Atlanta Gold Inc.

Condensed Interim Consolidated Financial Statements

March 31, 2017

(Expressed in U.S. Dollars)

(Unaudited)

Notice of no auditor review of condensed interim consolidated financial statements

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

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

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

May 29, 2017

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

	March 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 360,166**	$ 543,717
Restricted cash (note 3)	**111,826**	92,659
Recoverable taxes	**4,106**	8,837
Prepaid expenses	**47,178**	102,078
Total current assets	**523,276**	747,291
Exploration and evaluation assets (note 4)	**48,455,703**	48,270,636
Property, plant and equipment (note 5)	**26,560**	15,161
Intangible assets (note 6)	**115,118**	115,108
Total assets	**$ 49,120,657**	$ 49,148,196
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	**$ 3,448,804**	$ 3,183,867
Other payables (note 9)	**103,452**	103,452
Penalty payable to U.S. Treasury (note 13)	**1,675,000**	1,675,000
Shareholders' loans (note 11)	**1,930,621**	1,892,891
Convertible loan (note 7(c))	**693,613**	658,897
Convertible loan - embedded derivatives (note 7(c))	**96,301**	96,306
Rehabilitation provisions (notes 12 and 13)	**169,692**	169,236
Senior secured notes - current (note 7(b))	**5,887,316**	5,833,750
Senior secured notes - gold options (note 7(b))	**393,295**	431,050
Total current liabilities	**14,398,094**	14,044,449
Non-current liabilities		
Rehabilitation provisions (notes 12 and 13)	**965,000**	965,000
Convertible debentures (note 7(a))	**1,451,292**	1,419,310
Convertible debentures - embedded derivatives (note 7(a))	**265,336**	300,789
Convertible debenture - gold options (note 7(a))	**281,249**	190,964
Total liabilities	**$ 17,360,971**	$ 16,920,512

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

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

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

	March 31, 2017	December 31, 2016
EQUITY		
Capital stock (notes 8)	**$ 90,254,906**	$ 90,254,906
Warrants	**153,359**	153,359
Contributed surplus	**10,792,032**	10,792,032
Accumulated deficit	**(56,298,363)**	(55,433,299)
Accumulated other comprehensive loss	**(14,223,914)**	(14,620,980)
Total equity attributable to Atlanta Gold Inc. shareholders	**30,678,020**	31,146,018
Non-controlling interests (note 9)	**1,081,666**	1,081,666
Total equity	**31,759,686**	32,227,684
Total liabilities and equity	**$ 49,120,657**	$ 49,148,196

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

Approved by the Board:

"Allan Folk"
Allan J. Folk
Director

"Kenji Sakai"
Kenji Sakai
Director

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

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in U.S. Dollars)
Three Months Ended March 31, 2017 and 2016

	March 31, 2017	March 31, 2016
General and administrative expenses:		
Professional fees	**$ 33,490**	$ 22,716
Salaries and management fees (note 11)	**34,514**	20,000
Administrative and office	**15,806**	17,252
Investor relations	**6,861**	6,548
Travel and accommodation	**1,794**	694
	92,465	67,210
Exploration and evaluation expense	**366**	353
	92,831	67,563
Finance items:		
Finance costs (note 7)	**223,980**	199,688
Unrealized gain on marketable securities	**-**	(26,995)
Accretion of convertible debentures and senior secured notes (notes 7(a)(b))	**73,500**	80,059
Financial assets at fair value through profit or loss		
- Embedded derivatives (notes 7(a)(c))	**(38,296)**	84,210
- Gold options (notes 7(a)(b)(c))	**87,312**	155,380
Loss from foreign currency transactions	**425,737**	2,988,038
	772,233	3,480,380
Loss before income taxes	**865,064**	3,547,943
Net loss	**865,064**	3,547,943
Other comprehensive loss		
Items that may subsequently be reclassified through profit and loss		
Foreign currency translation adjustment	**(397,066)**	(2,793,768)
Net loss and comprehensive loss for the period	**$ 467,998**	$ 754,175
Weighted average number of consolidated shares outstanding (note 10)		
Basic	**38,448,008**	30,016,375
Diluted	**38,448,008**	55,066,859
Net loss per share (note 10)		
Basic	**$ 0.02**	$ 0.12
Diluted	**$ 0.02**	$ 0.06

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

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Cash Flow
(Unaudited - Expressed in U.S. Dollars)
Three Months Ended March 31, 2017 and 2016

	March 31, 2017	March 31, 2016
Cash provided by (used in)		
Operating activities:		
Net loss for the period	**$ (865,064)**	$ (3,547,943)
Add (deduct) items not involving cash:		
Unrealized loss on marketable securities	**-**	(26,995)
Finance costs	**223,289**	199,140
Financial assets at fair value through profit or loss		
- Embedded derivatives (notes 7(a)(c))	**(38,296)**	84,210
- Gold options (notes 7(a)(b)(c))	**87,312**	155,380
Accretion of convertible debentures and senior secured notes (notes 7(a)(b))	**73,500**	80,059
Foreign exchange	**406,743**	2,921,720
Net change in non-cash working capital	**64,611**	117,337
Net cash used in operating activities	**(47,905)**	(17,092)
Financing activities:		
Proceeds from share issuances	**-**	80,382
Net cash from financing activities	**-**	80,382
Investing activities:		
Exploration and evaluation asset	**(103,855)**	(132,841)
Property, plant and equipment	**(12,614)**	(13,581)
Intangible assets	**(10)**	-
Net cash used in investing activities	**(116,479)**	(146,422)
Decrease in cash and cash equivalents	**(164,384)**	(83,132)
Cash and cash equivalents, beginning of period	**636,376**	666,577
Cash and cash equivalents, end of period	**$ 471,992**	$ 583,445
Cash and cash equivalents	**$ 360,166**	$ 32,012
Restricted cash (note 3)	**111,826**	$ 551,433
Interest paid	**$ 369**	$ 319

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

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Cash Flow (continued)
(Unaudited - Expressed in U.S. Dollars)
Three Months Ended March 31, 2017 and 2016

	March 31, 2017	March 31, 2016
Net change in non-cash working capital items		
Recoverable taxes	**$ 4,731**	$ (1,634)
Other receivables	**-**	(5,370)
Prepaid expenses	**54,900**	47,154
Accounts payable and accrued liabilities	**4,980**	77,187
	$ 64,611	$ 117,337
Significant non-cash financing and investing activities		
Capitalized depreciation (note 5)	**$ 1,215**	$ 114,154

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

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in U.S. Dollars, except for shares and per share amounts)
Three Months Ended March 31, 2017 and 2016

	Number of Shares (adjusted for share consolidation)	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
Balance - January 1, 2016	29,554,837	$ 89,813,520	$ 826,952	$ 10,118,439	$(52,541,471)	$(16,048,419)	$ 1,081,666	$ 33,250,687
Shares issued								
- at C$0.069 per common share, net of share issue costs	1,750,000	80,382	-	-	-	-	-	80,382
Net loss for the period	-	-	-	-	(3,547,943)	-	-	(3,547,943)
Foreign currency translation adjustment	-	-	-	-	-	2,793,768	-	2,793,768
Balance - March 31, 2016	31,304,837	$ 89,893,902	$ 826,952	$ 10,118,439	$(56,089,414)	$(13,254,651)	1,081,666	$ 32,576,894
Shares issued								
- at C$0.07 per common share, net of share issue costs	7,143,171	361,004	-	-	-	-	-	361,004
Warrants expiring unexercised	-	-	(673,593)	673,593	-	-	-	-
Net income for the period	-	-	-	-	656,115	-	-	656,115
Foreign currency translation adjustment		-	-	-	-	(1,366,329)	-	(1,366,329)
Balance - December 31, 2016	38,448,008	$ 90,254,906	$ 153,359	$ 10,792,032	$(55,433,299)	$(14,620,980)	$ 1,081,666	$ 32,227,684

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

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Changes in Equity (continued)
(Expressed in U.S. Dollars, except for shares and per share amounts)
Three Months Ended March 31, 2017 and 2016

	Number of Shares (adjusted for share consolidation)	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
Balance - January 1, 2017	38,448,008	$ 90,254,906	$ 153,359	$ 10,792,032	$(55,433,299)	$(14,620,980)	$ 1,081,666	$ 32,227,684
Net loss for the period	-	-	-	-	(865,064)	-	-	(865,064)
Foreign currency translation adjustment	-	-	-	-	-	397,066	-	397,066
Balance - March 31, 2017	38,448,008	$ 90,254,906	$ 153,359	$ 10,792,032	$(56,298,363)	$(14,223,914)	$ 1,081,666	$ 31,759,686

1. Nature of operations and going concern

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

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

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

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they become due. As at March 31, 2017, the Company had a deficit of $56,298,363 and no source of operating cash flows. The Company’s current liabilities exceeded its current assets by $13,874,818 as of March 31, 2017. The Company's wholly owned subsidiary, Atlanta Gold Corporation ("AGC"), is in arrears of environmental penalty payments due totaling $725,000 as of March 31, 2017. The Idaho Conservation League and the Northwest Environmental Defense Center sought to reopen a previously closed case in the U.S. District Court in Idaho in which AGC was the defendant, seeking that AGC be held in civil contempt and that additional penalties and enforcement remedies be imposed. The Court heard the motion on April 25 and 26, 2017 and a decision of the Court is expected in June 2017. The interest payments due April 1, 2016 on the Company’s outstanding debentures in the amount of C$183,150 remain unpaid. In addition, payments of principal and interest on the Company’s outstanding senior secured notes (“Notes”) in the aggregate amount of $2,619,274 became due on August 31, 2016 and remain unpaid. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. On March 29, 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 Inc. and in early May the Company reached agreement with the holders of its Debentures and its Notes to settle accrued and unpaid interest on the Debentures and Notes and to extend the maturity of the Notes by one year. In view of these circumstances, despite the subscription agreement with Jipangu Inc., the Company requires additional financing to settle its existing liabilities and to complete its planned exploration and evaluation program on Atlanta and the Neal Property, and will continue to explore financing alternatives to raise capital. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms or that the Company will achieve profitable operation.

1. Nature of operations and going concern (continued)

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

2. Basis of preparation

(i) Basis of presentation and measurement

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

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

These unaudited condensed interim consolidated financial statements were approved by the board of directors for issue on May 29, 2017.

(ii) Critical accounting estimates and judgments

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

3. Restricted cash

Cash and cash equivalents, in the amount of $111,513, held by Neal Development, LP are contractually not available for general corporate purposes, except for amounts as provided for in the partnership agreement governing profit distribution and fees to be paid to the Company for processing, general, administrative and other services to Neal Development. (note 9)

Cash and cash equivalents, in the amount of $313, held by HydroClean are contractually not available for general corporate purposes. (note 9)

(Unaudited - Expressed in U.S. Dollars)

4. Exploration and evaluation assets

	Atlanta Gold Property	Neal Property	Total
Balance at January 1, 2016:	$ 46,794,812	$ 271,356	$ 47,066,168
Additions	198,419	57,179	255,598
Balance at March 31, 2016	46,993,231	328,535	47,321,766
Additions	538,049	410,821	948,870
Balance at December 31, 2016	47,531,280	739,356	48,270,636
Additions	154,870	30,197	185,067
Balance at March 31, 2017	$ 47,686,150	$ 769,553	**$ 48,455,703**

Atlanta Gold Property, Idaho, U.S.A.
Atlanta was initially held as a joint venture between AGC with an 80% interest and Canadian American Mining Company, LLC ("CAMC") with a 20% participating interest. CAMC transferred its 20% participating interest in the joint venture to AGC, and retained a 2% NSR royalty (the "Royalty") on Atlanta. In September 2009, the Company purchased one-half of the Royalty (1%) from CAMC.

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

(a) Monarch Greenback LLC
On April 28, 2011, AGC exercised its option to purchase a 100% interest in a property comprised of 33 mining claims totaling approximately 430 acres (the "Monarch Property") from Monarch Greenback LLC ("Monarch") for $3,075,000. Monarch retained a variable net smelter return royalty, varying from 0.5% to a maximum rate of 3.5% for gold prices exceeding $665 per ounce. As at March 31, 2017, advance royalty payments of $1,500,000 had been paid by AGC to Monarch and will be deducted from future royalty payments to Monarch.

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

(c) F. C. Gardner
AGC leases lode claims pursuant to a lease agreement, as amended, with F. C. Gardner which expires on April 30, 2021. Lease payments are currently $10,000 per year and are treated as minimum annual advance royalties. If these claims go into commercial production before expiry of the lease, then the annual minimum advance royalty will be $20,000. If this property is mined, F. C. Gardner will receive a 6% NSR, from which all advance royalty payments shall be deducted. As at March 31, 2017, advance royalty payments of $228,500 (December 31, 2016 - $228,500) have been made and will be deducted from any future royalty payments to F. C. Gardner.

4. Exploration and evaluation assets (continued)

Atlanta Gold Property, Idaho, U.S.A. (continued)

(d) 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 March 31, 2017, advance royalty payments of $342,500 (December 31, 2016 - $342,500) had been paid and will be deducted from any future royalty payments to Hollenbeck.

Annual rental and advance royalty payments are required to keep lease agreements in good standing for the properties that collectively comprise Atlanta. Advance royalty payments to lessors are credited against future royalty payments payable on production. As at March 31, 2017, advance royalty payments totaling $2,071,000 (December 31, 2016 - $2,071,000) will be deducted from any future royalty payments to lessors/royalty holders.

Neal Property, Idaho, U.S.A.

AGC holds a lease expiring July 2020 of 5 patented claims known as the Neal Property and has staked an additional seven contiguous claims on public land that were open to mineral entry. The annual lease payments consist of a $3 per dry ton royalty and a 3% net smelter return royalty, with a minimum annual payment of $10,000. As at March 31, 2017, advance royalty payments of $25,000 have been made which will be deducted from future lease payments and/or production/royalty payments.

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

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

(Unaudited - Expressed in U.S. Dollars)

5. Property, plant and equipment

	Land	Building, Field Equipment and Other	Total
At January 1, 2016:			
Cost	$ 381,903	$ 3,403,269	$ 3,785,172
Accumulated depreciation	-	(3,168,524)	(3,168,524)
Opening Net Book Value at January 1, 2016	381,903	234,745	616,648
Year ended December 31, 2016:			
Opening Net Book Value at January 1, 2016	381,903	234,745	616,648
Additions	-	13,581	13,581
Depreciation	-	(114,154)	(114,154)
Closing Net Book Value at March 31, 2016	381,903	134,172	516,075
Additions	-	93,998	93,998
Disposals	(381,903)	(81,005)	(462,908)
Disposals - accumulated depreciation reversal	-	38,191	38,191
Depreciation	-	(170,195)	(170,195)
Closing Net Book Value at December 31, 2016	$ -	$ 15,161	$ 15,161

	Land	Building, Field Equipment and Other	Total
At January 1, 2017:			
Cost	$ -	$ 3,429,843	$ 3,429,843
Accumulated depreciation	-	(3,414,682)	(3,414,682)
Opening Net Book Value at January 1, 2017	-	15,161	15,161
Period ended March 31, 2017:			
Opening Net Book Value at January 1, 2017	-	15,161	15,161
Additions	-	12,614	12,614
Depreciation	-	(1,215)	(1,215)
Closing Net Book Value at March 31, 2017	$ -	$ 26,560	$ 26,560
At March 31, 2017:			
Cost	$ -	$ 3,442,457	$ 3,442,457
Accumulated depreciation	-	(3,415,897)	(3,415,897)
Closing Net Book Value at March 31, 2017	**$ -**	**$ 26,560**	**$ 26,560**

(Unaudited - Expressed in U.S. Dollars)

5. Property, plant and equipment (continued)

All depreciation charges during the three months ended March 31, 2017 and 2016 were capitalized to exploration and evaluation assets.

As of March 31, 2017, AGC's four generators on the East Amity Road property and an excavator have security interests against them (notes 11 and 13).

6. Intangible assets

HydroClean Resources, LP	Organizational Costs	Patent Developing Costs	Total Intangible Costs
January 1, 2017	$ 2,004	$ 113,104	$ 115,108
Additions	-	10	10
March 31, 2017	$ 2,004	$ 113,114	$ 115,118

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

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

7. Convertible debentures, senior secured notes and convertible loan

(a) Convertible debentures

	Face value C$	Host debt Amortized costs	Embedded Derivatives Fair value	Gold option Fair Value
Debenture - December 2011 - refinanced	$ -	$ -	$ -	$ 281,249
Amended debenture - April 2015	1,500,000	1,092,246	194,150	-
Additional debenture - August 2015	550,000	359,046	71,186	-
Total	**$ 2,050,000**	**$ 1,451,292**	**$ 265,336**	**$ 281,249**

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

(a) Convertible debentures (continued)

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

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

On April 1, 2015, the Company reached agreement with CCM to refinance the Debenture (the “Refinancing”) which was completed on August 26, 2015. Under the terms of the Refinancing, principal and accrued interest on the Debenture totaling C$3,250,000 were satisfied by the issuance to CCM of an amended and restated convertible debenture in the principal amount of C$1,500,000 (the “Amended Debenture”) and the issuance to CCM of the Company’s Senior Secured Notes in the principal amount of $1,500,000 (note 7(b)). $285,775 of gain on Refinancing was recognized to statement of loss (income) and comprehensive loss for the year ended December 31, 2015. The Amended Debenture bears interest of 10% per annum from April 1, 2015, matures April 1, 2018 and is convertible at CCM’s option at a conversion price of C$0.10 per consolidated common share. Pursuant to the terms of the Refinancing, the Amended Debenture and the security thereon rank equally with the Company's Senior Secured Notes. The Amended Debenture and the Senior Secured Notes are secured by the limited recourse guarantee of AGC and by a mortgage of AGC's interest in Atlanta.

The issuance of the Amended Debenture to CCM and the consolidation of the Company’s common shares on a one for ten basis (as required pursuant to the terms of the Refinancing) were each approved by shareholders of the Company at the annual and special meeting of shareholders held on June 24, 2015 and the consolidation became effective on June 25, 2015.

The Amended Debenture involves two components: host debt and conversion options. The principal face value was allocated as follows:
i) Conversion options were valued at C$122,211 as of April 1, 2015 and classified as non-current liability. The fair value of the conversion options was valued at C$258,411 ($194,150) as at March 31, 2017 (December 31, 2016 - C$295,501 ($220,089)).
ii) The host debt of C$1,183,150 was recorded as non-current liability at its initial fair value at the date of inception as of April 1, 2015 and subsequently measured at amortized cost as of March 31, 2017. The accretion interest has been charged to statement of loss and comprehensive loss.

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

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

(a) Convertible debentures (continued)

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

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

The Additional Debentures involve two components: host debt and conversion options. The principal face value was allocated as follows:
i) Conversion options were valued at C$155,403 as of August 26, 2015 and classified as non-current liability. The fair value of the conversion options was valued at C$94,751 ($71,186) as at March 31, 2017 (December 31, 2016 - C$108,351 ($80,700)).
ii) The host debt of C$394,597 was recorded as non-current liability at its initial fair value at the date of inception as of August 26, 2015 and subsequently measured at amortized cost as of March 31, 2017. The accretion interest has been charged to statement of loss and comprehensive loss.

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

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

The interest payments due April 1, 2016 on the Company's outstanding debentures in the amount of C$183,150 remain unpaid. So long as the Event of Default is continuing, interest on the principal amount outstanding is payable at the rate of 12% per annum. To date, no notice of default has been received as per the terms of the debentures and hence only the interest is due as at March 31, 2017. The interest payments due April 1, 2016 and April 1, 2017 on the Company's outstanding debentures in the total amount of C$429,150 remain unpaid. In May 2017, the Company reached agreement with the holders of its Debentures to settle accrued and unpaid interest on the Debentures to April 1, 2016 (being C$183,150). Under the terms of the agreement, 45% of the balance of accrued and unpaid interest to April 1, 2016 will be settled by the issuance of common shares of the Company on the basis of one share for each $0.077 of interest and the balance of the unpaid interest outstanding will be paid by a cash payment. (note 14(b))

(Unaudited - Expressed in U.S. Dollars)

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

(b) Senior secured notes

	Face value	Host debt Amortized costs Current	Gold options Fair value Current	Gold options Ounces
Initial notes - August 2013	$ 4,000,000	$ 3,868,139	$ 257,891	4,180.0
Refinanced note - April 2015	1,500,000	1,443,142	96,716	1,567.5
New note - May 2015	600,000	576,035	38,688	627.0
Total	**$ 6,100,000**	**$ 5,887,316**	**$ 393,295**	**6,374.5**

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

On August 26, 2014, the terms of the Notes were amended. The original repayment dates were extended by one year, such that the principal amount of the Notes, amortized at 25%, 35% and 40%, became repayable in cash installments on August 31, 2015, August 31, 2016 and August 31, 2017, respectively and interest accrued on the Notes 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 common shares for each C$0.50 of accrued interest).

Under the terms of the Refinancing, the Company, AGC and the holders of the Notes agreed to further extend the maturity date of the Notes by an additional year to August 31, 2018, to be repayable in cash installments at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively. To date, the 25% installment payment due August 31, 2016 has not been paid.

Warrants issued as part of the original financing are currently outstanding to purchase 400,000 consolidated common shares at an exercise price of C$1.00 until August 31, 2017. The Company has the right to accelerate the expiry date of the Warrants if the closing price of the Company’s common shares on the Exchange exceeds C$2.50 per consolidated common share for 20 consecutive days on which the Company’s shares trade.

(Unaudited - Expressed in U.S. Dollars)

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

(b) Senior secured notes (continued)

Purchasers of the Notes initially received options exercisable until August 31, 2016 to purchase an aggregate of 95.0 troy ounces of gold at $1,125 per ounce for each 100,000 Units purchased ($100,000). The gold options were subsequently amended such that currently, the options are to purchase 104.5 ounces (per $100,000 Notes) at $1,100 per ounce until August 31, 2018. The gold options vest at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively. As part of the Refinancing, CCM received an option to purchase an aggregate of 1,567.5 troy ounces of gold at $1,100 per ounce (being 104.5 troy ounces for each $100,000 principal amount Notes), expiring August 31, 2018, with the option vesting at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively.

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

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

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

(ii) Gold options were originally valued at $841,307 in total at the Measurement date and subsequently valued at fair market value to reflect the amended terms of the gold options. 25% of the total gold options vested on August 31, 2016, 35% will vest on August 31, 2017 and 40% will vest on August 31, 2018. The key inputs on the gold options are gold price, convenience yield of gold and implied volatility of gold. The fair value of the gold options was valued at $257,891 as at March 31, 2017 (December 31, 2016 - $282,654).

(iii) The residual value of the host debt was $3,110,747 which was recorded as a current liability of $778,393 and a non-current liability of $2,335,179 at its initial fair value at the date of inception as of August 19, 2013 and subsequently measured at amortized costs as at March 31, 2017. The amortized costs of the host debt were $3,868,139 which was recorded as a current liability as at March 31, 2017 (December 31, 2016 - $3,836,118).

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

(i) Gold options were originally valued at $212,955 in total at the Measurement date and subsequently valued at fair market value to reflect the amended terms of the gold options. 25% of the total gold options vested on August 31, 2016, 35% will vest on August 31, 2017 and 40% will vest on August 31, 2018. The key inputs on the gold options are gold price, convenience yield of gold and implied volatility of gold. The fair value of the gold options was valued at $96,716 as at March 31, 2017 (December 31, 2016 - $105,997).

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

(b) Senior secured notes (continued)

(ii) The residual value of the host debt was $1,283,609 which was recorded as a current liability of $320,902 and a non-current liability of $962,707 at its initial fair value at the date of inception as of at the date of inception as of April 1, 2015 and subsequently measured at amortized costs. The amortized costs of the host debt were $1,443,142 which was recorded as a current liability as at March 31, 2017 (December 31, 2016 - $1,427,993).

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

(i) Gold options were originally valued at $89,023 in total at the Measurement date and subsequently valued at fair market value to reflect the gold options. 25% of the total gold options vested on August 31, 2016, 35% will vest on August 31, 2017 and 40% will vest on August 31, 2018. The key inputs on the gold options are gold price, convenience yield of gold and implied volatility of gold. The fair value of the gold options was valued at $38,688 as at March 31, 2017 (December 31, 2016 - $42,399).

(ii) The residual value of the host debt was $510,977 which was recorded as a current liability of $127,744 and a non-current liability of $383,233 at its initial fair value at the date of inception as of at the date of inception as of May 11, 2015 and subsequently measured at amortized costs. The amortized costs of the host debt were $576,035 which was recorded as a current liability as at March 31, 2017 (December 31, 2016 - $569,639).

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

Payments of principal and interest on the Company’s outstanding notes in the aggregate amount of $2,619,274 became due on August 31, 2016 and remain unpaid. In May 2017, the Company reached agreement with the holders of its Notes to settle accrued and unpaid interest on the Notes and to extend the maturity of the Notes by one year and to extend the term and vesting dates of the gold options by one year. Under the terms of the agreement, 45% of the balance of accrued and unpaid interest will be settled by the issuance of common shares of the Company on the basis of one share for each C$0.077 of interest and the balance of the unpaid interest outstanding will be paid by a cash payment.

(Unaudited - Expressed in U.S. Dollars)

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

(c) Convertible loan

	Face value	Host debt Gold payments Amortized costs	Gold options Fair value	Embedded Derivatives Fair value
Convertible loan - June 2014	$ 600,000	$ 600,000	$ 93,613	$ 96,301

On June 11, 2014, the Company borrowed $600,000 by means of a convertible loan. The loan is unsecured and non-interest bearing and is to be repaid by delivery to the lender of 1,000 troy ounces of gold (or the cash equivalent thereof) payable in installments over an 18-month period. The loan is convertible at the lender's election into common shares at a conversion price of C$0.50 per consolidated common share during the initial 12 months and at C$1.00 per consolidated common share thereafter. The lender also received a 5-year option to purchase, solely from gold produced from AGC's Neal Property, up to 2,500 ounces of gold at $1,400 per ounce.

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

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

(ii) Embedded derivatives, including the conversion option, call option and gold forward were valued at $184,629 at the Measurement date. These features were valued together as their values are interdependent. The fair values of the embedded derivatives at March 31, 2017 is $96,301 (December 31, 2016 - $96,306).

(iii) Gold options were valued at $233,050 in total at the Measurement date. The key inputs on the gold options are gold price, risk-free interest rate and implied volatility of gold. The value of the gold options at March 31, 2017 is $93,613 (December 31, 2016 - $58,897).

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

8. Share capital

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

(Unaudited - Expressed in U.S. Dollars)

9. Non-controlling interests

Neal Development, LP

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

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

(a) Non-controlling interests continuity

	Neal Development, LP
NCI in subsidiary at January 1, 2017 (44 of 144 units outstanding)	30.6%
At January 1, 2017	$ 1,081,666
At March 31, 2017	$ 1,081,666

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

Summarized Balance Sheets

	Neal Development, LP	
	March 31, 2017	December 31, 2016
Current assets	$ 111,563	$ 146,396
Non-current assets	1,009,971	979,773
Total assets	$ 1,121,534	$ 1,126,169
Current liabilities	$ 1,140	$ 5,775
Total liabilities	$ 1,140	$ 5,775

Summarized Statements of Income

	Neal Development, LP	
For the three months ended	March 31, 2017	March 31, 2016
Income (loss) from continuing operations	$ -	$ -

(Unaudited - Expressed in U.S. Dollars)

9. Non-controlling interests (continued)

HydroClean Resources, LP
HydroClean, a limited partnership, was formed under the Idaho Uniform Limited Partnership Act in 2016. AGC as the general partner holds a 45% limited partnership interest in HydroClean, and initial limited partners are G2T Technologies Inc. ("G2T"), a private Alberta corporation, as to a 45% interest and Mr. Simmons as to a 10% interest. AGC will transfer its rights in certain water treatment filter systems and methods to HydroClean once AGC receives the patent, which was filed with the United States Patent Office in respect of certain aspects of the water treatment facility on November 26, 2014 and the International Patent which was filed on November 19, 2015. There have been no contributions made as March 31, 2017. Funding for HydroClean was provided by loans from the Partners, being $103,453 provided by G2T and $11,978 provided by AGC. All the costs incurred have been capitalized as Intangible assets and organizational costs when the patent is being developed. (note 6)

(a) Non-controlling interests continuity

		HydroClean Resources, LP
NCI in subsidiary at January 1, 2017		45%
At January 1, 2017	$	-
At March 31, 2017	$	-

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

		HydroClean Resources, LP		
		March 31, 2017		December 31, 2016
Current assets	$	313	$	323
Non-current assets		115,118		115,108
Total assets	$	115,431	$	115,431
Current liabilities	$	115,431	$	115,431
Total liabilities	$	115,431	$	115,431

Summarized Statements of Income

		HydroClean Resources, LP		
For the three months ended		March 31, 2017		March 31, 2016
Income (loss) from continuing operations	$	-	$	-

10. Loss per share

Basic loss per share

The calculation of basic loss per share for the three months ended March 31, 2017 was based on the loss attributable to common shareholders of $865,064 (March 31, 2016 - $3,547,943), and a weighted average number of consolidated common shares outstanding of 38,448,008 (March 31, 2016 - 30,016,375).

Diluted loss per share

The calculation of diluted loss per share for the three months ended March 31, 2017 was based on the loss attributable to common shareholders of $865,064 (March 31, 2016 - $3,547,943), and a weighted average number of consolidated common shares outstanding of 38,448,008 (March 31, 2016 - 55,066,859). There is a net loss for the three months ended March 31, 2017 which means the diluted income per share is in fact anti-dilutive.

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

11. Related party transactions

The remuneration of key management personnel during the three months ended March 31, 2017 was $95,512 (March 31, 2016 - $95,000). The Company had accrued $637,030 of the Company's former CEO's salary including $600,000 of principal accrued for the period from 2013 to 2016 and $37,030 of outstanding interest. At December 31, 2016, $626,530 was accrued for one-half of the former CEO's salary including $600,000 of principal accrued for the period from 2013 to 2016 and $26,530 of outstanding interest. This amount is unsecured and has no fixed terms of repayment. The interest rate was 7% per annum on unpaid remuneration.

At March 31, 2017, Shareholders' loans of $1,930,621 (December 31, 2016 - $1,892,891) were payable to a director (Allan Folk) and shareholders of the Company. Of the total amount, $337,552 (December 31, 2016 - $332,806) was owed to Wm. Ernest Simmons, the former President and CEO of the Company, for the purchase of equipment and it was evidenced by demand promissory notes bearing interest of 7% per annum and was secured against the equipment purchased (note 5). The remaining shareholder loans of $1,593,069 (December 31, 2016 - $1,560,085) were from shareholders. The loans bear interest of 8% per annum and are repayable on demand.

Also included in Shareholders' loans is $750,000 borrowed from a shareholder, Jipangu Inc. ("Jipangu"). The loan is unsecured and bears interest of 8% per annum. On March 29, 2017, the Company reached an agreement with Jipangu to issue 11,486,052 common shares of the Company valued at C$0.09 per share in satisfaction of the loan plus accrued interest to the date of payment. The Company also reached an agreement to issue additional 14,903,948 common shares to Jipangu at a price of C$0.09 per share for gross proceeds of C$1,341,355. Completion of the transactions is subject to the approval of the Company's shareholders to be sought on June 1, 2017.

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

(Unaudited - Expressed in U.S. Dollars)

12. Rehabilitation provisions

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

	Baffin Island Property	Atlanta Gold Property	Total
Balance as at January 1, 2016	$ 50,575	$ 1,072,000	$ 1,122,575
Change during the year			
Paid out	-	(76,029)	(76,029)
Change of estimate and foreign exchange adjustment	1,561	86,129	87,690
Balance as at December 31, 2016	$ 52,136	$ 1,082,100	$ 1,134,236
Current	**$ 52,136**	**$ 117,100**	**$ 169,236**
Long-term	**$ -**	**$ 965,000**	**$ 965,000**
Balance as at January 1, 2017	$ 52,136	$ 1,082,100	$ 1,134,236
Change during the period			
Change of estimate and foreign exchange adjustment	456	-	456
Balance as at March 31, 2017	$ 52,592	$ 1,082,100	$ 1,134,692
Current	**$ 52,592**	**$ 117,100**	**$ 169,692**
Long-term	**$ -**	**$ 965,000**	**$ 965,000**

A provision is recognized for the costs to be incurred for the restoration of the Baffin Island Property and the 900 adit at Atlanta. It is expected that $169,692 will be expended within one year and $965,000 in the year after. As at March 31, 2017, total expected costs to be incurred are $1,134,692 (December 31, 2016 - $1,134,236). Due to the near term of the settlement of the provisions, the costs estimated have not been discounted.

13. Commitments and contingencies

As at March 31, 2017, the Company had accrued current rehabilitation provisions of $169,692 (December 31, 2016 - $169,236) and accrued non-current rehabilitation provisions of $965,000 (December 31, 2016 - $965,000) relating to reclamation of the properties in the United States and Canada. These amounts represent the Company's best estimate of the costs expected to fulfill the obligation resulting from the conditions of the permit.

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

(Unaudited - Expressed in U.S. Dollars)

13. Commitments and contingencies (continued)

In September 2013, the Court entered a final judgment in this matter pursuant to which the penalty is to be paid over a five-year period, with the quarterly installments increasing in size annually to a maximum of $100,000 per quarter beginning in the third year and a balloon payment in the amount of $450,000 to be due September 30, 2018. AGC has made aggregate payments to date of $325,000. As of the date hereof, AGC is $725,000 in arrears of its payment schedule. The penalty amount bears interest at a rate of 0.1% per annum from November 28, 2012 and is secured by recording the Consent Judgment against AGC's four generators on the East Amity Road property located in Boise, Idaho. (note 5)

In November 2016, the Idaho Conservation League and the Northwest Environmental Defense Center sought to reopen the above described decision of the U.S. District Court in Idaho, requesting that AGC be held in civil contempt and that additional penalties and enforcement remedies be imposed. The Court heard the motion on April 25 and 26, 2017 and a decision of the Court is expected in June 2017. 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.

Penalty incurred	$2,000,000
Payments made during 2013	$75,000
Payments made during 2014	75,000
Payments due in 2014 paid in 2015	75,000
Payments due in 2015 paid in 2015	50,000
Payments due in 2015 paid in 2016	50,000
Penalty outstanding	1,675,000
Payments due in 2015 are past due	225,000
Payments due in 2016 are past due	400,000
Payments due in 2017 are past due	100,000
Payments due in 2017	300,000
Payments due in 2018	650,000
Penalty outstanding	$1,675,000

Atlanta has royalty commitments set forth in note 4 hereof.

14. Subsequent events

(a) On April 20, 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. The surface mining permit will enable the estimated 12,900 ton stockpile collected from bulk samples completed in 2015 and 2016 to be removed from the site for processing.

(b) In May 2017, the Company reached agreement with the holders of its Debentures and its Notes to settle accrued and unpaid interest on the Debentures (to April 1, 2016) and Notes (to August 31, 2016) totaling C$1,712,885 and to extend the maturity of the Notes by one year. Under the terms of the agreement, 45% of the balance of accrued and unpaid interest will be settled by the issuance of common shares of the Company on the basis of one share for each C$0.077 of interest, for a total issuance of 10,010,374 common shares, and the balance of the unpaid interest outstanding will be paid by a cash payment.

The maturity date of the outstanding Notes will be extended by one year to August 31, 2019 and the Notes will be repayable in installments at the rate of 25%, 35% and 40% on August 31, 2017, 2018 and 2019, respectively. The Company's outstanding options to purchase 6,374.5 ounces of gold at $1,100 per ounce, previously issued with the Notes, will have their term extended by one year to August 31, 2019 and will vest at the rate of 25%, 35% and 40% on August 31, 2017, 2018 and 2019, respectively.

Completion of the transaction is currently anticipated to be completed in early June, immediately following the completion of the financing transaction to be completed with Jipangu Inc.