ATLANTA GOLD INC.

Atlanta Gold Inc.

Condensed Interim Consolidated Financial Statements

September 30, 2018

(Expressed in U.S. Dollars)

(Unaudited)

Notice of no auditor review of condensed interim consolidated financial statements

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

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

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

November 27, 2018

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

	Note	September 30, 2018	December 31, 2017
ASSETS			
Current assets:			
Cash and cash equivalents		**$ 1,813**	$ 1,168
Recoverable taxes		**4,865**	5,405
Other receivables		**-**	150,000
Prepaid expenses		**7,282**	44,697
Total current assets		**13,960**	201,270
Exploration and evaluation assets	4	**49,228,677**	49,022,242
Property, plant and equipment	5	**31,023**	49,781
Intangible assets	6	**116,546**	116,189
Total assets		**$ 49,390,206**	$ 49,389,482
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	11	**$ 3,596,333**	$ 3,063,020
Other payables	9	**103,452**	103,452
Penalty payable to U.S. Treasury	13	**1,926,000**	1,926,000
Shareholders' loans	11	**1,687,708**	1,411,356
Convertible loan	7(c)	**600,000**	600,000
Convertible loan - gold options	7(c)	**815,459**	1,197,180
Convertible loan - embedded derivatives	7(c)	**53,406**	51,860
Rehabilitation provisions	12,13	**196,668**	199,201
Senior secured notes - current	7(b)	**5,832,641**	6,018,928
Senior secured notes - gold options	7(b)	**632,780**	947,094
Convertible debentures	7(a)	**1,583,606**	1,608,638
Convertible debentures - embedded derivatives	7(a)	**105,442**	100,186
Convertible debenture - gold options	7(a)	**908,760**	580,062
Total current liabilities		**18,042,255**	17,806,977
Non-current liabilities			
Rehabilitation provisions	12,13	**965,000**	965,000
Total liabilities		**$ 19,007,255**	$ 18,771,977

Nature of operations and going concern 1

Commitments and contingencies 13

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

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

	Note	September 30, 2018	December 31, 2017
EQUITY			
Capital stock		**$ 92,259,272**	$ 92,259,272
Warrants		**-**	8,801
Contributed surplus		**11,579,832**	11,532,043
Accumulated deficit		**(61,640,497)**	(62,710,832)
Accumulated other comprehensive loss		**(12,897,322)**	(11,553,445)
Total equity attributable to Atlanta Gold Inc. shareholders		**29,301,285**	29,535,839
Non-controlling interests	9	**1,081,666**	1,081,666
Total equity		**30,382,951**	30,617,505
Total liabilities and equity		**$ 49,390,206**	$ 49,389,482
Nature of operations and going concern	1		
Commitments and contingencies	13		

Approved by the Board:

"Allan Folk"
Allan J. Folk
Director

"Manabu Kameda"
Manabu Kameda
Director

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

ATLANTA GOLD INC.

Condensed Interim Consolidated Statements of (Income) Loss and Comprehensive Loss
(Unaudited - Expressed in U.S. Dollars)
Three and Nine Months Ended September 30, 2018 and 2017

	Note	For the three months ended September 30, 2018	For the three months ended September 30, 2017	For the nine months ended September 30, 2018	For the nine months ended September 30, 2017
General and administrative expenses:					
Professional fees		**$ 26,888**	$ 32,040	**$ 100,928**	$ 147,109
Salaries and management fees	11	**22,874**	22,910	**74,955**	84,812
Administrative and office		**4,599**	18,928	**29,162**	52,897
Investor relations		**8,026**	10,189	**21,182**	45,134
Travel and accommodation		**-**	4,078	**758**	7,249
Share-based compensation		**-**	121,839	**31,466**	121,839
		62,387	209,984	**258,451**	459,040
Penalty, attorney fees and litigation costs		**-**	351,427	**-**	351,427
Exploration and evaluation expense		**-**	-	**878**	366
		62,387	561,411	**259,329**	810,833
Finance items:					
Finance costs	7	**217,697**	215,102	**648,633**	815,005
Accretion of convertible debentures and senior secured notes	7(a)(b)	**20,737**	70,755	**105,374**	220,601
Financial assets at fair value through profit or loss					
- Embedded derivatives	7(a)(c)	**63**	(167,880)	**(8,396)**	(239,449)
- Gold options	7(a)(b)(c)	**(113)**	102,085	**(349,335)**	195,241
(Income) loss from foreign currency transactions		**832,889**	1,913,939	**(1,458,823)**	3,527,221
		1,071,273	2,134,001	**(1,062,547)**	4,518,619
(Income) loss before income taxes		**1,133,660**	2,695,412	**(803,218)**	5,329,452
Net (income) loss		**1,133,660**	2,695,412	**(803,218)**	5,329,452
Other comprehensive loss					
Items that may subsequently be reclassified through profit and loss					
Foreign currency translation adjustment		**(764,875)**	(1,776,609)	**1,343,877**	(3,343,199)
Net (income) loss and comprehensive (income) loss for the period		**$ 368,785**	$ 918,803	**$ 540,659**	$ 1,986,253
Weighted average number of consolidated shares outstanding					
Basic	10	**76,147,083**	75,568,314	**76,147,083**	54,787,454
Diluted	10	**102,103,083**	75,568,314	**102,103,083**	54,787,454
Net (income) loss per share					
Basic	10	**$ 0.01**	$ 0.04	**$ (0.01)**	$ 0.10
Diluted	10	**$ 0.01**	$ 0.04	**$ (0.01)**	$ 0.10

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

ATLANTA GOLD INC.

Condensed Interim Consolidated Statements of Cash Flow

(Unaudited - Expressed in U.S. Dollars)

Three and Nine Months Ended September 30, 2018 and 2017

	Note	For the three months ended September 30, 2018	September 30, 2017	For the nine months ended September 30, 2018	September 30, 2017
Cash provided by (used in)					
Operating activities:					
Net income (loss) for the period		**$ (1,133,660)**	$ (2,695,412)	**$ 803,218**	$ (5,329,452)
Add (deduct) items not involving cash:					
Gain on sale of marketable securities					
Stock-based compensation		**-**	121,839	**31,466**	121,839
Finance costs		**217,353**	213,681	**647,237**	812,106
Financial assets at fair value through profit or loss					
- Embedded derivatives	7(a)(c)	**63**	(167,880)	**(8,396)**	(239,449)
- Gold options	7(a)(b)(c)	**(113)**	102,085	**(349,335)**	195,241
Accretion of convertible debentures and senior secured notes	7(a)(b)	**20,737**	70,755	**105,374**	220,601
Foreign exchange		**246,972**	1,629,787	**(2,520,410)**	2,696,602
Net change in non-cash working capital		**610,571**	637,536	**1,249,244**	509,010
Net cash from (used in) operating activities		**(38,077)**	(87,609)	**(41,602)**	(1,013,502)
Financing activities:					
Loans from shareholders		**109,870**	162,000	**229,118**	162,000
Proceeds from share issuances		**-**	-	**-**	980,128
Net cash from financing activities		**109,870**	162,000	**229,118**	1,142,128
Investing activities:					
Exploration and evaluation asset		**(87,640)**	(188,603)	**(202,246)**	(604,527)
Property, plant and equipment		**-**	(19,888)	**15,732**	(60,282)
Intangible assets		**-**	(839)	**(357)**	(1,081)
Net cash used in investing activities		**(87,640)**	(209,330)	**(186,871)**	(665,890)
Decrease in cash and cash equivalents		**(15,847)**	(134,939)	**645**	(537,264)
Cash and cash equivalents, beginning of period		**17,660**	$ 234,051	**1,168**	636,376
Cash and cash equivalents, end of period		**$ 1,813**	$ 99,112	**$ 1,813**	$ 99,112
Cash and cash equivalents		**$ 1,813**	$ 84,986	**$ 1,813**	$ 84,986
Restricted cash	4	**$ -**	$ 14,126	**$ -**	$ 14,126
Interest paid		**$ 446**	$ 459	**$ 2,572**	$ 1,147

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

ATLANTA GOLD INC.

Condensed Interim Consolidated Statements of Cash Flow (continued)

(Unaudited - Expressed in U.S. Dollars)

Three and Nine Months Ended September 30, 2018 and 2017

	Note	For the three months ended September 30, 2018	September 30, 2017	For the nine months ended September 30, 2018	September 30, 2017
Net change in non-cash working capital items					
Recoverable taxes		**$ 5,134**	$ 21,363	**$ 540**	$ 1,866
Other receivables		**-**	-	**150,000**	-
Prepaid expenses		**38,053**	15,729	**37,415**	81,520
Accounts payable and accrued liabilities		**612,199**	349,444	**1,061,289**	174,624
Penalty payable to U.S. Treasury		-	251,000	**-**	251,000
		$ 655,386	$ 637,536	**$ 1,249,244**	$ 509,010
Significant non-cash financing and investing activities					
Capitalized depreciation	5	**$ 1,633**	$ 3,371	**$ 3,026**	$ 4,586
Shares issued to settle trade payables and loans from shareholders	10(e)	**-**	78,672	**-**	844,409
Shares issued in satisfaction of senior secured notes and Debentures interest		**-**	-	**-**	570,793
Capitalized stock-based compensation		**-**	24,067	**8,101**	31,540
Expensed stock-based compensation		**-**	121,839	**31,466**	121,839

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

ATLANTA GOLD INC.

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in U.S. Dollars, except for shares and per share amounts)
Three and Nine Months Ended September 30, 2018 and 2017

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
Balance - January 1, 2017	38,448,008	$90,254,906	$ 153,359	$10,792,032	$(55,433,299)	$ (14,620,980)	$1,081,666	$32,227,684
Shares issued								
- at C$0.09 per common share,								
net of share issue costs	26,390,000	1,745,864	-	-	-	-	-	1,745,864
Shares issued for interest								
- at C$0.077per common share,								
net of share issue costs	10,010,374	570,793	-	-	-	-	-	570,793
Shares issued for satisfaction								
of a trade payable								
- at C$0.077per common share,								
net of share issue costs	1,298,701	78,672	-	-	-	-	-	78,672
Share-based compensation	-	-	-	160,160	-	-	-	160,160
Warrants expiring unexercised	-	-	(144,558)	144,558	-	-	-	-
Net loss for the period	-	-	-	-	(5,329,452)	-	-	(5,329,452)
Foreign currency translation adjustment	-	-	-	-	-	3,343,199	-	3,343,199
Balance - September 30, 2017	76,147,083	92,650,235	8,801	11,096,750	(60,762,751)	(11,277,781)	1,081,666	32,796,920
Shares issued								
- at C$0.09 per common share,								
net of share issue costs	-	(390,963)	-	390,963	-	-	-	-
Share-based compensation	-	-	-	44,330	-	-	-	44,330
Net loss for the period	-	-	-	-	(1,948,081)	-	-	(1,948,081)
Foreign currency translation adjustment	-	-	-	-	-	(275,664)	-	(275,664)
Balance - December 31, 2017	76,147,083	$92,259,272	$ 8,801	$11,532,043	$ (62,710,832)	$ (11,553,445)	$1,081,666	$30,617,505

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

ATLANTA GOLD INC.
Condensed Interim Consolidated Statements of Changes in Equity (continued)
(Expressed in U.S. Dollars, except for shares and per share amounts)
Three and Nine Months Ended September 30, 2018 and 2017

	Note	Number of Shares	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
Balance - January 1, 2018		76,147,083	$92,259,272	$ 8,801	$11,532,043	$(62,710,832)	$(11,553,445)	$1,081,666	$30,617,505
IFRS 9 adjustment	3, 7(b)	-	-	-	-	267,117	-	-	267,117
Share-based compensation		$ -	$ -	$ -	38,988	-	-	-	38,988
Net income for the period		-	-	-	-	803,218	-	-	803,218
Foreign currency translation adjustment		-	-	-	-	-	(1,343,877)	-	(1,343,877)
Balance - September 30, 2018		76,147,083	$92,259,272	$ -	$11,579,832	$(61,640,497)	$(12,897,322)	$1,081,666	$30,382,951

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

1. Nature of operations and going concern

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

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

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

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they become due. As at September 30, 2018, the Company had a deficit of $61,640,497 and no source of operating cash flows. The Company's current liabilities exceeded its current assets by $18,028,295 as of September 30, 2018. The Company's wholly owned subsidiary, Atlanta Gold Corporation ("AGC"), is in arrears of environmental penalty payments due totaling $1,926,000 as of September 30, 2018. The principal of the Company's outstanding debentures in the amount of C$2,050,000 and interest payments in the amount of C$492,000 became due on April 1, 2018 and remain unpaid. In addition, payments of principal and interest on the Company's outstanding notes in the aggregate amount of $2,135,000 and $2,745,000 became due on August 31, 2017 and 2018 respectively and remain unpaid. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. In view of these circumstances, the Company requires additional financing to settle its existing liabilities and to complete its planned exploration and evaluation program on Atlanta and the Neal Property, and will continue to explore financing alternatives to raise capital. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms or that the Company will achieve profitable operation.

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

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, 2017 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, 2017.

These unaudited condensed interim consolidated financial statements were approved by the board of directors for issue on November 27, 2018.

(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, 2017.

3. New accounting standards

(i) Accounting standards recently adopted

New standards and amendments to standards that have been adopted in preparing these interim condensed consolidated financial statements are:

IFRS 9, Financial instruments, introduced new requirements for classification and measurement of financial assets, additional changes to financial liabilities and a new general hedge accounting standard. The mandatory effective date is for annual periods beginning on or after January 1, 2018 and the Company applied IFRS 9 on the effective date. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. As the Company does not have any hedges, the revised approach to hedge accounting had no effect on the financial statements.

The accounting for certain modifications and exchanges of financial liabilities measured at amortized cost changed on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 Financial Instruments. The IFRS 9 accounting treatment is applicable from January 1, 2018 and needs to be applied retrospectively to all affected financial liabilities that continue to be recognized on transition from IAS39. As the Company did not restate comparative periods, the gain on the debt modification was recognized as an adjustment to retained earnings on January 1, 2018.

The Company recorded an income charge in the amount of $267,117 due to the extension of maturity of the senior secured notes by one year incurred in June 2017 (note 7(b)).

(Unaudited - Expressed in U.S. Dollars)

3. New accounting standards (continued)

(i) Accounting standards recently adopted (continued)

IFRS 15, Revenue from contracts with customers ("IFRS 15") replaced IAS 18 Revenue, IAS 11 Construction contracts, and some revenue-related interpretations. The new standard was applied on January 1, 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue at either a point in time or over time. The model features a five-step analysis of transactions to determine when and how much revenue should be recognized. New estimates and judgmental thresholds were introduced, which may affect the amount and/or timing of revenue recognized. The application of the new standard had no impact on the interim condensed consolidated financial statements as at September 30, 2018.

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, for share-based payment transactions with net settlement features for withholding tax obligations and 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 Company adopted the amendments on January 1, 2018. The application of the new standard had no impact on the interim condensed consolidated financial statements as at September 30, 2018.

(ii) New accounting standards not yet adopted

IFRS 16, Leases ("IFRS 16") will replace IAS 17 Leases. The new standard requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15 has been applied or is applied at the same date as IFRS 16. The Company plans to apply IFRS 16 on the effective date. The Company will evaluate the impact of the changes to its financial statements based on the characteristics of any leases in place before the effective date and expects to report additional details on the anticipated impact, if any, in subsequent periods.

4. Exploration and evaluation assets

	Atlanta Gold Property	Neal Property	Total
Balance at January 1, 2017:	$ 47,531,280	$ 739,356	$ 48,270,636
Additions	554,876	126,415	681,291
Balance at September 30, 2017	48,086,156	865,771	48,951,927
Additions	10,606	59,709	70,315
Balance at December 31, 2017	48,096,762	925,480	49,022,242
Additions	206,375	60	206,435
Balance at September 30, 2018	$ 48,303,137	$ 925,540	**$ 49,228,677**

4. Exploration and evaluation assets (continued)

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

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

(a) Monarch Greenback LLC
On April 28, 2011, AGC exercised its option to purchase a 100% interest in a property comprised of 33 mining claims totaling approximately 430 acres (the “Monarch Property”) from Monarch Greenback LLC (“Monarch”) for $3,075,000. Monarch retained a variable net smelter return royalty, varying from 0.5% to a maximum rate of 3.5% for gold prices exceeding $665 per ounce. As at September 30, 2018, 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. The lease payment due in May 2018 remains outstanding to this date and the Company is in discussions with F.C. Gardner on the lease payment terms. If these claims go into commercial production before expiry of the lease, then the annual minimum advance royalty will be $20,000. If this property is mined, F. C. Gardner will receive a 6% NSR, from which all advance royalty payments shall be deducted. As at September 30, 2018, advance royalty payments of $238,500 (December 31, 2017 - $238,500) have been made and will be deducted from any future royalty payments to F. C. Gardner.

(d) Hollenbeck Properties LLC
AGC leases 10 patented and 5 unpatented claims pursuant to a lease agreement with Hollenbeck Properties LLC ("Hollenbeck"). The parties agreed to extend the term of the lease to November 14, 2018 and the payment to extend the lease remains outstanding. The Company is in discussions with Hollenbeck on the lease payment and the purchase of the properties. Payments of $10,000 per year are treated as minimum advance royalties. If this property goes into commercial production, then the annual minimum advance royalty will be $20,000. If it is mined, Hollenbeck will receive a 4.25% NSR, from which all advance royalty payments shall be deducted. As at September 30, 2018, advance royalty payments of $342,500 (December 31, 2017 - $342,500) had been paid and will be deducted from any future royalty payments to Hollenbeck.

Annual rental and advance royalty payments are required to keep lease agreements in good standing for the properties that collectively comprise Atlanta. Advance royalty payments to lessors are credited against future royalty payments payable on production. As at September 30, 2018, advance royalty payments totaling $2,081,000 (December 31, 2017 - $2,081,000) will be deducted from any future royalty payments to lessors/royalty holders.

(Unaudited - Expressed in U.S. Dollars)

4. Exploration and evaluation assets (continued)

Neal Property, Idaho, U.S.A.

AGC holds a lease expiring July 2020 of 5 patented claims known as the Neal Property and has staked an additional seven contiguous claims on public land that were open to mineral entry. The annual lease payments consist of a $3 per dry ton royalty and a 3% net smelter return royalty, with a minimum annual payment of $10,000. As at September 30, 2018, advance royalty payments of $35,000 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 September 2015, Neal Development, LP completed an initial financing for proceeds of $1,100,000 and 44 units were subscribed for. Neal Development, LP commenced exploration activity in mid-July, 2015. (note 9)

5. Property, plant and equipment

	Property, Plant and Equipment
At January 1, 2017:	
Cost	$ 3,429,843
Accumulated depreciation	(3,414,682)
Opening Net Book Value at January 1, 2017	15,161
Year ended December 31, 2017:	
Opening Net Book Value at January 1, 2017	15,161
Additions	60,282
Depreciation	(4,586)
Closing Net Book Value at September 30, 2017	70,857
Additions	29,722
Disposals	(85,656)
Disposals - accumulated depreciation reversal	36,216
Depreciation	(1,358)
Closing Net Book Value at December 31, 2017	$ 49,781

(Unaudited - Expressed in U.S. Dollars)

5. Property, plant and equipment (continued)

	Property, Plant and Equipment
At January 1, 2018:	
Cost	$ 3,434,191
Accumulated depreciation	(3,384,410)
Opening Net Book Value at January 1, 2018	49,781
Nine months ended September 30, 2018:	
Opening Net Book Value at January 1, 2018	49,781
Additions	32,992
Disposals	(411,466)
Disposal depreciation reversal	362,742
Depreciation	(3,026)
Closing Net Book Value at September 30, 2018	$ 31,023
At September 30, 2018:	
Cost	$ 3,055,717
Accumulated depreciation	(3,024,694)
Closing Net Book Value at September 30, 2018	**$ 31,023**

All depreciation charges during the nine months ended September 30, 2018 and 2017 were capitalized to exploration and evaluation assets.

As of September 30, 2018, AGC's four generators on the East Amity Road property, an excavator and certain other motorized equipment have security interests against them (notes 11 and 13).

6. Intangible assets

HydroClean Resources, LP	Organizational Costs	Patent Developing Costs	Total Intangible Costs
January 1, 2017	$ 2,004	$ 113,104	$ 115,108
Additions	-	1,081	1,081
December 31, 2017	$ 2,004	$ 114,185	$ 116,189

(Unaudited - Expressed in U.S. Dollars)

6. Intangible assets (continued)

HydroClean Resources, LP	Organizational Costs	Patent Developing Costs	Total Intangible Costs
January 1, 2018	$ 2,004	$ 114,185	$ 116,189
Additions	-	357	357
September 30, 2018	$ 2,004	$ 114,542	$ 116,546

All the costs incurred have been capitalized as Intangible assets and organizational costs when the patent is being developed in HydroClean (note 9). AGC has a granted security over its interest in HydroClean (note 11).

7. Convertible debentures, senior secured notes and convertible loan

(a) Convertible debentures

September 30, 2018	Face value C$	Host debt Amortized costs	Embedded Derivatives Fair value	Gold option Fair Value
Debenture - December 2011 - refinanced	$ -	$ -	$ -	$ 908,760
Amended debenture - April 2015	1,500,000	1,158,736	77,153	-
Additional debenture - August 2015	550,000	424,870	28,289	-
Total	**$ 2,050,000**	**$ 1,583,606**	**$ 105,442**	**$ 908,760**

December 31, 2017	Face value C$	Host debt Amortized costs	Embedded Derivatives Fair value	Gold option Fair Value
Debenture - December 2011 - refinanced	$ -	$ -	$ -	$ 580,062
Amended debenture - April 2015	1,500,000	1,177,052	73,307	-
Additional debenture - August 2015	550,000	431,586	26,879	-
Total	**$ 2,050,000**	**$ 1,608,638**	**$ 100,186**	**$ 580,062**

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.

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

(a) Convertible debentures (continued)

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)). 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$99,874 ($77,153) as at September 30, 2018 (December 31, 2017 - C$91,967 ($73,307)).

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 of C$1,500,000 ($1,158,736) as of September 30, 2018 (December 31, 2017 - C$1,487,863 ($1,177,052)). The accretion interest has been charged to statement of loss and comprehensive loss.

Assumptions used for the valuation:

The Amended Debenture components were measured at fair value using the following methods:

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

The inputs were as follows:

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

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

(a) Convertible debentures (continued)

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

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$36,621 ($28,289) as at September 30, 2018 (December 31, 2017 - C$33,721 ($26,879)).
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 of C$550,000 ($424,870) as of September 30, 2018 (December 31, 2017 - C$530,274 ($431,586)). 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

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

The principal of the Company's Amended Debenture and the Additional Debentures in the aggregate amount of C$2,050,000 and interest payments in the amount of C$492,000 became due on April 1, 2018 and remain unpaid. To date, no notice of default has been received as per the terms of the debentures.

(Unaudited - Expressed in U.S. Dollars)

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

(b) Senior secured notes

September 30, 2018	**Face value**	**Host debt Amortized costs Current**	**Gold options Fair value Current**	**Gold Options Ounces**
Initial notes - August 2013	$4,000,000	$3,824,683	$414,938	4,180.0
Refinanced note - April 2015	$1,500,000	$1,434,256	$155,602	1,567.5
New note - May 2015	$ 600,000	$ 573,702	$ 62,240	627.0
Total	**$6,100,000**	**$5,832,641**	**$632,780**	**6,374.5**

December 31, 2017	**Face value**	**Host debt Amortized costs Current**	**Gold options Fair value Current**	**Gold Options Ounces**
Initial notes - August 2013	$4,000,000	$3,946,838	$621,045	4,180.0
Refinanced note - April 2015	$1,500,000	$1,480,064	$232,892	1,567.5
New note - May 2015	$ 600,000	$ 592,026	$ 93,157	627.0
Total	**$6,100,000**	**$6,018,928**	**$947,094**	**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.

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. The Notes were further amended in June 2017, as described herein.

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

Purchasers of the Notes initially received options exercisable until August 31, 2016 to purchase an aggregate of 95.0 troy ounces of gold at $1,125 per ounce for each 100,000 Units purchased ($100,000). The gold options were subsequently amended such that currently, the options are to purchase 104.5 ounces (per $100,000 Notes) at $1,100 per ounce until August 31, 2019. The gold options as amended vest at the rate of 25%, 35% and 40% on August 31, 2017, 2018 and 2019, respectively. As part of the Refinancing, CCM received an option to purchase an aggregate of 1,567.5 troy ounces of gold at $1,100 per ounce (being 104.5 troy ounces for each $100,000 principal amount Notes), which as amended, will currently expire on August 31, 2019, with the option vesting at the rate of 25%, 35% and 40% on August 31, 2017, 2018 and 2019, respectively.

(Unaudited - Expressed in U.S. Dollars)

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

(b) Senior secured notes (continued)

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

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

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

(ii) Gold options were originally valued at $841,307 in total at the Measurement date and subsequently valued at fair market value to reflect the amended terms of the gold options. 25% of the total gold options vested on August 31, 2017, 35% will vest on August 31, 2018 and 40% will vest on August 31, 2019. The key inputs on the gold options are gold price, convenience yield of gold and implied volatility of gold. The fair value of the gold options was valued at $414,938 which was recorded as a current liability as at September 30, 2018 (December 31, 2017 - $621,045).

(iii) The residual value of the host debt was $3,110,747 which was recorded as a current liability of $778,393 and a non-current liability of $2,335,179 at its initial fair value at the date of inception as of August 19, 2013 and subsequently measured at amortized costs as at September 30, 2018. The amortized costs of the host debt were $3,824,683 which was recorded as a current liability as at September 30, 2018 (December 31, 2017 - $3,946,838).

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

(i) Gold options were originally valued at $212,955 in total at the Measurement date and subsequently valued at fair market value to reflect the amended terms of the gold options. 25% of the total gold options vested on August 31, 2017, 35% will vest on August 31, 2018 and 40% will vest on August 31, 2019. The key inputs on the gold options are gold price, convenience yield of gold and implied volatility of gold. The fair value of the gold options was valued at $155,602 which was recorded as a current liability as at September 30, 2018 (December 31, 2017 - $232,892).

(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 $1,434,256 which was recorded as a current liability as at September 30, 2018 (December 31, 2017 - $1,480,064).

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

(b) Senior secured notes (continued)

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

(i) Gold options were originally valued at $89,023 in total at the Measurement date and subsequently valued at fair market value to reflect the gold options. 25% of the total gold options vested on August 31, 2017, 35% will vest on August 31, 2018 and 40% will vest on August 31, 2019. The key inputs on the gold options are gold price, convenience yield of gold and implied volatility of gold. The fair value of the gold options was valued at $62,240 which was recorded as a current liability as at September 30, 2018 (December 31, 2017 - $93,157).

(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 $573,702 which was recorded as a current liability as at September 30, 2018 (December 31, 2017 - $592,026).

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.

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

The Company recorded an income charge in the amount of $267,117 as an adjustment to retained earnings on January 1, 2018 (IFRS 9 effective date) due to the extension of maturity of the senior secured notes by one year incurred in June 2017 according to IFRS 9 (note 3).

Payments of principal and interest on the Company’s outstanding Notes in the aggregate amount of $2,135,000 became due on August 31, 2017 and remain unpaid. As a result the Notes are classified as current liabilities and discussions are ongoing with Noteholders to resolve the principal and interest payments on the Notes.

(Unaudited - Expressed in U.S. Dollars)

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

(c) Convertible loan

September 30, 2018	**Face value**	**Host debt Gold payments Amortized costs**	**Gold options Fair value**	**Embedded Derivatives Fair value**
Convertible loan - June 2014	$ 600,000	$ 600,000	$ 815,459	$ 53,406

December 31, 2017	**Face value**	**Host debt Gold payments Amortized costs**	**Gold options Fair value**	**Embedded Derivatives Fair value**
Convertible loan - June 2014	$ 600,000	$ 600,000	$ 1,197,180	$ 51,860

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$1.00 per common share. The lender also received a 5-year option to purchase, solely from gold produced from AGC's Neal Property, up to 2,500 ounces of gold at $1,400 per ounce.

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

(i) The host debt at the measurement date was valued at $182,321. The value of the host debt at September 30, 2018 is $600,000 (December 31, 2017 - $600,000).

(ii) Embedded derivatives, including the conversion option, call option and gold forward were valued at $184,629 at the Measurement date. These features were valued together as their values are interdependent. The fair values of the embedded derivatives at September 30, 2018 is $53,406 (December 31, 2017 - $51,860).

(iii) Gold options were valued at $233,050 in total at the Measurement date. The key inputs on the gold options are gold price, risk-free interest rate and implied volatility of gold. The value of the gold options at September 30, 2018 is $815,459 (December 31, 2017 - $1,197,180).

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.

(Unaudited - Expressed in U.S. Dollars)

8. Share capital

(a) Authorized share capital

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

(b) Warrants

The following table summarizes the warrant transactions as follows:

	Number of Shares Adjusted for the Consolidation	FMV of Warrants at Date of Issue US$	Weighted Average Exercise Price C$
Outstanding as at January 1, 2017	592,000	153,359	0.71
Outstanding at September 30, 2017	592,000	153,359	0.71
Warrants expired	(400,000)	(144,558)	1.00
Outstanding as at December 31, 2017	192,000	8,801	0.10
Warrants expired	(192,000)	(8,801)	0.10
Outstanding as at September 30, 2018	-	-	-

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

During the nine months ended September 30, 2018, 192,000 warrants issued in 2015, and having a fair value at date of grant of $8,801 expired unexercised. There were no warrants outstanding as September 30, 2018.

(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 4) 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 4)

(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, 2018	$	1,081,666
At September 30, 2018	$	1,081,666

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

Summarized Balance Sheets

	Neal Development, LP			
		September 30, 2018		December 31, 2017
Current assets	$	152	$	112
Non-current assets		1,165,957		1,165,897
Total assets	$	1,166,109	$	1,166,009
Current liabilities	$	45,715	$	45,615
Total liabilities	$	45,715	$	45,615

Summarized Statements of Income

	Neal Development, LP			
For the three months ended		September 30, 2018		September 30, 2017
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. E. Simmons, the Company's former CEO, as to a 10% interest. AGC will transfer its rights in certain water treatment filter systems and methods to HydroClean once AGC receives the patent, which was filed with the United States Patent Office in respect of certain aspects of the water treatment facility on November 26, 2014 and the International Patent which was filed on November 19, 2015. There have been no contributions made as September 30, 2018. Funding for HydroClean was provided by loans from the Partners, being $103,452 provided by G2T and $12,737 provided by AGC. All the costs incurred have been capitalized as Intangible assets and organizational costs when the patent is being developed (note 6). AGC has granted a security interest in HydroClean to Mr. Simmons (note 11).

(a) Non-controlling interests continuity

	HydroClean Resources, LP
NCI in subsidiary at January 1, 2018	55 %
At January 1, 2018	$ -
At September 30, 2018	$ -

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

	HydroClean Resources, LP	
	September 30, 2018	December 31, 2017
Current assets	$ -	$ -
Non-current assets	116,546	116,189
Total assets	$ 116,546	$ 116,189
Current liabilities	$ 116,546	$ 116,189
Total liabilities	$ 116,546	$ 116,189

Summarized Statements of Income

	HydroClean Resources, LP	
For the three months ended	September 30, 2018	September 30, 2017
Income (loss) from continuing operations	$ -	$ -

(Unaudited - Expressed in U.S. Dollars)

10. Income (loss) per share

Basic income (loss) per share

The calculation of basic income per share for the nine months ended September 30, 2018 was based on the income attributable to common shareholders of $803,218 (September 30, 2017 - $(5,329,452)), and a weighted average number of common shares outstanding of 76,147,083 (September 30, 2017 - 54,787,454).

Diluted income (loss) per share

The calculation of diluted income per share for the nine months ended September 30, 2018 was based on the income attributable to common shareholders of $803,218 (September 30, 2017 - $(5,329,452)), and a weighted average number of common shares outstanding of 102,103,083 (September 30, 2017 - 54,787,454).

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

Compensation to key management personnel of the Company:

Compensation of directors	September 30, 2018	September 30, 2017
Stock-based compensation expensed	$ 27,271	$ -
	$ 27,271	$ -

Compensation of key management personnel	September 30, 2018	September 30, 2017
Salaries and consulting fees expensed	$ 74,955	$ 70,720
Salaries and consulting fees capitalized	198,000	292,500
Stock-based compensation expensed	4,195	-
Stock-based compensation capitalized	4,882	-
	$ 282,032	$ 363,220

During the second quarter of 2018, the Company reached a settlement with Wm. Simmons, its former CEO, in respect of certain deferred salary amounts owed to him. Under the terms of the settlement, AGC transferred certain equipment and residential real property to the former CEO and agreed to pay $393,000 to him over a five-year period. The payment obligation is evidenced by a promissory note which is secured against certain equipment of AGC and AGC's interest in HydroClean.

(Unaudited - Expressed in U.S. Dollars)

11. Related party transactions (continued)

At September 30, 2018, aggregate shareholders' loans of $1,687,708 (December 31, 2017 - $1,411,356) were payable to various shareholders of the Company, including to Allan Folk who is the Chair and a director of the Company. Also included in Shareholders' loans is $366,457 borrowed from Jipangu Inc., a 44.5% shareholder of the Company. The loans are unsecured, bear interest of 8% per annum and are repayable on demand.
All transactions with related parties are in the normal course of business.

12. Rehabilitation provisions

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

	Baffin Island Property	Atlanta Gold Property	Total
Balance as at January 1, 2018	$ 82,101	$ 1,082,100	$ 1,164,201
Change during the period			
Foreign exchange adjustment	(2,533)	-	(2,533)
Balance as at September 30, 2018	$ 79,568	$ 1,082,100	$ 1,161,668
Current	**$ 79,568**	**$ 117,100**	**$ 196,668**
Long-term	**$ -**	**$ 965,000**	**$ 965,000**

	Baffin Island Property	Atlanta Gold Property	Total
Balance as at January 1, 2017	$ 52,136	$ 1,082,100	$ 1,134,236
Change during the year			
Paid out	-	-	-
Change of estimate	26,304	-	26,304
foreign exchange adjustment	3,661	-	3,661
Balance as at December 31, 2017	$ 82,101	$ 1,082,100	$ 1,164,201
Current	**$ 82,101**	**$ 117,100**	**$ 199,201**
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 $196,668 will be expended within one year and $965,000 in the year after. As at September 30, 2018, total expected costs to be incurred are $1,161,668 (December 31, 2017 - $1,164,201). Due to the near term of the settlement of the provisions, the costs estimated have not been discounted.

13. Commitments and contingencies

As at September 30, 2018, the Company had accrued current rehabilitation provisions of $196,668 (December 31, 2017 - $199,201) and accrued non-current rehabilitation provisions of $965,000 (December 31, 2017 - $965,000) relating to reclamation of the properties in Canada and the United States. 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.

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 due on September 30, 2018. AGC has made aggregate payments to date of $325,000. As of the date hereof, AGC is $1,675,000 in arrears of its payment schedule. The penalty amount bears interest at a rate of 0.1% per annum from November 28, 2012 and is secured by recording the Consent Judgment against AGC's four generators on the East Amity Road property located in Boise, Idaho. (note 5)

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

(i) a new injunction will issue requiring that AGC make improvements to its water treatment system so as to bring the system into substantial compliance with the subject permit no later than August 30, 2018;
(ii) additional penalties for the permit violations were imposed upon AGC in the amount of $251,000 due on August 30, 2018 which has not been paid to date; and
(iii) if AGC fails to bring its water treatment system into complete compliance by August 30, 2018, it will be fined an additional $251,000.

Plaintiffs incurred $100,427 of attorney and expert fees and litigation expenses to bring the above described motion and intend to resolve this claim informally without the need for the Court's involvement. The full amount has been accrued and expensed in 2017. Along with the plaintiffs' legal expenses, the additional penalties for the permit violations imposed upon AGC in the amount of $251,000 and AGC's legal expenses to defend the case in the amount of $30,640 have been expensed in 2017.

Since late 2017 and throughout 2018 to date, the results achieved by the water treatment system have been mostly in compliance with the water discharge parameters.

(Unaudited - Expressed in U.S. Dollars)

13. Commitments and contingencies (continued)

The following table summarizes the penalties outstanding as at September 30, 2018:

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

Atlanta has royalty commitments set forth in note 4 hereof.