## 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 subsidiary for the years ended December 31, 2014 and 2013 has been prepared as of May 29, 2015.*

*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, 2014 and 2013. 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 mining strategy on gold recovery rates and the environmental impact at its Atlanta Project; the impact of increasing the open-pit mining cut-off grade on the recoveries and economics of the Atlanta Project; the interpretation of exploration results received to date and the expected enhancement of the gold resource at the Atlanta Project following the completion of additional exploration; 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 thereof; the development of a gold mine and potential commercial gold production levels at the Atlanta Project and the timing thereof; the conduct of mining operations at the Neal Property; the completion of the refinancing transactions with the holder of the Company's outstanding debenture; the completion of future financings by the Company and by Neal Development LP and the respective use of proceeds therefrom; 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; and the continuance of developmental initiatives including securing requisite permits. 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 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 early 2008, the Company adopted a combined open pit and bulk tonnage underground mining strategy, abandoning the prior low grade open pit mining and cyanide heap leach strategy, which was regarded as unpermittable. In 2008, the decision was also made to process the ore on site, making both a gravity gold concentrate and a precious metal rich sulphide concentrate, thereby also minimizing environmental impact, 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.

The change in strategy required almost a complete restart of the resource definition. 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*". Additional detail is available on SEDAR and the Company's website.

This more selective method of ore extraction positively addresses environmental concerns identified during previous permitting efforts. Management is confident that by continuing to work closely with environmental groups, the town of Atlanta and surrounding communities, federal, state and local agencies as well as other stakeholders, it will be successful in obtaining the regulatory approvals necessary to develop a combined open pit and underground mine at Atlanta in a timely manner.

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 Company continues to evaluate and is proposing to use various improved technologies to minimize the surface disturbance and reduce the projected environmental impact of the Atlanta Project as the Company moves forward to production.

To further test and improve upon the processing method, in February 2015, AGC formed Mineral Point, LLC to explore the Neal Property through Neal Development, LP (the "**Partnership**"). Mineral Point, LLC is an Idaho limited liability company and the Partnership is formed under the Idaho Uniform

Limited Partnership Act, as amended. Mineral Point, LLC will be the general partner of the Partnership and its percentage interest shall at no time fall below 51% in the Partnership, and the Limited Partners will hold the remaining interest in the Partnership. Ninety-eight (98) units of the Partnership will be offered to qualified investors at $25,000 per unit to the aggregate subscription level of $2,450,000.

Knife River will be the contractor 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. Mineral Point, LLC will process the materials at the Knife River property as a contractor. The Partnership will also contract with AGC to provide general, administrative and other services.

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. It is on private land and it only requires State Government approval to commence operations. It can be operated by providing a Notice of Motorized Exploration. The Partnership is expected to advance the exploration and processing method and such advancements will then be applied by AGC for the development of the Atlanta Project. The recovery process medium is water with gravity recovery and recent testing results indicate that gold concentration is up to 100:1 with recoveries greater than 80% of total gold without the use of any chemicals.

**NI 43-101 Resource Estimate**

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 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | 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** | **TOTAL EQUIVALENT OUNCES OF GOLD (000's)** |
| **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. Prevailing metal prices at January 31, 2012 were $1,744.00 per ounce of gold and $33.60 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.

The average gold equivalent grade (including silver resources as a gold equivalent) of the open pit resource is 0.096 opt (3.28 gpt) AuEq in the Indicated resource classification and 0.133 opt (4.55 gpt) AuEq in the Inferred open pit resource classification. The average gold equivalent grade of the underground resource is 0.163 opt (5.58 gpt) AuEq in the Indicated resource classification and 0.162 opt (5.57 gpt) AuEq in the Inferred underground resource classification.

In light of the Company's decision to focus on environmental permitting and the engineering and economic studies required to bring the Atlanta Project to production, in February 2012, P&E prepared a preliminary gold cut-off grade sensitivity analysis on the Atlanta Project's open-pit resource.

The open-pit contains 74.3% of the total NI 43-101 open-pit and underground resources, reflecting the density of diamond drilling in the upper portion of the resource.

Detailed economic studies will be required to optimize the cut-off grade, however, this preliminary sensitivity analysis indicates the potential to improve the Net Present Value of the Atlanta Project by creating a higher grade alternative, which would be expected to reduce operating costs per ounce, raise recoveries and concentrate grades, and reduce capital costs and the environmental footprint of the Project.

The majority of the current resource is located between the surface and the 6,200-foot elevation (a vertical depth of 1,000 feet (305 metres) from the top of the Atlanta Hill). Surface expressions of mineralized shear zones in the Atlanta Project area cover a horizontal distance of 50,000 feet (15,250 metres). These mineralized shear zones have hosted numerous past-producing mines since the 1860s.

**Other Properties**

***Neal Property, Idaho, USA***
In June 2014, Knife River assigned certain of its rights and obligations under its five-year lease with the owner of the Neal Property to AGC. The Neal Property consists of five patented lode claims 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. Knife River also agreed to contract mine and transport the mineralized material from the Neal Property to a location where it will be processed by AGC as the contractor responsible for the processing and recovery of desired metals harvested by the Partnership.

***Abitibi Gold Property, Quebec, Canada***
The Company's Abitibi gold property, located in western Quebec ("**Abitibi**"), consisted of a 60% ownership interest in 27 mineral claims and a 100% interest in 13 mineral claims. In November 2014, the Company sold Abitibi to Vantex Resources Ltd. ("**Vantex**") in exchange for 3,705,000 shares of Vantex and a 1% net smelter return royalty.

***Jackson Inlet, Nunavut, Canada***
As the Company's principal focus continues to be on developing the Atlanta Project, 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 terminated the final restoration and it is planned to be completed in 2016.

***Atlanta Property History***
Historic mining from 1860 to 1960 at Atlanta extracted 300,000 AuEq ounces at cut-off grades exceeding 0.4 opt (13.7 gpt) Au. The Atlanta property has been held by the Company since 1985. In 2008, a geological hypothesis was developed indicating the potential for a significant gold deposit both near surface and at depth, based on the data from historic mining and applicable drill data available at the end of 2007. Also in early 2008, the Company decided to identify the potential for a combined open pit and underground operation with gold recovered in a process plant that combined 25% of the gold from a table gravity concentrate, and 75% from a flotation sulphide concentrate, to be sold to a Nevada processor.

Exploration core drilling carried out by the Company from 1985 through 2012 resulted in an updated resource of 785,000 gold equivalent ounces in the indicated resource category and 397,300 gold equivalent ounces in the inferred resource category.

Bench and pilot scale testing of various water/gravity processes, carried out by AGC from 2012 through 2014, indicate that gold concentration and recoveries greater than 80% are possible without the use of any chemicals.

Advantages are significant:
1) No cyanide use
2) Much smaller environmental footprint
3) Higher gold recoveries **–** (83% vs. 63%)
4) Longer Life-of-Mine potential

**Recent Achievements:**

***Development of the properties***

In June 2014, the Company completed road maintenance to enable a safer access to the Atlanta Project's excavation trench. In late June through early July of 2014, the Monarch Trench area was prepared to commence the exploration trenching planned to begin in 2015, subject to funding**.**

In July 2014, the Company purchased process equipment to begin the assembly of the gravity recovery system. The Company now has acquired two semi-batch concentrators and will be able to commence testing and evaluating the performance of three concentrators doing field testing under full load. The three semi-batch concentrators in series can exceed an average of 50 tons per hour.

Daisy Mining & Land, LLP leased the five patented claims to Knife River which then assigned key provisions of the lease to AGC. AGC staked an additional seven contiguous claims on Public Land that was open to mineral entry. In June 2014, AGC reached an agreement with Knife River whereby Knife River will contract the excavation and delivery of the gold bearing resources at the Neal Property on AGC's behalf. 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 and the Atlanta Project have similar geology. Under the terms of the agreement, Knife River will mine and transport the mineralized materials from the Neal Property approximately 23 miles, to Knife River's property located on Amyx Lane for crushing. AGC will process the materials at the Knife River property. In addition to the contract mining and transportation costs, AGC will be responsible for payment of a tonnage royalty of $3 per dry ton and a 3% net smelter return royalty payable to the owner of the Neal Property.

In order to fund exploration on the Neal Property, in February 2015, AGC formed Mineral Point, LLC to be the general partner of the Partnership which will explore the Neal Property. The Neal Property is on private land and it only requires State Government approval to commence operations. It can be operated by providing a Notice of Motorized Exploration.

Mineral Point, LLC will process the materials at the Knife River property as a contractor. The Partnership will also contract with AGC to provide general, administrative and other management services.

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

Processing of the material from the Neal Property will enable AGC to further test and improve upon the processing equipment and procedures prior to implementing the process at the Atlanta Project on the bulk sample scheduled to be taken in 2015. The agreement with Knife River will also enable the processing of material from the Neal Property to continue during the winter months when the Atlanta Project is largely inaccessible.

In June 2014, the Company defined a flow sheet for its bulk sample process program. Knife River is expected to excavate and crush a bulk sample to -50 mesh and stockpile the sample for processing by Mineral Point, LLC. The results of the bulk sample testing will determine the ultimate design of the future process plant and recovery. The planned processing of the bulk sample will proceed as follows:

1. The gold mineralized material will be mined and crushed to -50 mesh by the contractor and delivered to a feed bin at AGC's process facility.

2. The crushed material will be slurried and then fed to a series of centrifugal concentrators. Bench scale testing by Inspectorate Laboratories and Met-Solve Laboratories, both in Vancouver, B.C., show that recoveries greater than 42.5% of the total gold can be expected. This concentrate contains most of the free gold that will be shipped to a refinery.

3. The concentrate from the centrifugal concentrators will be fed to a set of gravity tables. Bench scale testing has shown that another 40.1% of the original gold will be captured using these tables. The concentrate from the tables will contain free gold, sulphides and refractory mineralization that will be sent out of state for roaster or autoclave processing.

4. The gold recovered from both the centrifugal concentrators and the gravity table testing equaled 82.6% of the total gold in the samples. From an assumed 1,000 ton per day feed, it is expected to produce 62.0 ounces of gold per day. The total mass concentration rate was 50:1.

5. Expectations from testing are that the slimes that contain up to the remaining 17.4% of the gold can be further processed through a second centrifugal concentrator. This will increase the final gold recovery to greater than 82.6%.

6. Free gold will be shipped directly to a refinery while the remaining arsenic bearing and sulphides containing gold in a refractory concentrate will be shipped out of state for further processing.

An alternate flow sheet, based on a 1,000 tpd production rate, has also been developed where two additional centrifugal concentrators are substituted for the gravity tables. As in the previously discussed flow sheet, after being crushed to -50 mesh the mineralized material would be processed through a centrifugal concentrator. The concentrate would be saved and the tailings would be sent through a second concentrator. The concentrate from this step would be saved and the tailings would be processed through a third centrifugal concentrator. The flow sheet's assumptions would result in 19.6 tons per day of concentrate, averaging 3.097 opt gold. Assuming that the flow sheet's assumptions are achieved, this would equal 60.7 ounces of gold per day and the amount of gold recovered would be 80.9% of the total gold and the final mass concentration would be 51:1. Recycling the solids (slimes) and sediments that are stored in the ponds will provide addition recovery of free gold that floated off in the turbulent heavy water used in the sluice box recovery.

In May 2014, the Company completed successful bench scale testing of gold mineralization from the Atlanta Project. Gold at Atlanta occurs both as free gold and gold in association with arsenic sulphides. The goal of the testing was to develop a process flow that would separate gold mineralization from the rock and concentrate it for shipment off site for further processing. A process based on a combination of centrifugal concentrators and gravity tables, which use only water and gravity, produced a concentrate that, based on an assumed production rate of 1,000 tons per day and an assumed feed grade of 0.075 opt, would result in a concentration rate of 50:1 producing a concentrate of 19.7 tons at a grade of 3.147 opt. If the assumptions are achieved, the concentrate would contain 62.0 ounces of gold which would be a recovery of 82.6% of total gold.

***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 compliance with the drinking water standards as set by the EPA and the Idaho Department of Environmental Quality.

Other than during a declared disaster period of high spring runoff and an uncontrolled release of water flow from the 900 Level adit in May 2014, the arsenic content in 48 weekly samples taken from the effluent weir averaged 7.9 parts per billion (PPB) for arsenic. During the first quarter of 2015, the average of 13 samples was 5 PPB for arsenic, 152 PPB for iron and 2 parts per million (PPM) for suspended solids. The results from the water treatment facility were better than the EPA standard shown below:

| | Arsenic | Iron | Suspended Solids |
|---|---|---|---|
| Measurement Unit | PPB | PPB | PPM |
| EPA Standard | 10 | 1,000 | 30 |

Due to severe flooding experienced in portions of Elmore County, Idaho in August, 2014, the Company determined to move its bulk sample efforts from the Atlanta Project to the Neal Property. As access to the Atlanta Project was severely inhibited making the movement of equipment in or out of the property impossible, the Company's team worked on public road access, improved the mine drainage, replaced pond liners and replaced the filters on the Water Treatment Facility.

There are continuous results that support the initiative of the water treatment system developed by AGC confirming that it is capable of effectively treating effluent water containing naturally occurring high arsenic with iron content.

The Company 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 detailed geological assessment. 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**").

## Plan for Operations

The Company's primary focus remains on environmental permitting, economic analysis, engineering and development, and developing the organizational depth required to take the Atlanta Project through this next phase. The Company intends to establish an exploration and test processing program over the next two years which will serve as a model for a longer-term profitable and environmentally sustainable operation.

Additional bench scale metallurgical testing was undertaken during the first and second quarters of 2014. The tests were from material excavated from the main shear in the Monarch trench. The purpose was to test additional methods for concentrating the gold using only water and gravity.

Testing of a 204 kg (449 lb) sample of crushed mineralized material from the Atlanta Project was completed by Inspectorate Labs-Vancouver, B.C. in January 2014. The purpose was to run a test of the gravity recoverable gold (GRG) through a centrifugal concentrator. The sample was run through a rod mill and ground to various size fractions for testing. The head grade (average grade of the sample before processing) was found to be 1.60 g/t gold (0.047 opt). The testing showed that of the gold contained in the original sample, 39.7% was recovered by grinding to 150 mesh. The grade of the concentrate was 53.49 g/t (1.560 opt).

A second sample from the Atlanta Project trench site, weighing 24 kg (52.8 lbs), was subsequently bench scale tested by Met-Solve Laboratories in Vancouver using centrifugal concentrators. The head grade of the sample was 2.07 g/t gold (0.060 opt). The concentrator recovered 42.5% of the total gold at a grade of 85.36 g/t (2.490 opt). This was from the coarser fraction of material (+116 mesh).

In April 2014, 40.9 kg (90 pounds) of mineralized material from the Atlanta Project trench site was taken to American Mine Services Inc. (AMS) in Sandy, Oregon, to be run through a gravity table. The sample was crushed to -1/4 inch and was then split to 30 pounds. The 13.6 kg (30 lbs) split was then crushed to approximately -50 mesh and processed through the gravity table. The head grade of the sample was 2.23 g/t (0.065 opt) gold. The concentrate had a grade of 11.35 g/t (0.331 opt) gold and the grade of the tailings was 0.82 g/t (0.024 opt) gold. A total of 69.8% of the gold contained in the sample was captured by the gravity table. The 30.2% of the gold that remained in the heavy water (slimes) along with the middlings and tailings would be recycled through a centrifugal concentrator.

The results of the bench scale tests show that a combination of a centrifugal concentrator and gravity tables or multiple centrifugal concentrators would produce a flow sheet that will result in an economically viable concentrate production.

Testing to date confirms that an ongoing program will be necessary to customize the process for the material extracted from the exploration trenches and to optimize recoveries.

Based on the testing conducted in 2013/2014 by AGC and by Knife River on gold bearing structures from similar origins as that of the Neal Property and the Atlanta Project, recoveries of in excess of 83% using centrifugal concentrators in series with a controlled slurry of water and minus ¼ inch (2mm) 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 NI 43-101 and has approved the foregoing disclosure of test results.

In order to sustain its operations, the Company requires additional funds to discharge its liabilities, to conduct its work program on the Neal Property and the Atlanta Project and to meet its overhead expenses. 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. While management believes that the Company will ultimately be successful in obtaining additional financing, delays in completing, or the inability to complete, additional financings will result in significant delays in carrying out 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.

## 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**") to ensure that it knows what is being planned, and all parties understand each other's concerns. This optimizes the Company's ability to create an environmentally friendly mining project at the Neal Property and the Atlanta Project.

*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 holds no interest in the land on which the Adit is collared 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 was not capable of meeting these significantly lower limits. AGC subsequently modified its treatment regime and engaged consultants to evaluate various treatment options.

Following complaints filed by two environmental interest groups, in 2012, the United States District Court for the State of Idaho held that AGC had violated the effluent limits of the Clean Water Act. The Court imposed a $2,000,000 penalty against AGC and ordered 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 and AGC has successfully maintained compliance with the requirements of the Clean Water Act, other than for two incidents. In May 2014, high spring run-off and an uncontrolled release of water flow caused by a ground collapse in the cross-cut behind the bulkhead caused the discharge limits to be temporarily exceeded. The discharge was captured in the containment ponds. AGC subsequently replaced the filters, treatment materials and removed the sediments from the ponds. Compliance with the requirements of the Clean Water Act was restored.

The Company and the USFS are in discussion to develop a Plan of Operations (POO) 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. 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 that will provide the operator with the ability to control the volume of water to be discharged, manage water requiring treatment and maintain compliance with the Clean Water Act.

In September 2013, the Court entered a final judgment in this matter pursuant to which the penalty would 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 $200,000 and payments of an additional $350,000 are to be made during 2015. 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 East Amity Road property located in Boise, Idaho and by a security interest, granted to the U.S. Attorney's office, in four generators owned by AGC located on the East Amity property.

**OWNERSHIP OF ATLANTA PROPERTIES**

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, 2014, 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 expires on April 18, 2016. 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, 2014, advance royalty payments of $208,500 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 expired on November 14, 2014 and in May 2015 the lease term was renewed to November 14, 2015. 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, 2014, advance royalty payments of $312,500 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, 2014, advance royalty payments totaling $2,021,000 will be deducted from any future royalty payments to lessors / royalty holders. Lease payments made in the fourth quarter of 2014 and advance royalty payments as at December 31, 2014 are summarized in the table below.

| **Lessor / Royalty Holder** | **Property** | **Payments in 2014 $** | **Advance Royalty Payments as at December 31, 2014 $** |
|---|---|---|---|
| Monarch Greenback, LLC [1] | Monarch Greenback | - | 1,500,000 |
| F. C. Gardner [2] | Gardner | 10,000 | 208,500 |
| Hollenbeck Properties LLC [3] | Minerva | - | 312,500 |
| **TOTAL** | | - | 2,021,000 |

Notes:

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

*(2) $10,000 annual lease payment was paid on May 1, 2014.*

*(3) $10,000 annual lease payment was paid on November 15, 2013 on the Hollenbeck claims. The Company is in the process of negotiating extensions of the lease terms or the purchase of the properties.*

## DEBT FINANCING

### Debenture

To assist in the financing of the purchase of the Monarch Property, the Company borrowed $3 million by way of a bridge loan from Concept Capital Management Ltd. (“**CCM**”), which was repaid on December 14, 2011 upon issuance by the Company to CCM of a 6% C$3 million convertible debenture having a five-year term (the “**Debenture**”). of 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.

The Debenture is subordinated in right of payment of principal and interest to all secured debt of the Company, whether outstanding on or after the date of issue of the Debenture, which debt includes the Company’s senior secured notes. AGC provided CCM with a guarantee of the Debenture, with recourse limited to a mortgage on the Monarch Property. The Company has agreed to not permit AGC to incur additional secured debt in excess of $10 million (subject to certain exceptions) without the prior consent of CCM, such consent not to be unreasonably withheld, conditioned or delayed.

CCM has the right to require the Company to redeem the Debenture at any time after December 14, 2014. 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. Under the terms of the refinancing agreement, principal and accrued interest on the Debenture totalling C$3,250,000 will be satisfied by the issuance to CCM of an amended and restated convertible debenture in the principal amount of C$1,500,000 and by the issuance to CCM of the Company's Senior Secured Notes in the principal amount of $1,500,000. The amended and restated debenture will bear interest of 10% per annum, mature April 1, 2018 and will be convertible at CCM's option following completion by the Company of a one-for-ten consolidation of its common shares at a conversion price equal to the lesser of C$0.17, and the 30-trading day average of the closing prices immediately following the commencement of trading of the Company's shares on the TSX Venture Exchange on a consolidated basis, provided that the conversion price will not be less than C$0.10 per share.

Completion of the refinancing transactions is subject to the approval of the TSX Venture Exchange. Completion of the share consolidation and the issuance of the amended and restated debenture are subject to shareholders' approval, which will be sought at the Company's annual and special meeting of shareholders to be held on June 24, 2015.

**$425,000 Secured Promissory Note of AGC**

On August 4, 2011, in partial payment for a 5.58 acre property located in Boise, Idaho purchased from 3N LLC, AGC issued a $425,000 three-year promissory note, bearing simple interest of 7% per annum, which is secured by a mortgage on the acquired property. AGC makes monthly interest payments of $2,490 on the promissory note. In March 2014, the maturity date of the promissory note was extended to July 22, 2015 with all other terms and conditions of the note remaining unchanged.

**Senior Secured Notes**

On August 19, 2013, the Company completed the private placement of units consisting of $4 million principal amount Senior Secured Notes ("**Notes**") and warrants to purchase 4,000,000 common shares of the Company. Insiders of the Company purchased 12.5% of the placement ($500,000), CCM purchased 32.5% of the placement and Mr. Eric Sprott purchased 55% of the placement.

The Notes bear interest of 10% per annum and under the original terms, the principal amortized at 25%, 35% and 40%, was repayable in cash installments on August 31, 2014, August 31, 2015 and August 31, 2016, respectively. The Notes are secured by the limited recourse guarantee by AGC, and by a mortgage of AGC's interest in the Atlanta Project.

Each warrant entitled the holder to purchase one common share of the Company for C$0.10 per share until August 31, 2016. The Company will have the right to accelerate the expiry date of the warrants if the closing price of the Company's common shares on the TSXV exceeds C$0.25 for 20 consecutive days on which the Company's shares trade.

Purchasers of the units 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 units purchased ($100,000). The options to purchase gold vest in three installments over the term of the option. A total of 3,800 ounces of gold were optioned by the Company in respect of this financing. 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.

On August 26, 2014, the terms of the Notes were amended to extend the repayment dates by one year, such that the principal amount, amortized at 25%, 35% and 40%, will be repayable in cash installments on August 31 of 2015, 2016 and 2017, respectively, and accrued interest 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, representing approximately 3.5% of the Company's currently outstanding shares.

Holders of the Notes who consented to the amendments thereto had the expiry date of their warrants extended to August 31, 2017, had the number of ounces purchasable under their gold options increased by 10% and had the expiry date of their gold options extended to August 31, 2017. All other terms of the warrants and gold options remained unchanged.

In connection with the refinancing arrangements reached with CCM, the Company, AGC and the holders of the Notes have agreed to extend the maturity date of the Notes by one year to August 31, 2018 and to have repayments of principal at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively. The outstanding gold options issued with the Notes, as well as the gold option to be issued to CCM 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), will be extended to August 31, 2018, with the option vesting at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively.

**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 during the initial 12 months and at C$0.10 per 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***

The Company did not complete any equity financings in 2014 or 2013.

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").

During 2013, the Company raised gross proceeds of $4 million through the sale of Notes (as described under "Debt Financing – Secured Notes") and satisfied C$180,000 of interest payable on the Debenture by the issuance of 3,600,000 common shares (as described under "Debt Financing –

Debenture”).

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 2014, the Company supplemented its cash position by borrowing $701,000 from directors and shareholders. The loans bear interest of 8% per annum and are repayable on demand.

In comparison, the Company borrowed $275,000 from a director to enable AGC to purchase equipment during 2013. This demand loan bears interest of 7% per annum and is secured against the equipment.

***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 the debt financings described under “Debt Financing”.

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 (since resolved) had adversely affected the Company’s share price and financing efforts.

The Company’s cash position as at December 31, 2014 was $24,000 compared to $721,000 as at December 31, 2013. The Company’s working capital deficiency as at December 31, 2014 was $9,716,000 compared to a deficiency of $3,408,000 as at December 31, 2013.

| | **As at** | |
|---|---|---|
| | **December 31, 2014** | **December 31, 2013** |
| Cash and cash equivalents | $ 24,000 | $ 721,000 |
| Current assets | $ 177,000 | $ 812,000 |
| Current liabilities | (9,893,000) | (4,220,000) |
| Working capital (deficiency) (1) | $ (9,716,000) | $ (3,408,000) |

(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 in 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 May 2015, the Company completed the issuance of an additional $600,000 principal amount Notes to CCM. Concurrent with the completion of the refinancing transactions with CCM, the Company anticipates issuing between C$400,000 to C$500,000 principal amount convertible debentures, having substantially the same terms and conditions as the amended and restated debenture to be issued to CCM as part of the refinancing.

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

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, 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. 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 or formation of a limited partnership. 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, 2014, the Company had (a) 266,048,257 common shares issued and outstanding, (December 31, 2013 – 257,041,565); (b) stock options outstanding to purchase 925,000 common shares (December 31, 2013 – 4,105,000) at exercise prices ranging from C$0.18 to C$0.23 per share and expiring between April 2015 and September 2015; and (c) warrants to purchase 59,733,333 common shares (December 31, 2013 - 59,733,333) of the Company at exercise prices ranging between C$0.10 and C$0.15 per share, expiring between October 2015 and August 2017. In certain instances, the expiry dates of certain warrants may be accelerated by the Company. During the third quarter of 2014, the Company extended the terms by 12 months of warrants to purchase a total of 25,733,000 common shares, which had been scheduled to expire during the fourth quarter of 2014. The Company also extended the expiry date of warrants held by holders of Senior Secured Notes who consented to the amendment thereto to purchase 2,700,000 common shares at C$0.10 per share from August 31, 2016 to August 31, 2017 (see “Debt Financing - Senior Secured Notes”). Shareholders’ equity as at December 31, 2014 was $33,514,000 compared to $35,485,000 as at December 31, 2013. Stock options outstanding as at December 31, 2014 had a weighted average exercise price of C$0.18 per share (December 31, 2013 - C$0.28 per share) and a weighted average life of 8 months (December 31, 2013 – 8 months).

***General and Administrative Expenses***

Corporate overhead expenses for 2014 were $686,000 compared to $1,353,000 for 2013 with the decrease attributable to lower professional fees, salaries and management fees and investor relations fees during 2014, as the Company took additional steps to conserve cash.

***Capital Expenditures***

**Atlanta Project, Idaho, USA:**

Capital expenditures in 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 Adit.

In comparison, expenditures in 2013 of $1,107,000 included project administration, upgrading the water treatment facility, equipment rental, property carrying costs, applications for road construction permits and capitalized depreciation of exploration and evaluation assets.

Exploration and evaluation expenditures for the Atlanta Project for years ended December 31, 2014 and 2013 are shown in the table below.

| | For the years ended | |
|---|---|---|
| | **December 31, 2014** | **December 31, 2013** |
| **Opening Balance** | $ 44,274,702 | $ 43,167,861 |
| Equipment rental | 51,197 | 147,485 |
| Field expenses | 10,403 | 14,532 |
| Salaries | 796,179 | 538,595 |
| Lab analysis | 18,615 | 23,184 |
| Project administration | 259,428 | 345,382 |
| Rehabilitation provisions | (100,481) | (372,489) |
| Depreciation - field equipment | 457,552 | 410,152 |
| **Total Increase During the Period(1)(2)** | $ 1,492,893 | $ 1,106,841 |
| **Closing Balance** | $ 45,767,595 | $ 44,274,702 |

(1) *Additions in 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.*

(2) *Additions in 2013 include expenditures on project administration, upgrading the water treatment facility, equipment rental, property carrying costs, applications for road construction permits and capitalized depreciation of exploration and evaluation assets.*

## Neal Property, Idaho, USA:

Capital expenditures in 2014 were $54,000 and included expenditures on project administration and salaries.

In comparison, expenditures in 213 were Nil.

Exploration and evaluation expenditures for the Neal Property for years ended December 31, 2014 and 2013 are shown in the table below.

| | For the years ended | |
|---|---|---|
| | **December 31, 2014** | **December 31, 2013** |
| **Opening Balance** | $ - | $ - |
| Salaries | 26,013 | - |
| Project administration | 28,355 | - |
| **Total Increase During the Period(1)** | $ 54,368 | $ - |
| **Closing Balance** | $ 54,368 | $ - |

(1) *Additions in 2014 include expenditures on project administration and salaries*

***Property, plant and equipment***

The net decrease of property, plant and equipment for the year ended December 31, 2014 were $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.

In comparison, the net increase to property, plant and equipment for the year ended December 31, 2013 were $345,000, including equipment purchase, water treatment facility additions and capitalized interest on the East Amity Road property.

***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 | 19 | 19 | - | - |
| Penalty, attorney fees and litigation costs | 1,850 | 800 | 1,050 | - |
| Shareholders' loans | 986 | 986 | | |
| Implementation of Supplemental Plan of Operations [(1)] | 1,169 | 1,169 | - | - |
| Rehabilitation provisions [(8)] | 60 | 60 | - | - |
| Short-term debt [(9)] | 1,183 | 1,183 | - | - |
| Long-term debt [(2) (3)(4)] | 6,796 | 5,143 | 1,653 | - |
| Other long-term obligations [(5)(6)(7)] | 20 | 20 | - | - |
| **Total Contractual Obligations** | 12,083 | 9,380 | 2,703 | - |

(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 2015.*

(2) *The existing Debenture is subject to replacement with C$1.5 million amended and restated debenture upon completion of refinancing transactions with CCM. See the description of the Debenture under "Debt Financing".*

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

(4) *On August 26, 2014, the terms of the Notes were amended to extend the repayment dates by one year, such that the principal amount, amortized at 25%, 35% and 40%, will be repayable in cash installments on August 31 of 2015, 2016 and 2017, respectively, and accrued interest 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, representing approximately 3.5% of the Company's currently outstanding shares. In connection with the refinancing arrangements reached with CCM, the Company, AGC and the holders of the Notes have agreed to extend the maturity date of the Notes by one year to August 31, 2018 and the principal amount will be repayable in cash instalments at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively. See the description of the Senior Secured Notes under "Debt Financing".*

(5) *See "Ownership of Atlanta Properties: F.C. Gardner".*

(6) *Canadian American Mining Company LLC retains a 1% net smelter royalty on the Atlanta Project.*

(7) *Monarch retains a variable net smelter return royalty, varying from 0.5% to a maximum rate of 3.5%for gold prices exceeding $665 per ounce, on the 430-acre property purchased by AGC from Monarch in June 2011. As*

*at December 31, 2014, advance royalty payments of $1,500,000 had been made by AGC and will be deducted from future royalty payments to Monarch.*

(8) *The final phase of the restoration program at the Brodeur diamond property will be completed in 2016.*

(9) *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 $1,211,000*

Details and a discussion of the environmental litigation are included in the "Environmental Matters" section above and in Note 13 Commitments and Contingencies to the Company's audited consolidated financial statements for the year ended December 31, 2014.

## Fourth Quarter Results

General and administrative expenses for the fourth quarter of 2014 were $121,000 (2013 - $215,000). The decrease in 2014 over the comparable prior period is $94,000, resulting from a decrease in salaries and management fees, investor relations and administrative and office expenses, which were partially offset by increases in professional fees.

Cash used in operating activities for the fourth quarter of 2014 was $249,000 (2013 - $417,000). The significant decrease in 2014 over the fourth quarter of 2013 reflects that the payments of Company's payables and accrued liabilities were decreased in the fourth quarter of 2014 due to low cash position.

Cash from financing activities for the fourth quarter of 2014 was $119,000 (2013 - $6,000), reflecting that shareholders loans financing in the fourth quarter of 2014 as compared to no significant financing activities were completed during the fourth quarter of 2013.

Cash used in investing activities for the fourth quarter of 2014 was $148,000 (2013 - $194,000) resulting from mineral property expenditures of $52,000 (2013 - $74,000), net disposal of equipment of $135,000 (2013 - $121,000) and payment of rehabilitation provisions of $39,000 (2013 - Nil).

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)** *(3)* | **Basic and Fully Diluted Loss (Income) Per Share** |
|---|---|---|---|---|
| December 31, 2014 | - | 121 | *(1,168)*(1)(2)(5) | (0.00) |
| September 30, 2014 | - | 152 | *(2,218)*(1)(2)(5) | (0.01) |
| June 30, 2014 | - | 250 | *2,670*(1)(2) | 0.01 |
| March 31, 2014 | - | 162 | *(1,567)*(1)(2)(5) | (0.01) |
| December 31, 2013 | - | 215 | *(3,045)*(1)(2)(5) | (0.01) |
| September 30, 2013 | - | 308 | *637*(1)(2) | 0.00 |
| June 30, 2013 | - | 470 | *568*(1)(2) | 0.00 |
| March 31, 2013 | - | 361 | *451*(1)(2) | 0.00 |

(1) *Includes: Mineral property costs expensed as follows: Nil during the fourth, third, second; $1,000 during the first quarter of 2014; Nil during the fourth quarter of 2013; $28,000 during the third quarter of 2013; Nil during the second quarter of 2013; $11,000 during the first quarter of 2013.*

(2) *Includes stock-based compensation expense charged as follows: Nil during the fourth, third, second and first quarters of 2014; Nil during the fourth quarter of 2013; $67 during the third quarter of 2013; $166 during the second quarter of 2013; $324 during the first quarter of 2013.*
(3) *The Company has not incurred any losses arising from discontinued operations or extraordinary items in the last eight quarters.*
(4) *Since the Company is not in production, it does not generate any revenue.*
(5) *Net income in the fourth and third quarter of 2014, first quarter of 2014 and fourth quarter of 2013 arose from the foreign exchange gain which primarily arose from the impact of the translation of intercompany loans by the Company to AGC.*

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. In November 2014, the Company sold its Quebec gold property. The Company's activities since early 2008 have focused on the Atlanta Project, an advanced stage gold exploration property, and since June 2014, also at the patented lode claims known as 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. 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 the Atlanta Project in 2014.

**SELECTED ANNUAL INFORMATION**

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

| | **2014** | **2013** | **2012** |
|---|---|---|---|
| Total Revenues | Nil | Nil | Nil |
| (Gain)/Loss before discontinued operations and extraordinary items | (2,284) | (1,389) | 3,707 |
| (Gain)/Loss per share | (0.01) | (0.01) | 0.02 |
| (Gain)/Net loss | (2,284) | (1,389) | 3,707 |
| Net (gain)/loss per share | (0.01) | (0.01) | 0.02 |
| Total assets | 47,576 | 46,873 | 44,750 |
| Total non-current financial liabilities | 4,169 | 7,168 | 3,573 |
| Cash dividends per share | Nil | Nil | Nil |

Due to the strengthening during 2014 of the U.S. dollar relative to the Canadian dollar, the Company had a foreign exchange gain of $4,909,000, 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 $2,284,000. 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 $703,000 to $47,576,000 at December 31, 2014 (2013 - $46,873,000) primarily due to mineral property expenditures and marketable securities additions. Total assets increased by $2,123,000 to $46,873,000 at December 31, 2013 primarily due to mineral property expenditures and property plant and equipment additions, as well as increases in cash and cash equivalents.

**Outlook**

The price of gold is the most significant factor that will affect the Company's future profitability and operating cash flows. Notwithstanding the recent decline in gold prices, 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.

As the Company continues to make progress building its resource base (at a low discovery cost per ounce), and the associated environmental and economic framework, it expects that industry interest in the Atlanta Project will continue to develop. The Company continues to invest in equipment, infrastructure and property, has increased the depth of its operational team and has made progress in reducing historic royalties, all of which serve to advance the Atlanta Project, reduce future capital and operating costs and demonstrate the continuing confidence that management has in the Atlanta Project.

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 2014 were curtailed due to lack of funding and its planned activities during 2015 will be severely limited if and to the extent that financing is not available on a timely basis. Management believes that the creation of the Partnership will assist in its fund raising initiatives. Subject to the availability of adequate financing of the Partnership and the Company, the plan for the balance of 2015 is: (1) to excavate from the Neal Property and process up to one hundred and twenty-nine (129,000) tons for a bulk sample 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; and (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.

***Neal Property***

The Neal Property is located approximately 45 air miles south west of the Atlanta Project and 10 air miles north east of Boise. The Neal Property is hosted within the same granodiorite rocks of the Idaho

Batholith as the Atlanta Project. It is also within the same Trans-Atlanta-Challis fault zone as the Atlanta Project. It is at a much lower elevation than the Atlanta Project and will allow year round access to mineralized material that will help to further refine the processing equipment and procedures expected to be ultimately used at the Atlanta Project. The bulk sample planned for the Neal Property will provide the opportunity to test excavation and processing methods. A Notice of Motorized Exploration (NOME) has been written and will need to be submitted to the State of Idaho within seven days of the beginning of excavation of the bulk sample. A Storm Water Pollution Prevention Plan (SWPPP) has also been generated and will need to be kept on file at the Boise office and at the project site.

***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 was to plug the 900 cross-cut and complete the closure plan for the Adit site by December 2015. 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. 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 (see news release dated December 12, 2012) and construction is expected to commence in the first quarter of 2016. 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, the input of the proceeds from processing the materials and providing general and administrative services to Neal Partnership as a contractor and 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 the entry of the final judgment, including in respect of a five-year payment plan and 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. If the Company experiences significant delays in obtaining additional funding necessary to fund its ongoing operating and capital requirements and debt servicing obligations on a timely basis, 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.

***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, 2014 was $601,847 (December 31, 2013 - $533,040), of which one-half of a senior officer's salary was unpaid and accrued at December 31, 2014. The Company had accrued $314,029 of a senior officer's salary including $298,764 of principal accrued for 2013 and 2014 and $15,265 of interest. At December 31, 2013, $261,846 was accrued for one-half of two senior officers' salaries including $257,055 of principal accrued for 2013 and $4,791 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, 2014, Shareholders' loans of $986,275 (December 31, 2013 - $284,862) were payable to various directors and shareholders of the Company. Of the total amount, $294,250 (December 31, 2013 - $284,862) was owed to a director 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 $692,025 (December 31, 2013 - Nil) were from directors and shareholders. The loans bear interest of 8% per annum and are repayable on demand.

***Proposed Transactions***
Please see the discussion of the refinancing transaction with CCM under "***Debt Financing-Debenture***". The TSX Venture Exchange has conditionally approved the refinancing transaction and the transaction remains subject to the approval of the shareholders of the Company (other than CCM and its affiliates and associates), which is being sought at the annual and special meeting of shareholders of the Company scheduled for June 24, 2015. Completion of the refinancing transaction is also subject to completion by the Company of a consolidation of its common shares on the basis of one consolidated share for each ten existing shares (the "**Consolidation**"). The Consolidation is subject to the approval of the TSX Venture Exchange and to the approval of the shareholders of the Company of a special resolution authorizing the Consolidation. Shareholder approval of the Consolidation is also being sought at the annual and special meeting of shareholders.

***Share Capital***

As at May 29**,** 2015, the Company has 266,048,257 common shares outstanding, incentive stock options outstanding to purchase 835,000 common shares at price of C$0.18 per share for term ending September 2015, and warrants outstanding to purchase 59,733,333 common shares at prices ranging from C$0.10 to C$0.15 per share, expiring between October 2015 and August 2017.

***Accounting Policies***

Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities and Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets are adopted in 2014. Adopting these standards resulted to changes in the Company's accounting policies, but did not have material impact on the financial position or performance on the Company on initial application.

The Company is presently assessing the impact of IFRS 9 Financial Instruments (2014) which has been issued but not applied. The finalized version of IFRS 9 is applicable to the Company's annual period beginning on January 1, 2018.

***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. Although the Company has been successful in the past in obtaining requisite funding, 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 the Atlanta Project 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 raises 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 Senior Secured Notes are guaranteed by AGC and secured by a mortgage on AGC's Atlanta Project and the Company's Debenture is, as well as the proposed amended and restated debenture will be, guaranteed by AGC and is secured by a mortgage on the Monarch portion of the Atlanta Project. The Company has reached agreement on a refinancing with the holder of the Debenture, which remains subject to shareholder and regulatory approvals. Should these approvals not be obtained and the Company fails to complete the refinancing transactions or fails to comply with its obligations under Notes, the holders of the Notes or the holder of the Debenture could seek to enforce their mortgage security, which could result in AGC losing its interest in the Atlanta Project or the Monarch portion of the Atlanta Project. If the holder of the Debenture elects to convert all or a portion of the Debenture into common shares of the Company or if the holders of the Notes or the holder of the Debenture elect to exercise any of the warrants held by such holders, the holdings of the Company's existing shareholders will be diluted.

In connection with the Note and Debenture 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 the Atlanta Project 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 expects to fully comply with the terms of the payment arrangement, 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. As of the date hereof, AGC is \$100,000 in arrears of its payment schedule.

***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, 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.

**May 29, 2015**