

Atlanta Gold Inc.

Management Discussion and Analysis

For the years ended December 31, 2016 and 2015

Management Discussion and Analysis

This management discussion and analysis of the financial position and results of operations of Atlanta Gold Inc. (the “Company”) and its subsidiaries for the years ended December 31, 2016 and 2015 has been prepared as of April 27, 2017.

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, 2016 and 2015. 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.

Further information about the Company and its operations is available on the Company's website at www.atgoldinc.com or 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 effectiveness of the gold extraction process being tested by the Company; the commencement of test processing of the bulk sample from the Neal Property and the timing and outcome thereof; the completion at the Neal Property of an additional bulk sample; the completion of infill drilling and other exploration and development initiatives at the Atlanta Project; the completion of future financings by the Company and by Neal Development LP and the timing thereof; the continuance and enhancement of environmental initiatives, including the implementation of the Plan of Operations; the completion of the reclamation program at the Brodeur diamond property; the effectiveness of the passive water treatment system, the installation of a water control plug and the effectiveness of same on the water treatment system; and the continuance of developmental initiatives. 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 and other obligations, to fund its environmental penalty payment obligations, to fully implement the Supplemental Plan of Operations, to achieve its business objectives and to continue as a going concern; risks associated with the application to reopen the environmental litigation against AGC; 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, a successful outcome to the Company's discussions with its lenders, 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). As of April 27, 2017, the Company has 38,448,008 common shares issued and outstanding and warrants outstanding to purchase 592,000 common shares at prices ranging from C\$0.10 to C\$1.10 per share, expiring between August 2017 and April 2018.

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

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

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

The Company expects that significant economic and environmental benefits will be realized from using a pilot processing method which will allow the Company to advance the Atlanta Project while reducing capital investment and reducing power consumption and other operating costs associated with a conventional mill. In addition, this is an environmentally friendly method which uses and recycles water, eliminates water discharge and collects and

concentrates all heavy metals. The recovery process medium is water with gravity recovery. Based on testing by Knife River Corporation and AGC on gold bearing structures from similar origins as that of the Neal Property (discussed below), recoveries in excess of 83%, using three (3) centrifugal concentrators in series and applying a slurry of water and minus ¼ inch (2mm) feed material, can be achieved. Four sources of material were tested and the results that were most favourable were achieved when the feed material was subjected to multiple passes through concentrators in series. This strategy offers an initial mine plan targeting further development and focusing on maximizing grades and gold recovery from near-surface material at attractive capital and operating costs.

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

To assist in the evaluation of this processing method, the Partnership was formed with Mineral Point, LLC as the general partner, to conduct exploration activities at the Neal Property. AGC has entered into a five-year lease of the Neal Property expiring in 2020 and has staked an additional seven contiguous claims on public land that were open to mineral entry. The Neal Property is at a much lower elevation than the Atlanta Project and generally allows year round access to mineralized material which is expected to assist AGC in refining the processing equipment and procedures expected to be ultimately used at the Atlanta Project. Operations at the Neal Property, which is on private land and required Idaho State Lands approval to commence operations, was obtained by providing a Notice of Motorized Exploration ("**NOME**") within seven days following commencement of exploration operations. The Partnership commenced exploration in mid-July and the NOME was submitted on July 22, 2015. During 2015, an estimated 8,000 ton bulk sample was completed and 562 samples in 8 batches were tested and analyzed by two independent laboratories, resulting in a weighted average gold grade of 0.149 ounces per ton (5.12 grams per tonne). (Please also see the Company's news release of December 9, 2015). William L. Josey, an independent geologist and a Registered Member of SME, is the Company's "qualified person" as defined by National Instrument 43-101 and has reviewed and approved the foregoing. During 2016, an additional 4,900 tons were added to the stock pile. The average grade for the additional tons delivered to the stock pile was 0.132 ounces per ton (4.53 grams per tonne) based on the average of 298 samples taken from 546 loads of material. Samples were taken by AGC's employees under the supervision of Eric Berentsen and were assayed by Inspectorate Labs, Sparks, Nevada. Eric Berentsen, the Company's qualified person as defined by National Instrument 43-101, has approved the foregoing disclosure of test results.

NI 43-101 Resource Estimate for the Atlanta Project

In January 2012, P&E Mining Consultants Inc. ("**P&E**") of Brampton, Ontario completed an independent updated resource estimate on the Company's Atlanta Project 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:

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

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

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

Other properties

Neal Property, Idaho, USA

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

Jackson Inlet, Nunavut, Canada

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

Recent Achievements:

Development of the Properties and Plan of Operations

Neal Property

In order to fund exploration on the Neal Property, AGC formed the Partnership in February 2015 and in June 2015, the Partnership completed an initial financing for proceeds of \$1,100,000. The Partnership commenced exploration activity on the Neal Property in mid-July, 2015.

The Neal Property is at a much lower elevation than the Atlanta Project and generally allows year-round access to mineralized material. The Partnership expects to advance certain exploration and processing methods, with such advancements to be available to AGC for use at the Atlanta Project. The recovery process medium is water with gravity recovery and recent testing results indicate that gold concentration of up to 400:1 with the possibility of recoveries greater than 80% of total gold without the use of any chemicals is achievable. The expected field recovery of greater than 80% of total gold and a concentration ratio of over 100:1 is the target of processing of the planned sampling program by the Partnership.

Exploration trenching at the Neal Property completed during 2015 provided an estimated bulk sample of 8,000 tons. Five hundred and sixty-two (562) samples in 8 batches were tested and analyzed by two independent laboratories, resulting in a weighted average gold grade of 0.149 ounces per ton (5.12 grams per tonne). (Please also see the Company's news release of December 9, 2015). William L. Josey, an independent geologist and a Registered Member of SME, is the Company's "qualified person" as defined by National Instrument 43-101 and has reviewed and approved the foregoing. The sample area of three acres has been cross

trenched followed by condemnation drilling to forty feet. The surface area has been contoured, covered with top soil and topped with approved seeding. The concurrent reclamation will reduce the total area of disturbance.

During the summer of 2016, an additional 4,900 tons were added to the stock pile. The average grade for the additional tons delivered to the stock pile was 0.132 ounces per ton (4.53 grams per tonne). An additional estimated 6,000 tons has been exposed and prepared to be excavated and delivered to the stock pile, subject to funding.

In April 2017, the Idaho Department of Lands approved the reclamation plan submitted in respect of proposed operations at the Neal Property and has granted a mine permit. The reclamation and operating permit is subject to certain conditions agreed upon with the Idaho Department of Lands and becomes active upon agreeing to the conditions and establishment of a reclamation bond.

Processing of the estimated 12,900 ton bulk sample is expected to commence in the second quarter of 2017 subject to funding. While the Partnership filed for the mine permit in mid-March of 2016, the review term was extended by an additional thirteen months due to requests from regulatory authorities and in response to public comments for additional information, which in turn delayed our planned start date.

It is planned that the sample will be transported off site, crushed in a gravel pit, fed to concentrators owned by AGC, processed by AGC and the concentrated product is expected to be delivered to a refinery or to a toll processing facility for final processing and then be available to market.

Additional funds will be required for the Partnership to carry out its work program at the Neal Property. While the Partnership had anticipated raising up to an additional \$1,400,000 through the sale of additional Partnership units during the third quarter of 2016, it was unsuccessful, as its efforts were hindered by the delays in obtaining the mine permit. The Partnership is continuing to work towards completing an additional financing, which it currently anticipates will be completed during the second quarter of 2017. Continued delays in obtaining additional funding will result in the Partnership delaying or postponing its programs on the Neal Property. AGC provides certain general, administrative and other services to the Partnership and if the Partnership continues to be delayed in obtaining or is ultimately unable to obtain additional financing, this will impact adversely on the working capital of AGC.

Atlanta Project

Following the previous two years of surface material evaluation and testing gravity separation and centrifugal recovery, the Company believes that a bulk sample is warranted at the east end of the Atlanta Project. This area has a surface resource exposed for more than 2000 feet long and 30-80 feet wide, containing placer-like gold bearing material covering a large area. The bulk sample of thousands of tons and on site processing is the next step to confirm gravity separation using water as the medium which can be the next generation of small mine development. This type of recovery system addresses present and future environmental issues. Work on a bulk sample is expected to commence in 2017 as soon as funding is available and following successful completion of testing at the Neal Property.

Water Treatment Facility

AGC significantly 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**”). AGC continues to maintain overall compliance with the drinking water standards as set by the EPA and the Idaho Department of Environmental Quality in the State of Idaho when it is treating manageable flows. The Company has made annual improvements and modifications to the Pilot Water Treatment Facility (“**PWTF**”). However, the water treatment cannot maintain continuous compliance without establishing control of the flow of water emanating from the 900 level adit. Plans are being discussed with other professionals as to the installation and location of a control system that is expected to resolve remaining issues. The issue of flow control during high runoff seasons caused by naturally occurring events is beyond the design capacity of the PWTF.

AGC and the U.S. Forest Service (“**USFS**”) are in discussions to develop a scheduled Plan of Operations to determine the best option to close the 900 level adit with a permanent control plug. Rehabilitation work within the cross-cut is necessary prior to commencing the required detailed geological assessment to determine the location of the proposed plug. The Company has planned for a flow control 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, will provide the operator with the ability to control water discharge, manage water requiring treatment and maintain compliance with the United States Federal Water Pollution Control Act (the “**Clean Water Act**”). The ability to control the level of water discharge will be a significant additional safeguard as extreme conditions, such as unusually high Spring run-off levels or extreme flooding (such as that experienced in May 2014), can result in significant surges in water flow which reduces the resident time of water flowing through the treatment facility and blinds or clogs the filters, resulting in discharges that exceed the compliance levels mandated by the Clean Water Act. Two environmental groups have recently brought a motion in the U.S. District Court in Idaho reopening the previous case against AGC in respect of AGC’s water treatment, described below under the section entitled “Environmental Matters and Environmental Litigation”.

HydroClean

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

Environmental Matters and Environmental Litigation

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

product on the Atlanta Project site, and by relocating the proposed processing facility and waste management facility to a more advantageous area. In addition, the Company continues to have open communications with **USFS**, the **EPA**, the Idaho Department of Water Resources ("**IDWR**"), the Idaho Department of Environmental Quality ("**IDEQ**") and special interest groups.

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 within the mineralized structure. In 2006, AGC constructed, and began operating the PWTF which treated all water flowing from the Adit to remove significant levels of naturally-occurring contaminants, including arsenic. AGC does not hold any interest in the land on which the Adit is located nor does it have any right to use the groundwater that is discharged from the Adit. Subsequent to construction of the PWTF, permitted limits for effluents, including for arsenic, were significantly reduced. The permitted discharge limit for arsenic was reduced from 190 to 10 micrograms per liter (10 µ/L) or parts per billion. The PWTF as constructed in 2006 was not capable of meeting these significantly lower limits. AGC subsequently modified its treatment regime in 2012 based on opinions received from consultants engaged to evaluate various treatment options.

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

In 2012, the U.S. District Court for the State of Idaho held that AGC had violated the effluent limits of the Clean Water Act. The Court 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, which has been highly successful in achieving better water quality than mandated by the Clean Water Act. The Court also imposed a \$2,000,000 penalty to be paid over a five-year period, with the quarterly installments increasing in size annually to a maximum of \$100,000 per quarter beginning in the third year and with a balloon payment in the amount of \$450,000 due on September 30, 2018. AGC has made aggregate payments to date of \$325,000 but is currently in arrears of payments due in 2015 and 2016 totaling \$625,000. 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 four generators owned by AGC.

On November 3, 2016, AGC received notice that Idaho Conservation League and the Northwest Environmental Defense Center have submitted pleadings to reopen the above described decision of the U.S. District Court in Idaho. These parties filed a *Motion to Hold Defendant in Civil Contempt, and Impose Additional Penalties and Enforcement Remedies* which alleges that AGC violated its National Pollutant Discharge Elimination System ("**NPDES**") permit, and that AGC did not make all payments when due to the U.S. Treasury for an earlier imposed fine. The Court held a hearing of this motion on April 25 and 26, 2017 and a decision of the Court is expected within 60 days. The likely outcome cannot be determined at this time. AGC continues to endeavor to comply with the terms of the payment arrangements previously imposed by the Court. However, if the motion which has been brought to reopen

the final judgment of the Court is successful, AGC could be subject to additional financial and other sanctions at the discretion of the Court, and such sanctions could be significant.

OWNERSHIP OF ATLANTA PROJECT

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

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

1. Monarch Greenback LLC

On April 28, 2011, AGC exercised its option to purchase a 100% interest in a property comprised of 33 mining claims totaling approximately 430 acres (the “**Monarch Property**”) from Monarch Greenback LLC (“**Monarch**”) for \$3,075,000, with the purchase completed in June 2011. Monarch retained a variable net smelter return royalty, varying from 0.5% to a maximum rate of 3.5% for gold prices exceeding \$665 per ounce. As at December 31, 2016, advance royalty payments of \$1,500,000 had been paid by AGC to Monarch and will be deducted from future royalty payments to Monarch.

2. Hill & Davis

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

3. F. C. Gardner

AGC leases 31 unpatented lode claims pursuant to a lease agreement, as amended, with F. C. Gardner. The lease expired on April 18, 2016 and was subsequently renewed for an additional five year term. 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, 2016, advance royalty payments of \$228,500 have been made and will be deducted from any future royalty payments to F. C. Gardner.

4. Hollenbeck Properties LLC

AGC leases 10 patented and 5 unpatented claims pursuant to a lease agreement with Hollenbeck Properties LLC. The lease has been extended to November 14, 2017. 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, 2016, advance royalty payments of \$342,500 had been paid and will be deducted from any future royalty payments to Hollenbeck.

Annual rental and advance royalty payments are required to keep lease agreements in good standing for the properties that collectively comprise the Atlanta Project. Advance royalty payments to lessors are credited against future royalty payments payable on production. As at December 31, 2016, advance royalty payments totaling \$2,071,000 will be deducted from any future royalty payments to lessors / royalty holders. Lease payments made in 2016 and advance royalty payments as at December 31, 2016 are summarized in the table below.

Lessor / Royalty Holder	Property	Payments in 2016 \$	Advance Royalty Payments as at December 31, 2016
Monarch Greenback, LLC ⁽¹⁾	Monarch	-	1,500,000
F. C. Gardner ⁽²⁾	Gardner	10,000	228,500
Hollenbeck Properties LLC ⁽³⁾	Minerva	10,000	342,500
TOTAL		20,000	2,071,000

Notes:

- (1) *Rental payments to Monarch totaling \$290,000 per annum were extinguished upon purchase of this property in June 2011.*
- (2) *The lease expired on April 18, 2016 and was subsequently renewed for a five-year term expiring April 30, 2021.*
- (3) *The lease has been extended to November 14, 2017. The Company is in the process of negotiating the purchase of the properties.*

DEBT FINANCING

Convertible Debentures

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

On August 25, 2014, CCM requested that the Company redeem the Debenture on December 15, 2014, in accordance with the Debenture’s early redemption provisions. On April 1, 2015, the Company reached agreement with CCM to refinance the Debenture (the “**Refinancing**”) which was completed on August 26, 2015. Under the terms of the Refinancing, principal and accrued interest on the Debenture totalling C\$3,250,000 were satisfied by the issuance to CCM of an amended and restated convertible debenture in the principal amount of C\$1,500,000 (the “**Amended Debenture**”) and by the issuance to CCM of the Company’s senior secured notes (“**Notes**”) in the principal amount of \$1,500,000. The Amended

Debenture bears interest of 10% per annum (12% following the occurrence and continuance of an event of default) from April 1, 2015, matures April 1, 2018 and is convertible at CCM's option at a conversion price of C\$0.10 per (consolidated) common share. Pursuant to the terms of the Refinancing, the Amended Debenture and the security thereon rank equally with the Company's Notes. The Amended Debenture and the Notes are secured by the limited recourse guarantee of AGC and by a mortgage of AGC's interest in the Atlanta Project.

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

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

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

Interest payments due April 1, 2016 on the Company's outstanding debentures in the amount of C\$182,925 remain unpaid. The Company is in discussions with the holders of its debentures concerning a possible amendment to the payment terms but there can be no assurance that such discussions will result in an outcome satisfactory to the Company. Failure to comply with the terms of the debentures also constitutes a cross-default under the Company's Notes and could result in the holders of the debentures and the holders of the Notes seeking to enforce their security against the Atlanta Project. Any enforcement action, if successful, could result in AGC ceasing to hold an interest in the Atlanta Project and would have a material adverse effect on the financial condition, business and operations of the Company and AGC.

\$425,000 Secured Promissory Note of AGC

In August 2011, AGC purchased a 5.58 acre property located in Boise, Idaho for use as equipment storage and in part payment thereof, AGC issued to the vendor of the property a \$425,000 three-year promissory note, bearing simple interest of 7% per annum, which was secured by a mortgage on the acquired property. The maturity date of the promissory note was subsequently extended to July 22, 2015 with all other terms and conditions of the note remaining unchanged. In January 2016, the vendor of the property notified AGC of its intent to foreclose on the mortgage. The mortgage was foreclosed upon in May 2016 and the promissory note was extinguished. AGC currently leases the property on a monthly basis.

Senior Secured Notes

In August, 2013, the Company issued \$4 million principal amount Notes. The Notes bear interest of 10% per annum and under the original terms, the principal, amortized at 25%, 35% and 40%, was to be repayable in cash installments on August 31, 2014, August 31, 2015 and August 31, 2016, respectively. The Notes were subsequently amended in August 2014 to extend the repayment dates by one year and accrued interest to August 31, 2014 was satisfied

by the issuance of common shares of the Company, at the rate of one common share for each C\$0.05 of accrued interest, which resulted in the issuance of 9,006,692 common shares (900,669 consolidated shares), representing approximately 3.5% of the Company's outstanding shares then. The Notes are secured by the limited recourse guarantee of AGC, and by a mortgage of AGC's interest in the Atlanta Project.

Purchasers of the Notes also received options exercisable until August 31, 2016 to purchase an aggregate of 95.0 troy ounces of gold at \$1,125 per ounce for each \$100,000 of Notes purchased. In August 2014, the terms of the gold options were also amended to increase the number of ounces purchasable by 10% (to 104.5 ounces per \$100,000 Notes) and to extend the term to August 31, 2017. The options to purchase gold vest in three installments over the term of the option. Under the terms of the gold options, either the Company or the option holder may elect that the gold delivery requirement be satisfied by means of a cash payment based on the prevailing market price for gold at the time of exercise of the option.

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

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

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

Payments of principal and interest on the Company's outstanding Notes in the aggregate amount of \$2,617,500 became due on August 31, 2016 and remain unpaid. The Company is in discussions with the holders of its Notes concerning a possible amendment to the payment terms but there can be no assurance that such discussions will result in an outcome satisfactory to the Company. Failure to comply with the terms of the Notes could result in the holders of the the Notes seeking to enforce their security against the Atlanta Project. Any enforcement action, if successful, could result in AGC ceasing to hold an interest in the Atlanta Project and would have a material adverse effect on the financial condition, business and operations of the Company and AGC.

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\$0.10 per pre-consolidated share (C\$1.00 per consolidated share). 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

During 2016, the Company raised total gross proceeds of C\$620,682 by way of private placements of common shares. The issuances consisted of 1,750,000 common shares at a price of C\$0.069 per share issued in March, 3,357,600 common shares at a price of C\$0.07 per share issued in April and 3,785,571 common shares at a price of C\$0.07 per share issued in May. The only equity financing completed by the Company in 2015 was the issuance of 2,950,000 common shares at a price of C\$0.069 per share for gross proceeds of C\$203,550, completed in the fourth quarter of that year.

Other than the shareholder loan received from Jipangu Inc. (“**Jipangu**”) described below, the Company did not complete any debt financings in 2016. In August 2015, the Company completed the issuance of C\$550,000 principal amount Additional Debentures and in the second quarter of 2015, the Company completed the \$600,000 Notes financing with CCM.

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. In October 2016, the Company supplemented its cash position by borrowing \$750,000 from a shareholder, Jipangu. The loan bears interest of 8% per annum and is repayable on demand. In March 2017, the Company reached agreement with Jipangu to issue 11,486,052 common shares in repayment of this loan. Completion of this share issuance is subject to receipt of the approval of the Company's shareholders, as described below under “Liquidity and Capital Resources”. In comparison, during 2015, the Company supplemented its cash position by borrowing \$65,000 from directors and shareholders.

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. The Company's principal sources of funding have been the issuance of equity securities for cash, and by a combination of the debt financings described under “Debt Financing”, and in respect of the Partnership, by means of the sale of limited partnership units.

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

The Company's cash position as at December 31, 2016 was \$544,000 (not including \$92,000 of the restricted cash retained by the Partnership) compared to \$108,000 as at December 31, 2015 (not including \$559,000 of the restricted cash retained by the Partnership). The Company's working capital deficiency as at December 31, 2016 was \$13,297,000 compared to a deficiency of \$7,230,000 as at December 31, 2015 with the increase primarily due to the reclassification of the non-current portion of the Notes as current liabilities as a result of the non-payment of principal and interest amounts due on August 31, 2016. (See "Debt Financing - Senior Secured Notes")

	As at	
	December 31, 2016	December 31, 2015
Cash and cash equivalents excluding restricted cash	\$ 544,000	\$ 108,000
Current assets	\$ 747,000	\$ 797,000
Current liabilities	(14,044,000)	(8,027,000)
Working capital (deficiency) ⁽¹⁾	\$ (13,297,000)	\$ (7,230,000)

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

The significant working capital deficiency has resulted in the Company being in arrears in satisfying a number of its financial commitments. AGC is \$625,000 in arrears in payments under the penalty imposed by the Court under the Clean Water Act and a motion has been brought to reopen this matter with the Court which could lead to additional penalties being imposed against AGC by the Court. In May 2016, the holder of AGC's mortgage on the East Amity Road Property foreclosed on the \$425,000 mortgage. The interest payments due April 1, 2016 on the Company's outstanding Debentures in the amount of C\$182,925 remain unpaid. In addition, payments of principal and interest on the Company's outstanding Notes in the aggregate amount of \$2,617,500 due on August 31, 2016 remain unpaid. The Company is continuing discussions with its lenders and others in respect of various financing alternatives to meet its financial commitments and current working capital requirements.

As the Company is in the development stage and has no ongoing source of cash flow, additional funding by means of equity and/or debt financings is necessary in the short and longer terms. The Company continues to seek additional near-term financing in the range of C\$3 to C\$4 million. Successful completion of financings in the lower end of this range would address immediate operational requirements.

In that regard, in March 2017, the Company reached agreements to issue a total of 26,390,000 common shares for aggregate consideration of C\$2,375,100 to Jipangu. Under the terms of the agreements, Jipangu's existing \$750,000 loan to the Company together with accrued interest thereon to the expected date of closing of the transaction, will be repaid by the issuance of 11,486,052 common shares of the Company valued at C\$0.09 per share. In addition, Jipangu has agreed to subscribe for 14,903,948 common shares at a price of C\$0.09 per share for gross proceeds of C\$1,341,355. Completion of the share issuances to Jipangu is subject to receipt of the approval of the Company's shareholders (excluding the votes of shares held by Jipangu), which approval will be sought at the Company's annual and special meeting of shareholders scheduled for June 1, 2017. While completion of the transactions with Jipangu will assist the Company in meeting a portion of its immediate operational requirements, additional funding will continue to be required.

AGC previously formed Mineral Point, LLC, as the general partner of the Partnership as a means to finance and advance the Neal Property. In June 2015, the Partnership raised gross

proceeds of \$1,100,000 and continues to seek to raise up to an additional \$1,400,000. However, the financing efforts of the Partnership have been hindered by the delays experienced in obtaining the mine permit for the Neal Property. The permit was received in April 2017.

There can be no assurance that the planned financings by the Company, including with Jipangu, and by the Partnership will be completed in a timely manner or at all. If completion of the financings continues to be delayed or the planned financings are not completed or are completed for reduced amounts, the Company will be required to further reduce or repurpose planned operational expenditures and / or rely on other sources of funds, if available, which may include additional shareholder loans. The Company may also consider the sale of non-core assets and direct investments by third parties in the Atlanta Project to assist it in meeting its ongoing capital requirements. The Company will require additional financing to assist AGC to meet its obligations under the Court penalty, to finance its exploration and development activities and to meet its debt servicing obligations. There can be no assurance that agreement can be reached with the Company's lenders or that a satisfactory resolution to the environmental litigation involving AGC may be achieved. If the Company's discussions with its lenders are ultimately unsuccessful, the lenders could seek to enforce their security on the Atlanta Project. If efforts to resolve the environmental litigation are unsuccessful, the Court could impose additional penalties on AGC, which penalties could be significant. The inability to obtain additional funding on a timely basis or to reach agreements with the Company's lenders or to resolve the environmental litigation will have a material adverse effect on the financial condition, business and operations of the Company and AGC.

Equity

As at December 31, 2016, the Company had (a) 38,448,008 consolidated common shares issued and outstanding following completion of the one for ten share consolidation on June 25, 2015 (December 31, 2015 – 29,554,826 as adjusted for the consolidation); (b) no stock options outstanding to purchase consolidated common shares (December 31, 2015 – Nil); and (c) warrants to purchase 592,000 consolidated common shares (December 31, 2015 - 3,592,000 as adjusted for the consolidation) of the Company at exercise prices ranging between C\$0.10 and C\$1.10 per share, expiring between August 2017 and April 2018. In certain instances, the expiry dates of certain warrants may be accelerated by the Company. Shareholders' equity as at December 31, 2016 was \$30,963,000 compared to \$32,169,000 as at December 31, 2015.

General and Administrative Expenses

Corporate overhead expenses for the year ended December 31, 2016 were \$343,000 compared to \$523,000 for the year ended December 31, 2015. The decrease in the current year is attributable to lower professional fees, investor relations fees, administrative and office expenses and salaries and management fees during 2016, as the Company took additional steps to conserve cash.

Capital Expenditures

Atlanta Project, Idaho, USA:

Capital expenditures in the years ended December 31, 2016 were \$736,000 and included expenditures on salaries, project administration, equipment rental, property carrying costs, capitalized depreciation of exploration and evaluation assets and payment of rehabilitation

provisions for the 900 Adit.

In comparison, expenditures in the years ended December 31, 2015 were \$1,027,000 and included expenditures on salaries, project administration, equipment rental, property carrying costs, capitalized depreciation of exploration and evaluation assets and payment of rehabilitation provisions for the 900 Adit.

Exploration and evaluation expenditures for the Atlanta Project for the years ended December 31, 2016 and 2015 are shown in the table below.

	For the years ended	
	December 31, 2016	December 31, 2015
Opening Balance	\$ 46,794,812	\$ 45,767,595
Equipment rental	24,141	31,756
Field expenses	568	1,553
Salaries	297,488	509,713
Lab analysis	-	1,808
Project administration	116,706	119,053
Rehabilitation provisions	13,216	(90,939)
Depreciation - field equipment	284,349	454,273
Total Increase During the Period⁽¹⁾⁽²⁾	\$ 736,468	\$ 1,027,217
Closing Balance	\$ 47,531,280	\$ 46,794,812

- (1) Additions in the years ended December 31, 2016 include expenditures on salaries, project administration, equipment rental, property carrying costs, capitalized depreciation of exploration and evaluation assets and payment of rehabilitation provisions for the Adit.
- (2) Additions in the years ended December 31, 2015 include expenditures on salaries, project administration, equipment rental, property carrying costs, capitalized depreciation of exploration and evaluation assets and payment of rehabilitation provisions for the Adit.

Neal Property, Idaho, USA:

Capital expenditures in the year ended December 31, 2016 were \$468,000 and included expenditures on field expenses, excavation, project administration, engineering and lab analysis. In comparison, capital expenditures in 2015 were \$217,000 and included expenditures on project administration and salaries.

Exploration and evaluation expenditures for the Neal Property for the years ended December 31, 2016 and 2015 are shown in the table below.

	For the year ended	
	December 31, 2016	December 31, 2015
Opening Balance	\$ 271,356	\$ 54,368
Geology/Geophysics	8,080	3,515
Field Expenses	-	109,637
Engineering	2,450	12,245
Excavation	85,861	54,338
Equipment rental	103,908	189
Salaries	-	3,710
Road maintenance	4,076	-
Permitting	2,955	-
Drilling	18,792	-
Reclamation	12,782	-
Lab analysis	18,668	9,391
Project administration	210,428	23,963
Total Increase During the Period⁽¹⁾	468,000	216,988
Closing Balance	\$ 739,356	\$ 271,356

- (1) Additions in the year ended December 31, 2016 include expenditures on equipment rental, drilling, lab analysis, excavation, project administration, engineering and others.
- (2) Additions in the year ended December 31, 2015 include expenditures on field expenses, excavation, project administration, engineering, lab analysis and others.

Property, plant and equipment

The net decrease of property, plant and equipment for the year ended December 31, 2016 was \$602,000, which reflected the disposal of the East Amity Road property following the foreclosure on the mortgage on that property in May 2016 and the disposal of real estate property and equipment, which were partially offset by additions to the water treatment facility, which was adjusted by depreciation expenses.

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

Intangible assets

The net increase of intangible assets for the year ended December 31, 2016 was \$115,000, which included the costs incurred in the Company's 45% owned subsidiary, HydroClean, to seek to obtain a patent for the water treatment technologies and for organizational costs.

In comparison, there was no increase of intangible assets for the year ended December 31, 2015.

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)

	Total	Payments Due by Period		
		Years 1 to 2	Years 3 to 4	Beyond Year 4
Head office	13	13	-	-
Penalty, attorney fees and litigation costs	1,675	1,675	-	-
Shareholders' loans	1,893	1,893	-	-
Rehabilitation provisions - Atlanta gold property ⁽¹⁾⁽²⁾	1,082	1,082	-	-
Rehabilitation provisions - Brodeur diamond proper	52	52	-	-
Convertible loan ⁽³⁾	929	929	-	-
Convertible debentures ⁽⁴⁾	2,023	2,023	-	-
Senior secured notes ⁽⁵⁾	8,063	8,063	-	-
Operating leases	45	45	-	-
Other long-term obligations	40	20	20	-
Total Contractual Obligations	15,815	15,795	20	-

- (1) This includes an estimate of the expenditures necessary to close the 900 level tunnel adit.
- (2) The final phase of the restoration program at the Brodeur diamond property is expected to be completed within the next two years when funds are available.
- (3) On June 11, 2014, the Company borrowed \$600,000 by means of a convertible loan. The loan is unsecured and non-interest bearing and is to be repaid by delivery to the lender of 1,000 troy ounces of gold (or the cash equivalent thereof) payable in installments over an approximately 18-month period. The gold payments (1,000 troy ounces) were valued at \$929,000.
- (4) See the description of the debentures under "Debt Financing", which include C\$1.5 million Amended Debenture issued upon completion of refinancing transactions with CCM and C\$550,000 Additional Debentures.
- (5) \$6.1 million principal amount are currently outstanding and are repayable in cash installments at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively. See the description of the Notes under "Debt Financing-Senior Secured Notes".

Details and a discussion of the environmental litigation are included in the "Environmental Matters" section above and in Note 16 Commitments and Contingencies to the Company's audited consolidated financial statements for the year ended December 31, 2016.

Discussion of Operations

Fourth Quarter Results

General and administrative expenses for the fourth quarter of 2016 were \$85,000 (2015 - \$75,000). The \$10,000 increase in 2016 over the comparable prior period reflects an increase in professional fees, salaries and management fees and administrative and office expenses, offset by a decrease in investor relations fees.

Cash used in the operating activities for the fourth quarter of 2016 was \$11,000 (2015 - \$292,000). The decrease in 2016 over the fourth quarter of 2015 reflects that the payments of Company's payables and accrued liabilities were decreased in the fourth quarter of 2016 in order

to conserve cash.

Cash from financing activities for the fourth quarter of 2016 was \$750,000 (2015 - \$142,000), reflecting the shareholder's loan from Jipangu borrowed in October 2016 as compared to an equity financing completed during the fourth quarter of 2015.

Cash used in investing activities for the fourth quarter of 2016 was \$366,000 (2015 - \$468,000) resulting from mineral property expenditures of \$220,000 (2015 - \$516,000) and payment of rehabilitation provisions of \$3,000 (2015 - \$92,000), net additions of equipment of \$16,000 (2015 - net disposal of equipment of \$140,000), proceeds from disposition of marketable securities of \$12,000 (2015 - Nil) and net additions of intangible assets (2015 - 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 ⁽³⁾	General and Administrative Expenses	Net Loss (Income) ⁽²⁾	Basic Loss (Income) Per Share ⁽⁵⁾	Fully Diluted Loss (Income) Per Share ⁽⁵⁾
December 31, 2016	-	85	(994) ⁽¹⁾⁽⁴⁾	(0.03)	(0.02)
September 30, 2016	-	68	(415) ⁽¹⁾⁽⁴⁾	(0.01)	(0.01)
June 30, 2016	-	124	753 ⁽¹⁾	0.02	0.01
March 31, 2016	-	67	3,548 ⁽¹⁾	0.12	0.06
December 31, 2015	-	75	(833) ⁽¹⁾⁽⁴⁾	(0.03)	(0.02)
September 30, 2015	-	129	(2,152) ⁽¹⁾⁽⁴⁾	(0.08)	(0.05)
June 30, 2015	-	212	1,488 ⁽¹⁾	0.06	0.06
March 31, 2015	-	107	(5,040) ⁽¹⁾⁽⁴⁾	(0.19)	(0.16)

- (1) No mineral costs were expensed.
- (2) The Company has not incurred any losses arising from discontinued operations or extraordinary items in the last eight quarters.
- (3) Since the Company is not in production, it does not generate any revenue.
- (4) Net income in the fourth and third quarter of 2016 and the fourth, third and first quarters of 2015 arose from foreign exchange gains which primarily arose from the impact of the translation of intercompany loans by the Company to AGC.
- (5) (Income) Loss per share for the first quarter of 2015 was adjusted for the one for ten share consolidation completed in June 2015.

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

The Atlanta Project's property is accessible by highway and county-maintained roads. The level of the Company's development activities at the Atlanta Project is impacted by winter

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

The Company assesses, on a regular basis, whether any impairment has occurred in the carrying value of its mineral properties. If such impairment has occurred, a write-down is charged in the period that the impairment took place. The Company has determined that no charges had to be taken against either the Atlanta Project or the Neal Property in 2016.

SELECTED ANNUAL INFORMATION

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

	2016	2015	2014
Total Revenues	Nil	Nil	Nil
(Gain)/Loss	2,892	(6,537)	(2,284)
(Gain)/Loss per share	0.08	(0.24)	(0.01)
(Gain)/Net loss	2,892	(6,537)	(2,284)
Net (gain)/loss per share	0.08	(0.24)	(0.01)
Total assets	49,148	48,479	47,576
Total non-current financial liabilities	2,876	7,202	4,169
Cash dividends per share	Nil	Nil	Nil

Due to the weakening of the U.S. dollar relative to the Canadian dollar during 2016, the Company had a foreign exchange loss of \$1,557,000, 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 loss of \$2,892,000. 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 \$669,000 to \$49,148,000 at December 31, 2016 (2015 - \$48,479,000) primarily due to mineral property expenditures and increases of restricted cash and cash and cash equivalents. Total assets increased by \$903,000 to \$48,479,000 at December 31, 2015 primarily due to mineral property expenditures and increases of restricted cash and cash and cash equivalents.

OUTLOOK

General Overview

The gold sector appears to be stabilizing in 2017, as the gold price continues a gradual upward trend. Rising gold prices are expected to result in positive investor sentiment and increased support throughout the sector, including for gold exploration and development companies such as the Company. This support is critical to create the market conditions and opportunity to enable the Company to obtain the financing necessary to advance the Atlanta Project and the Neal Property in 2017.

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

As a gold exploration and development company, the Company depends on the availability of sufficient financing to move its projects forward. We continue to review alternatives to finance our gold projects, including equity placements, conventional loans and/or gold loans, joint ventures and/or partnerships.

Pending receipt of financing, the Company plans to continue the advancement of our flagship gold assets located north of Boise Idaho near the historical mining camp of Atlanta, Idaho as well as our Neal Project located closer to Boise. The plan for 2017 calls for the following advancement of key geological and operating parameters: submission of applications for environmental and operating permits, additional geological exploration, engineering design, pre-feasibility work, metallurgical testing / bulk sampling and longer term water treatment solutions to the Atlanta property, 900 level tunnel adit. Although we have challenges to solve relating to water quality near the Atlanta Project and specifically the 900 level tunnel water treatment, we remain focused on those relevant issues that are in keeping with our water quality permit parameters and good environmental stewardship within our Company and within the local community near Boise, Idaho. The key to success with water quality control and maintaining compliance with water quality parameters will, in addition to continuing to treat the 900 level water with the current proprietary technology, which is a passive water filtration system, be working with the United States Forest Service to finalize a plan to install a water control plug just inside the 900 level tunnel adit.

Neal Project – Plan for 2017

We plan on advancing our Neal gold project, located within a 45 minute drive from Boise, Idaho, through bulk sampling and metallurgical test processing in 2017. In 2015 – 2016, the interim focus shifted to the Neal Property project with onsite work at Neal consisting of excavating and adding to stockpiled gold bearing material. In 2015, approximately 8,000 tons were excavated and stockpiled and a further 6,000 tons were excavated in 2016 for a total of, approximately, 14,000 tons of gold bearing material with an estimated gold grade of 0.149 ounces per ton ("**opt**") (5.12 grams per tonne ("**gpt**")) in the stockpile at the Neal project. Concurrent reclamation has been ongoing as the Neal project progresses. The plan is now set to for the excavation of up to an additional 6,000 tons in 2017 to be added to the bulk sample

stockpile and to process up to 20,000 tons of the gold bearing material in 2017, as a bulk metallurgical sample. To advance the Neal project, an Environmental Reclamation Plan was recently approved and a mine permit granted on April 20, 2017. The reclamation and operating permit is subject to certain conditions agreed upon with the Idaho Department of Lands and becomes active upon agreeing to the conditions and establishment of a reclamation bond. All project advancement plans for the Neal project in 2017 are subject to the availability of sufficient financing on acceptable terms for all partners involved in the Partnership.

The plan or scope of work for the Neal project for 2017 is to process the gold bearing material through a contracted crushing, screening and grinding circuit and then concentrate the gold bearing material and other sulfide minerals into several high-grade gold concentrates through a series of gravity circuits. It is proposed that the gravity circuits used will be Falcon and Nelson concentrators currently owned by AGC. The processing of the gold bearing material is projected to occur in a local aggregates quarry near Boise, Idaho. Once the concentrates from the processing have been achieved, further processing will be evaluated for the high-grade gold concentrates. Previous metallurgical testing has indicated recoveries in the 60% to 80% range in the concentrate could be achieved. Further recoveries would need to be accounted for in the final refining process of the high-grade concentrates to achieve an ultimate 999 fine gold product. The plan for further refining is under review and is contemplated to be contracted out to a custom mill and refiner located in Nevada. The amount of potentially saleable gold to be recovered from the metallurgical bulk test will vary depending upon the actual gold bearing material feed grades and the overall gold recoveries actually achieved. Once the initial bulk sample has been processed and the test results are analyzed, this will give us the baseline metallurgical data to further design the crushing, screening, milling and gravity circuits for both the Neal gold project and Atlanta Project in the future.

Neal Project Permitting

The receipt of approval of the Environmental Reclamation Plan and the mine permit was a key milestone to success with getting the Neal project underway by mid-2017, with our bulk sample metallurgical testing strategy. The mine permit was issued on April 20, 2017 and the surety bond is currently being reviewed for funding. The Company is assessing the means of funding and processing options in order for transport and processing to commence. We are optimistic that we will be in a position to commence processing late in the second quarter of 2017.

Atlanta Project – Plan for 2017

In 2017, the Atlanta Project, our flagship exploration and development gold property will see further advancement on exploration and development with proposed infill drilling which is intended to increase the gold resource base and potentially convert additional resources into reserves. The additional drilling will also give us more available new core to complete further metallurgical testing. A new NI 43-101 technical report is also contemplated to be commissioned once the drilling program is nearing completion and assays have been completed and analyzed. The advanced exploration and development project is planned for mid-2017 and is expected to continue into 2018. Other key components of the 2017 – 2018 plans for the Atlanta project are as follows: 1) Submitting applications for environmental and operating permits; 2) Additional geological exploration as well as the core drilling, 3) Engineering design work to scope parameters for open pit and underground operations, 4) Metallurgical testing and process design, 5) Cost estimating and Pre-feasibility level work, and 6) Water treatment and 900 level design and USFS approvals for plugging the 900 level tunnel

adit.

The passive water filtration system was installed below the 900 level tunnel adit at Atlanta in October 2012 and expanded during 2013. The final stage of the government-approved SPOO is to plug the 900 cross-cut and complete the closure plan for the Adit. The location and final design of the plug is subject to the approval of the USFS and that decision cannot be finalized until rehabilitation of the cross cut is complete. AGC will commence rehabilitation once the USFS approves the overall plan. 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 with the ability to control water discharge, manage water requiring treatment and maintain compliance with the Clean Water Act.

All of the work planned for the Atlanta Project, including in respect of the rehabilitation of the 900 cross-cut and the construction of the plug, is subject the Company and AGC obtaining adequate financing.

Business Development – Plan for 2017

The Company continues the review process for additional prospective gold property assets within the Neal property and Atlanta Project areas, as well as reviewing other gold related opportunities that would be accretive to the Company in the future and increase shareholder value.

General Corporate Financing Statement for Atlanta Gold's Project Going Forward

The Company has limited financial resources and no source of operating revenue at this time. In the past, it has relied on debt / equity financings to maintain its exploration, environmental permitting, and engineering and development activities and meet its administrative costs. The Company continues to seek capital through various means including by the issuance of debt and equity financing and from proceeds generated from contracting services provided to the Partnership for the processing of the exploration samples. AGC is entitled to a fee for providing general and administrative services to the Partnership as a contractor. AGC will consider the possible joint venturing of a direct interest in the Atlanta Project. The previous environmental legal action against AGC by two environmental interest groups has adversely affected the Company's ability to finance its activities and operations. However, with AGC's success in implementing water treatment initiatives so as to comply with the NPDES permit requirements, management believes that a significant amount of uncertainty regarding the Atlanta Project has been reduced. The significant decline in the gold price during 2014-2016 has had a significant adverse effect on the availability of financing for companies in the gold sector, including the Company. Significant delays in obtaining additional funding necessary to fund its ongoing operating and capital requirements and debt servicing obligations on a timely basis have occurred and if such delays continue to occur, this will have a material adverse impact on the Company's financial condition, business and plan of operations. We are optimistic that the stabilization of the gold price experienced in early 2017 will assist the Company in successfully financing its gold projects going forward.

HydroClean

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

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

The Company's transactions with related parties are comprised of salary deferrals by AGC's CEO and of shareholder loans made by certain directors and shareholders of the Company. The remuneration of key management personnel during 2016 was \$388,301 (December 31, 2016 - \$391,420), of which one-half of the CEO's salary was unpaid and accrued at December 31, 2016. The Company had accrued \$626,530 of such senior officer's salary including \$600,000 of principal accrued for the period from 2013 to 2016 and \$26,530 of outstanding interest. At December 31, 2015, \$473,968 was accrued for one-half of a senior officer's salary including \$449,176 of principal accrued for 2013, 2014 and 2015 and \$24,792 of outstanding 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, 2016, shareholders' loans of \$1,892,891 (December 31, 2015 - \$1,041,659) were payable to certain directors (Allan Folk and James Gray) and other shareholders of the Company. Of the total amount, \$332,806 (December 31, 2015 - \$313,500) was owed to Wm. Ernest Simmons, the President, CEO and a director of the Company, for the purchase of equipment and it is evidenced by demand promissory notes bearing interest of 7% per annum and is secured against the equipment purchased. The remaining shareholder loans of \$1,560,085 (December 31, 2015 - \$728,159) were from shareholders and these loans bear interest of 8% per annum and are repayable on demand.

Accounting Policies

No new accounting policies were adopted in 2016. The Company is presently assessing the impact of IFRS 15, IFRS 16 and IFRS 2.

IFRS 15, Revenue from Contracts with Customers, was issued in May 2014 and replaces the previous guidance on revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 16, Leases. The standard on leases was issued in January 2016 and is effective for annual reporting periods beginning on or after January 1, 2019 for public entities with early adoption permitted, provided IFRS 15 has been applied or is applied at the same date as IFRS 16.

IFRS 2, Share-based payments amendments ("Amendments to IFRS 2"). The Amendments to IFRS 2 clarify the classification and measurement of share-based payments for cash-settled share-based payment transactions or for share-based payment transactions with net settlement features for withholding tax obligations or for any modifications to the terms and conditions of a share-based payment transaction that changes its classification from cash-settled to equity-settled. The effective date of the amendments is January 1, 2018.

The Company does not expect adopting the new accounting policies to have a material impact on the financial statements of the Company.

Uncertainties and Risk Factors

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

Financing Risk

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

Secured Indebtedness

The Company's Notes and Debentures are guaranteed by AGC and secured by a mortgage on AGC's Atlanta Project. The Company is currently in arrears in respect of payments required under the Notes and Debentures. Should the Company fail to reach agreement with the holders of the Notes and Debentures to amend the payment terms or otherwise fail to comply with its obligations under the terms of the indebtedness, the holders of the Notes and Debentures could seek to enforce their mortgage security, which could result in AGC losing its interest in the Atlanta Project.

If the holders of the Debentures elect to convert all or a portion of the Debentures into common shares of the Company, the holdings of the Company's existing shareholders will be diluted.

In connection with various financings, AGC issued options to acquire gold from AGC. If AGC is unable to obtain sufficient gold from its projects prior to the exercise of the gold options, it will be necessary for AGC to purchase gold from other sources to deliver to the option holders or to otherwise satisfy the gold delivery commitment by means of an equivalent cash payment. The amount of such cash payment will be dependent on the price of gold at the time of

exercise, and accordingly, the amount cannot be determined at this time but could be significant. Delays in obtaining gold or the failure to obtain sufficient gold from its projects could have a material adverse effect 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. Application has been made by third parties to re-open this matter before the Court. While AGC is endeavoring to comply with the terms of the payment arrangement, it is presently in arrears of its payment schedule and if AGC is unable to pay the penalty and related interest within the allotted times, the Court may impose additional financial or other sanctions, which could be significant. The U.S. Government may also take steps to enforce its security against the property and equipment provided by AGC as security for payment of the penalty, which could result in the loss of AGC's interest in the secured property and equipment.

Exploration and Development

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

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

Environmental Factors

The mining industry is subject to environmental regulation by federal, state and local authorities. Environmental legislation is evolving in a manner which will require stricter

standards and enforcement, increased penalties for non-compliance and more stringent environmental assessments of proposed projects. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations or result in significant costs and liabilities in the future.

Governmental Regulation and Permits

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

Dependence on Key Personnel, Consultants and Contractors

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

Capital and Operating Estimates

The Company's projected capital and operating cost estimates have been developed only to an approximate order of magnitude based on generally understood capital cost to production level relationships and they are not based on any systematic engineering studies, so the ultimate costs may vary widely from estimated amounts and may take longer than normal to optimize. As is normal at this stage of a project, data is incomplete and estimates were developed based solely on the expertise of the individuals involved. At this level of engineering, the criteria, methods and estimates are very preliminary and require a high level of subjective judgment. There can be no assurance that the Company's operating and financial estimates will be realized, and differences from actual results may be material.

Infrastructure

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

Share Price Fluctuations

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

Voting Control

Following completion of the proposed share issuances to Jipangu, Jipangu will own approximately 52% of the Company's outstanding common shares and accordingly, Jipangu is likely to have significant influence over the activities of the Company. Jipangu's significant ownership position may also reduce the likelihood of a third party making an offer to acquire the common shares of the Company. In addition, under the terms of the agreements reached with Jipangu, Jipangu will have the ability to nominate up to one-half of the Company's directors for so long as Jipangu owns at least 50% of the Company's outstanding shares, which could significantly impact the direction of the Company in the future.

Additional Information

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

April 27, 2017