based on the valuation of the Amended Debenture, the Amended Debenture without the conversion option, as well as an expectation of an upper and lower end of a credit spread and a fair value calculation using risk statistics for convertible bonds.

The inputs were as follows:
i) Historical stock price as at the valuation date of C$0.05 as adjusted for the consolidation
ii) Volatility of the stock return adjusted to reflect the actual implied stock volatility of 287.85%
iii) Bond discount curve

Concurrently with the completion of the Refinancing, on August 26, 2015, the Company completed a private placement for an additional C$550,000 (converted into $397,399 as at December 31, 2015) principal amount convertible debentures (the "Additional Debentures") which rank equally with and have the same terms as the Amended Debenture, except that interest on the Additional Debentures accrues from the date of completion of the private placement. The Additional Debentures are secured in the same manner and rank equally in all respects with the Amended Debenture and the Senior Secured Notes. In connection with the issuance of the Additional Debentures, the Company paid a finder's fee of 192,000 warrants to Golden Capital Consulting Ltd. Each warrant entitles the holder to acquire one consolidated common share of the Company at an exercise price of C$0.10 at any time prior to April 1, 2018.

The Additional Debentures involve two components: host debt and conversion options. The principal face value was allocated as follows:
i) Conversion options were valued at C$155,403 as of August 26, 2015 and classified as non-current liability. The fair value of the conversion options was valued at C$34,602 ($27,727) as at September 30, 2017 (December 31, 2016 - C$108,351 ($80,700)).

(Unaudited - Expressed in U.S. Dollars)

7. Convertible debentures, senior secured notes and convertible loan (continued)

(a) Convertible debentures (continued)

ii) The host debt of C$394,597 was recorded as non-current liability at its initial fair value at the date of inception as of August 26, 2015 and subsequently measured at amortized cost as of September 30, 2017. The accretion interest has been charged to statement of loss and comprehensive loss.

Assumptions used for the valuation:
The Amended Debenture components were measured at fair value using the following methods:
The fair value of the Amended Debenture and its conversion rights were estimated by using a range of fair values based on the valuation of the Amended Debenture, the Amended Debenture without the conversion option, as well as an expectation of an upper and lower end of a credit spread and a fair value calculation using risk statistics for convertible bonds.

The inputs were as follows:
i) Historical stock price as at the valuation date of C$0.06
ii) Volatility of the stock return adjusted to reflect the actual implied stock volatility of 273.9%
iii) Bond discount curve

On June 2, 2017, the Company settled accrued and unpaid interest on the Debentures to April 1, 2016 (being C$183,150). Under the terms of the agreement, 45% of the balance of accrued and unpaid interest to April 1, 2016 was settled by the issuance of common shares of the Company on the basis of one share for each $0.077 of interest and the balance of the unpaid interest outstanding was paid by a cash payment (note 8(e)).

The interest payments due April 1, 2017 on the Company's outstanding debentures in the amount of C$246,000 remain unpaid. So long as the Event of Default is continuing, interest on the principal amount outstanding is payable at the rate of 12% per annum. To date, no notice of default has been received as per the terms of the debentures and hence only the interest is due as at September 30, 2017.

(b) Senior secured notes

	Face value	Host debt Amortized costs Current	Gold options Fair value Current	Gold Options Ounces
Initial notes - August 2013	$ 4,000,000	$ 3,930,519	$ 292,130	4,180.0
Refinanced note - April 2015	$ 1,500,000	$ 1,472,160	$ 109,555	1,567.5
New note - May 2015	$ 600,000	$ 588,293	$ 43,824	627.0
Total	**$ 6,100,000**	**$ 5,990,972**	**$ 445,509**	**6,374.5**

On August 19, 2013, the Company completed the private placement of Units consisting of senior secured notes ("Notes") and common share purchase warrants ("Warrants"). The Company issued $4 million principal amount Notes and 4,000,000 Warrants, for gross proceeds of $4,000,000. The Notes are secured by the limited recourse guarantee by AGC, and by a mortgage of AGC's interest in Atlanta and following completion of the Refinancing, rank equally with the Amended Debenture and the Additional Debentures.

(Unaudited - Expressed in U.S. Dollars)

7. Convertible debentures, senior secured notes and convertible loan (continued)

(b) Senior secured notes (continued)

Under the terms of the Refinancing, the Company, AGC and the holders of the Notes agreed to further extend the maturity date of the Notes by an additional year to August 31, 2018, to be repayable in cash installments at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively.

Warrants issued as part of the original financing to purchase 400,000 consolidated common shares at an exercise price of C$1.00 expired unexercised on August 31, 2017.

Purchasers of the Notes initially 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 Units purchased ($100,000). The gold options were subsequently amended such that currently, the options are to purchase 104.5 ounces (per $100,000 Notes) at $1,100 per ounce until August 31, 2019. The gold options as amended vest at the rate of 25%, 35% and 40% on August 31, 2017, 2018 and 2019, respectively. As part of the Refinancing, CCM received an option to purchase an aggregate of 1,567.5 troy ounces of gold at $1,100 per ounce (being 104.5 troy ounces for each $100,000 principal amount Notes), which as amended, will currently expire on August 31, 2019, with the option vesting at the rate of 25%, 35% and 40% on August 31, 2017, 2018 and 2019, respectively.

The Notes involve three components: host debt, warrants and gold options. The principal face value was allocated as follows on August 19, 2013 (“Measurement date”):

(i) Warrants (4,000,000 units) were valued at $45,121 (C$47,946) using a model based on a binomial pricing model with the key inputs as follows:

Stock price at date of issue	C$0.03
Estimated volatility in the market price of the common shares	90.44%
Shares outstanding on date of issue	253,441,565

(ii) Gold options were originally valued at $841,307 in total at the Measurement date and subsequently valued at fair market value to reflect the amended terms of the gold options. 25% of the total gold options vested on August 31, 2017, 35% will vest on August 31, 2018 and 40% will vest on August 31, 2019. The key inputs on the gold options are gold price, convenience yield of gold and implied volatility of gold. The fair value of the gold options was valued at $292,130 which was recorded as a current liability as at September 30, 2017 (December 31, 2016 - $282,654).

(iii) The residual value of the host debt was $3,110,747 which was recorded as a current liability of $778,393 and a non-current liability of $2,335,179 at its initial fair value at the date of inception as of August 19, 2013 and subsequently measured at amortized costs as at September 30, 2017. The amortized costs of the host debt were $3,930,519 which was recorded as a current liability as at September 30, 2017 (December 31, 2016 - $3,836,118).

7. Convertible debentures, senior secured notes and convertible loan (continued)

(b) Senior secured notes (continued)

Notes in the principal amount of $1,500,000 issued in connection with the Refinancing (note 7(a)) involve two components: host debt and gold options. The principal face value was allocated as follows on April 1, 2015 (“Measurement date”):

(i) Gold options were originally valued at $212,955 in total at the Measurement date and subsequently valued at fair market value to reflect the amended terms of the gold options. 25% of the total gold options vested on August 31, 2017, 35% will vest on August 31, 2018 and 40% will vest on August 31, 2019. The key inputs on the gold options are gold price, convenience yield of gold and implied volatility of gold. The fair value of the gold options was valued at $109,555 which was recorded as a current liability as at September 30, 2017 (December 31, 2016 - $105,997).

(ii) The residual value of the host debt was $1,283,609 which was recorded as a current liability of $320,902 and a non-current liability of $962,707 at its initial fair value at the date of inception as of at the date of inception as of April 1, 2015 and subsequently measured at amortized costs. The amortized costs of the host debt were $1,472,160 which was recorded as a current liability as at September 30, 2017 (December 31, 2016 - $1,427,993).

In May 2015, CCM purchased additional Notes in the principal amount of $600,000 with an effective issue date of April 1, 2015. The additional Notes involve two components: host debt and gold options. The principal face value was allocated as follows on May 11, 2015 (“Measurement date”):

(i) Gold options were originally valued at $89,023 in total at the Measurement date and subsequently valued at fair market value to reflect the gold options. 25% of the total gold options vested on August 31, 2017, 35% will vest on August 31, 2018 and 40% will vest on August 31, 2019. The key inputs on the gold options are gold price, convenience yield of gold and implied volatility of gold. The fair value of the gold options was valued at $43,824 which was recorded as a current liability as at September 30, 2017 (December 31, 2016 - $42,399).

(ii) The residual value of the host debt was $510,977 which was recorded as a current liability of $127,744 and a non-current liability of $383,233 at its initial fair value at the date of inception as of at the date of inception as of May 11, 2015 and subsequently measured at amortized costs. The amortized costs of the host debt were $588,293 which was recorded as a current liability of $588,293 as at September 30, 2017 (December 31, 2016 - $569,639).

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s options.

(Unaudited - Expressed in U.S. Dollars)

7. Convertible debentures, senior secured notes and convertible loan (continued)

(b) Senior secured notes (continued)

On June 2, 2017, the Company settled accrued and unpaid interest on the Notes and extended the maturity of the Notes by one year and the term and vesting dates of the gold options by one year. 45% of the balance of accrued and unpaid interest was settled by the issuance of common shares of the Company on the basis of one share for each C$0.077 of interest and the balance of the unpaid interest outstanding was paid by a cash payment. The maturity date of the outstanding Notes has been extended by one year to August 31, 2019 and the Notes are repayable in installments at the rate of 25%, 35% and 40% on August 31, 2017, 2018 and 2019, respectively. The Company's outstanding options to purchase 6,374.5 ounces of gold at $1,100 per ounce, previously issued with the Notes, have had their term extended by one year to August 31, 2019 and will vest at the rate of 25%, 35% and 40% on August 31, 2017, 2018 and 2019, respectively. (note 8(d)).

Payments of principal and interest on the Company's outstanding notes in the aggregate amount of $2,135,000 became due on August 31, 2017 and remain unpaid. The Notes are in default and thus classified as current liabilities and discussions are ongoing with noteholders to resolve the principal and interest payments on the Notes.

(c) Convertible loan

	Face value	Host debt Gold payments Amortized costs	Gold options Fair value	Embedded Derivatives Fair value
Convertible loan - June 2014	$ 600,000	$ 600,000	$ 100,342	$ 96,306

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 18-month period. The loan is convertible at the lender's election into common shares at a conversion price of C$0.50 per consolidated common share during the initial 12 months and at C$1.00 per consolidated common share thereafter. The lender also received a 5-year option to purchase, solely from gold produced from AGC's Neal Property, up to 2,500 ounces of gold at $1,400 per ounce.

The loan involves three components: host debt, embedded derivatives and gold options. The three components are valuated at fair market value on June 11, 2014 ("Measurement date") as follows:

(i) The host debt at the measurement date was valued at $182,321. The value of the host debt at September 30, 2017 is $600,000 (December 31, 2016 - $600,000).

(ii) Embedded derivatives, including the conversion option, call option and gold forward were valued at $184,629 at the Measurement date. These features were valued together as their values are interdependent. The fair values of the embedded derivatives at September 30, 2017 is $96,306 (December 31, 2016 - $96,306).

(iii) Gold options were valued at $233,050 in total at the Measurement date. The key inputs on the gold options are gold price, risk-free interest rate and implied volatility of gold. The value of the gold options at September 30, 2017 is $100,342 (December 31, 2016 - $58,897).

(Unaudited - Expressed in U.S. Dollars)

7. Convertible debentures, senior secured notes and convertible loan (continued)

(c) Convertible loan (continued)

Option pricing models require the input of highly subjective assumptions including the expected gold price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's options.

8. Share capital

(a) Authorized share capital

The Company's authorized capital consists of an unlimited number of common shares, an unlimited number of first preference shares, issuable in series and an unlimited number of second preference shares, issuable in series.

(b) Warrants

The following table summarizes the warrant transactions as follows:

	Number of Shares Adjusted for the Consolidation	FMV of Warrants at Date of Issue US$	Weighted Average Exercise Price C$
Outstanding as at January 1, 2016	3,592,000	826,952	1.03
Outstanding at September 30, 2016	3,592,000	826,952	1.03
Warrants expired	(3,000,000)	(673,593)	1.10
Outstanding as at December 31, 2016	**592,000**	**153,359**	**0.71**
Warrants expired	(400,000)	(144,558)	1.00
Outstanding as at September 30, 2017	**192,000**	**8,801**	**0.10**

The fair market value of warrants issued is separately recorded and disclosed separately from share capital in the year warrants are issued. Warrants that are exercised will be recorded as share capital and warrants that expire unexercised will be recorded as contributed surplus.

During the nine months ended September 30, 2017, 400,000 warrants (as adjusted to reflect the one for ten share consolidation) issued in 2011, and having a fair value at date of grant of $144,558 expired unexercised.

The weighted average exercise price of the warrants issued and outstanding on September 30, 2017 was C$0.10.

(Unaudited - Expressed in U.S. Dollars)

8. Share capital (continued)

(c) Stock options

The Company may from tine to time grant options to purchase common shares of the Company pursuant to the terms of the Company's Stock Option Plan (the "Plan"). Pursuant to the requirements of the TSX Venture Exchange (the "Exchange"), the Plan must be approved by the Company's shareholders on an annual basis.

Persons eligible to participate under the Plan are directors, officers and employees of the Company and its subsidiaries, as well as consultants to the Company. Under the Plan, the Company has authorized the reservation for issuance for the grant of stock options the number of shares equal to 10% of the Company's outstanding common shares at any time. The exercise price of each option is determined by the Board of Directors at the time of grant but the exercise price may not be less than the closing market price of the Company's common shares on the Exchange on the day immediately prior to the day on which the option is granted or, where a news release is required by the rules of the Exchange, the closing price on the last day prior to issuance of the news release. The options have a maximum term of five years. The number of shares reserved for issuance pursuant to stock options granted to insiders, whether under the Plan or any other compensation arrangement, cannot exceed 10% of the outstanding shares of the Company. The aggregate number of shares reserved for issuance to any one person cannot exceed 5% of the outstanding shares of the Company. If option rights granted to an individual under the Plan expire or terminate for any reason without having been exercised, the shares underlying such options may be made available for other options to be granted under the Plan. The Plan is administered by the Board of Directors, which has full and final authority, but subject to the express provisions of the Plan and the approval of the Exchange.

The following table summarizes the stock option transactions during the nine months ended September 30, 2017:

	Number of Stock Options	Weighted Average Exercise Price C$
Outstanding as at January 1, 2016	-	-
Outstanding as at December 31, 2016	-	-
Options granted	4,750,000	0.065
Outstanding at September 30, 2017	**4,750,000**	**0.065**

There are 4,750,000 stock options outstanding as of September 30, 2017 (December 31, 2016 - Nil).

(Unaudited - Expressed in U.S. Dollars)

8. Share capital (continued)

(c) Stock options (continued)

During the nine months ended September 30, 2017, 500,000 stock options were granted to a director of the Company and 4,250,000 stock options were granted to the Company's directors, officers and employees (September 30, 2016 – Nil). All of these options were granted when their exercise price equalled the fair value of the stock at grant date.

Expiry Date	Number of Stock Options	Exercise Price C$
May 9, 2022	500,000	0.065
July 25, 2022	4,250,000	0.065
Outstanding at September 30, 2017	**4,750,000**	**0.065**

The fair value of stock options granted is credited to contributed surplus over the vesting period. Stock options that are exercised will be recorded as share capital and stock options that expire unexercised will remain in contributed surplus. The options outstanding at September 30, 2017 will expire on May 9, 2022 and July 25, 2022.

During the nine months ended September 30, 2017, the Company capitalized a stock-based compensation expense of $31,540 and expensed a stock-based compensation expense of $121,839 (September 30, 2016 - Nil).

The fair value of each option granted on May 9, 2017 was estimated on the date of grant using the Black Scholes option-pricing model with the following assumptions at the measurement date:

	May 9, 2017
Risk-free interest rate	1.28%
Expected life	5.0 years
Estimated volatility in the market price of the common shares	209.6%
Dividend yield	Nil

The fair value of each option granted on July 25, 2017 was estimated on the date of grant using the Black Scholes option-pricing model with the following assumptions at the measurement date:

	July 25, 2017
Risk-free interest rate	1.51%
Expected life	5.0 years
Estimated volatility in the market price of the common shares	205.6%
Dividend yield	Nil

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

(Unaudited - Expressed in U.S. Dollars)

8. Share capital (continued)

(d) Private Placement

On June 1, 2017, the Company issued 26,390,000 common shares to Jipangu Inc. ("Jipangu") for aggregate consideration of C$2,375,100. Under the terms of the financing, the Company repaid C$1,033,745 of indebtedness owed to Jipangu by the issuance of 11,486,052 common shares of the Company valued at C$0.09 per share and Jipangu purchased 14,903,948 common shares for $1,341,355, being a price of C$0.09 per share.

(e) Shares for interest and debt

On June 2, 2017, the Company issued 10,010,374 common shares valued at C$0.077 to the holders of its Debentures and the Notes to settle C$770,799 of accrued and unpaid interest. The maturity date of the outstanding Notes was extended by one year to August 31, 2019 and the Notes are repayable in installments at the rate of 25%, 35% and 40% on August 31, 2017, 2018 and 2019, respectively. The Company's outstanding options to purchase 6,374.5 ounces of gold at $1,100 per ounce, previously issued with the Notes, had their term extended by one year to August 31, 2019 and vest at the rate of 25%, 35% and 40% on August 31, of 2017, 2018 and 2019, respectively. (notes 7(a)(b))

On August 10, 2017, the Company issued 1,298,701 common shares valued at C$0.077 per share in satisfaction of a trade payable of C$100,000.

9. Non-controlling interests

Neal Development, LP

In February 2015, AGC formed Mineral Point, LLC to explore the Neal Property (note 3) through Neal Development, LP. Mineral Point, LLC is an Idaho limited liability company and Neal Development, LP is formed under the Idaho Uniform Limited Partnership Act, as amended.

Mineral Point, LLC is the General Partner of Neal Development, LP and holds 100 units of the partnership. In June 2015, Neal Development, LP completed an initial financing for proceeds of $1,100,000 and 44 units were subscribed for. Neal Development, LP commenced exploration activity in mid-July, 2015. (note 3)

(a) Non-controlling interests continuity

	Neal Development, LP
NCI in subsidiary at January 1, 2017 (44 of 144 units outstanding)	30.6%
At January 1, 2017	$ 1,081,666
At September 30, 2017	$ 1,081,666

(Unaudited - Expressed in U.S. Dollars)

9. Non-controlling interests (continued)

Neal Development, LP (continued)

(b) Summarized financial information on subsidiary with material non-controlling interest

Summarized Balance Sheets

	Neal Development, LP	
	September 30, 2017	December 31, 2016
Current assets	$ 14,205	$ 146,396
Non-current assets	1,106,189	979,773
Total assets	$ 1,120,394	$ 1,126,169
Current liabilities	$ -	$ 5,775
Total liabilities	$ -	$ 5,775

Summarized Statements of Income

	Neal Development, LP	
For the nine months ended	September 30, 2017	September 30, 2016
Income (loss) from continuing operations	$ -	$ -

HydroClean Resources, LP

HydroClean, a limited partnership, was formed under the Idaho Uniform Limited Partnership Act in 2016. AGC as the general partner holds a 45% limited partnership interest in HydroClean, and initial limited partners are G2T Technologies Inc. (“G2T”), a private Alberta corporation, as to a 45% interest and Mr. Simmons, the Company's former CEO, as to a 10% interest. AGC will transfer its rights in certain water treatment filter systems and methods to HydroClean once AGC receives the patent, which was filed with the United States Patent Office in respect of certain aspects of the water treatment facility on November 26, 2014 and the International Patent which was filed on November 19, 2015. There have been no contributions made as September 30, 2017. Funding for HydroClean was provided by loans from the Partners, being $103,453 provided by G2T and $12,736 provided by AGC. All the costs incurred have been capitalized as Intangible assets and organizational costs when the patent is being developed. (note 6)

(Unaudited - Expressed in U.S. Dollars)

9. Non-controlling interests (continued)

HydroClean Resources, LP (continued)

(a) Non-controlling interests continuity

	HydroClean Resources, LP
NCI in subsidiary at January 1, 2017	45%
At January 1, 2017	$ -
At September 30, 2017	$ -

(b) Summarized financial information on subsidiary with material non-controlling interest
Summarized Balance Sheets

	HydroClean Resources, LP	
	September 30, 2017	December 31, 2016
Current assets	$ -	$ 323
Non-current assets	116,189	115,108
Total assets	$ 116,189	$ 115,431
Current liabilities	$ 116,189	$ 115,431
Total liabilities	$ 116,189	$ 115,431

Summarized Statements of Income

	HydroClean Resources, LP	
For the nine months ended	September 30, 2017	September 30, 2016
Income (loss) from continuing operations	$ -	$ -

10. Loss per share

Basic loss per share

The calculation of basic loss per share for the nine months ended September 30, 2017 was based on the loss attributable to common shareholders of $5,329,452 (September 30, 2016 - $3,885,819), and a weighted average number of consolidated common shares outstanding of 54,787,454 (September 30, 2016 - 34,797,621).

Diluted loss per share

The calculation of diluted loss per share for the nine months ended September 30, 2017 was based on the loss attributable to common shareholders of $5,329,452 (September 30, 2016 - $3,885,819), and a weighted average number of consolidated common shares outstanding of 54,787,454 (September 30, 2016 - 34,797,621). There is a net loss for the nine months ended September 30, 2017 and September 30, 2016 which means the diluted income per share is in fact anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options and warrants was based on quoted market prices for the period during which the options were outstanding.

11. Related party transactions

The remuneration of key management personnel during the nine months ended September 30, 2017 was $363,220 (September 30, 2016 - $294,193). The Company had accrued $658,030 of the Company's former CEO's salary including $600,000 of principal accrued for the period from 2013 to 2016 and $58,030 of outstanding interest. At December 31, 2016, $626,530 was accrued for one-half of the former CEO's salary including $600,000 of principal accrued for the period from 2013 to 2016 and $26,530 of outstanding interest. This amount is unsecured, has no fixed terms of repayment and bears interest at the rate of 7% per annum. While the Company has accrued for what it believes to be the maximum liability to the former CEO, the liability could be substantially less due to the agreements reached between the former CEO and the Company from 2013 to 2016. In November 2017, the former CEO launched an action in the District Court of Idaho against the Company and AGC for breach of contract and damages in respect of unpaid remuneration (note 14).

At September 30, 2017, aggregate shareholders' loans of $1,392,486 (December 31, 2016 - $1,892,891) were payable to various shareholders of the Company, including to Allan Folk who is the Chair and a director of the Company. Of the total amount, $347,204 (December 31, 2016 - $332,806) was owed to Wm. Ernest Simmons, the former President and CEO 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 (note 5). The remaining shareholder loans of $1,045,282 (December 31, 2016 - $1,560,085) were from shareholders. The loans bear interest of 8% per annum and are repayable on demand.

All transactions with related parties are in the normal course of business.

12. Rehabilitation provisions

The total future costs to reclaim exploration and evaluation assets are estimated by management based on the Company's ownership interest in Atlanta and its previous ownership interest in diamond properties located on Baffin Island and the estimated timing of the costs to be incurred in future periods. The following table reconciles the change in decommissioning obligations:

(Unaudited - Expressed in U.S. Dollars)

12. Rehabilitation provisions (continued)

	Baffin Island Property	Atlanta Gold Property	Total
Balance as at January 1, 2016	$ 50,575	$ 1,072,000	$ 1,122,575
Change during the year			
Paid out	-	(76,029)	(76,029)
Change of estimate and foreign exchange adjustment	1,561	86,129	87,690
Balance as at December 31, 2016	$ 52,136	$ 1,082,100	$ 1,134,236
Current	**$ 52,136**	**$ 117,100**	**$ 169,236**
Long-term	**$ -**	**$ 965,000**	**$ 965,000**
Balance as at January 1, 2017	$ 52,136	$ 1,082,100	$ 1,134,236
Change during the period			
Change of estimate and foreign exchange adjustment	3,954	-	3,954
Balance as at September 30, 2017	$ 56,090	$ 1,082,100	$ 1,138,190
Current	**$ 56,090**	**$ 117,100**	**$ 173,190**
Long-term	**$ -**	**$ 965,000**	**$ 965,000**

A provision is recognized for the costs to be incurred for the restoration of the Baffin Island Property and the 900 adit at Atlanta. It is expected that $173,190 will be expended within one year and $965,000 in the year after. As at September 30, 2017, total expected costs to be incurred are $1,138,190 (December 31, 2016 - $1,134,236). Due to the near term of the settlement of the provisions, the costs estimated have not been discounted.

13. Commitments and contingencies

As at September 30, 2017, the Company had accrued current rehabilitation provisions of $173,190 (December 31, 2016 - $169,236) and accrued non-current rehabilitation provisions of $965,000 (December 31, 2016 - $965,000) relating to reclamation of the properties in the United States and Canada. These amounts represent the Company's best estimate of the costs expected to fulfill the obligation resulting from the conditions of the permit.

On July 19, 2012 the U.S. District Court for the State of Idaho (the "Court") issued a Memorandum Decision (the "Decision") in a case in which AGC was a party, pertaining to AGC's non-compliance with the United States Federal Water Pollution Control Act ("Clean Water Act"). The Court imposed a penalty in the amount of $2,000,000. In addition, the Decision, as subsequently amended, ordered AGC to implement measures to come into compliance with the National Pollutant Discharge Elimination System ("NPDES") Permit by December 15, 2012.

(Unaudited - Expressed in U.S. Dollars)

13. Commitments and contingencies (continued)

In September 2013, the Court entered a final judgment in this matter pursuant to which the penalty is 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 to be due September 30, 2018. AGC has made aggregate payments to date of $325,000. As of the date hereof, AGC is $925,000 in arrears of its payment schedule. 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 on the East Amity Road property located in Boise, Idaho. (note 5)

In November 2016, the plaintiffs in the original action brought a motion to reopen the above described decision of the U.S. District Court in Idaho, requesting that AGC be held in civil contempt and that additional penalties and enforcement remedies be imposed. The Court heard the motion on April 25 and 26, 2017 and on September 15, 2017, the Court granted the motion for Civil Contempt. The Court ruled that:

(1) a new injunction will issue requiring that AGC make improvements to its water treatment system so as to bring the system into substantial compliance with the subject permit no later than August 30, 2018;

(2) additional penalties for the permit violations are imposed upon AGC in the amount of $251,000; and

(3) if AGC fails to bring its water treatment system into complete compliance by August 30, 2018, it will be fined an additional $251,000.

The following table summarizes the penalties outstanding as at September 30, 2017:

Penalty incurred	$2,251,000
Payments made during 2013	$75,000
Payments made during 2014	75,000
Payments due in 2014 paid in 2015	75,000
Payments due in 2015 paid in 2015	50,000
Payments due in 2015 paid in 2016	50,000
Payments made	$325,000
Penalty outstanding	$1,926,000
Payments due in 2015 are past due	$225,000
Payments due in 2016 are past due	400,000
Payments due in 2017 are past due	200,000
Payments due in 2017	200,000
Payments due in 2018	901,000
Penalty outstanding	$1,926,000

Atlanta has royalty commitments set forth in note 4 hereof.

14. Subsequent events

On November 15, 2017, Wm. Ernest Simmons, the former President and CEO of the Company, filed a legal action in the District Court of Idaho against the Company and AGC, claiming breach of contract for the failure to pay certain deferred compensation amounts. The legal action is seeking payment of compensation amounts claimed to have been deferred by Mr. Simmons, unspecified damages and the imposition of certain penalties under Idaho State law equal to three times the amount of any unpaid wages. The Company and AGC intend to defend the action.