Atlanta Gold Inc.

Condensed Interim Consolidated Financial Statements

September 30, 2015

(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 20, 2015

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

	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 211,225**	$ 24,354
Marketable securities	**27,762**	79,843
Recoverable taxes	**13,000**	10,609
Prepaid expenses	**18,388**	62,416
	270,375	177,222
Exploration and evaluation assets (note 3)	**46,656,102**	45,821,963
Property, plant and equipment (note 4)	**1,217,319**	1,577,266
	$ 48,143,796	$ 47,576,451
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	**$ 2,074,687**	$ 1,868,670
Penalty payable to U.S. Treasury (note 10)	**1,775,000**	1,850,000
Promissory note (note 5(b))	**424,717**	424,717
Shareholders' loans (note 8)	**1,042,480**	986,275
Convertible loan (note 5(d))	**737,940**	540,140
Convertible loan - embedded derivatives (note 5(d))	**111,454**	111,461
Rehabilitation provisions (notes 9 and 10)	**256,140**	264,141
Senior secured notes - current (note 5(c))	**1,458,586**	1,000,000
Convertible debenture	**-**	2,586,000
Convertible debenture - embedded derivatives	**-**	261,580
	7,881,004	9,892,984
Non-current liabilities		
Rehabilitation provisions (notes 9 and 10)	**965,000**	965,000
Senior secured notes (note 5(c))	**4,839,239**	3,204,065
Convertible debenture (note 5(a))	**527,362**	-
	$ 14,212,605	$ 14,062,049

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

ATLANTA GOLD INC.

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

	September 30, 2015	December 31, 2014
EQUITY		
Capital stock (notes 6(a)(d))	**$ 89,671,149**	$ 89,671,149
Warrants (notes 6(b))	**1,017,669**	1,000,109
Contributed surplus	**11,241,250**	9,927,722
Accumulated deficit	**(53,374,144)**	(59,078,815)
Accumulated other comprehensive loss	**(14,624,733)**	(8,005,763)
	33,931,191	33,514,402
	$ 48,143,796	$ 47,576,451

Nature of operations and going concern (note 1)
Commitments and contingencies (note 10)

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 (Income) Loss and Comprehensive Loss
(Unaudited - Expressed in U.S. Dollars)
Three and Nine Months Ended September 30, 2015 and 2014

	For the three months ended September 30, 2015	2014	For the nine months ended September 30, 2015	2014
General and administrative expenses:				
Professional fees	**$ 74,012**	$ 70,991	**$ 234,132**	$ 261,007
Salaries and management fees (note 8)	**19,722**	20,839	**73,084**	91,245
Administrative and office	**20,756**	22,581	**59,619**	81,174
Investor relations	**14,039**	36,212	**80,311**	129,990
Travel and accommodation	**-**	1,457	**454**	1,625
	128,529	152,080	**447,600**	565,041
Exploration and evaluation expense	**-**	-	**858**	975
	128,529	152,080	**448,458**	566,016
Finance items:				
Finance costs	**176,447**	147,194	**560,423**	432,915
Unrealized loss on marketable securities	**(879)**	-	**44,115**	-
Accretion of convertible debenture, senior secured notes and convertible loan (notes 5(a)(c)(d))	**155,657**	450,953	**400,311**	833,256
Financial assets at fair value through profit or loss				
- Embedded derivatives (notes 5(a)(d))	**4,795**	-	**(240,884)**	-
- Gold options (notes 5(c)(d))	**(221,487)**	(168,270)	**(149,448)**	29,064
- Gold payments (notes 5(d))	**-**	(110,369)	**-**	(110,369)
Loss (Gain) from foreign currency transactions	**(2,395,012)**	(2,689,353)	**(6,767,646)**	(2,866,460)
	(2,280,479)	(2,369,845)	**(6,153,129)**	(1,681,594)
Net (income) loss	**(2,151,950)**	(2,217,765)	**(5,704,671)**	(1,115,578)
Other comprehensive loss				
Items that may subsequently be reclassified through profit and loss				
Foreign currency translation adjustment	**2,455,743**	2,520,365	**6,618,970**	2,714,845
Net (income) loss and comprehensive (income) loss for the period	**$ 303,793**	$ 302,600	**$ 914,299**	$ 1,599,267
Weighted average number of consolidated shares outstanding (note 7)				
Basic	**26,604,826**	25,978,273	**26,604,826**	25,796,533
Diluted	**43,697,217**	29,902,273	**33,281,624**	28,958,599
Net (income) loss per share (note 7)				
Basic	**$ (0.08)**	$ (0.09)	**$ (0.21)**	$ (0.04)
Diluted	**$ (0.05)**	$ (0.07)	**$ (0.17)**	$ (0.04)

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

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Cash Flow
(Unaudited - Expressed in U.S. Dollars)
Three and Nine Months Ended September 30, 2015 and 2014

	For the three months ended September 30, 2015	2014	For the nine months ended September 30, 2015	2014
Cash provided by (used in)				
Operating activities:				
Net income (loss) for the period	**$ 2,151,950**	$ 2,217,765	**$ 5,704,671**	$ 1,115,578
Add (deduct) items not involving cash:				
Unrealized loss on marketable securities	**(879)**	-	**44,115**	-
Finance costs	**194,879**	-	**541,686**	-
Financial assets at fair value through profit or loss				
- Embedded derivatives	**4,795**	-	**(240,884)**	-
- Gold options (notes 5(c)(d))	**(221,487)**	(168,270)	**(149,448)**	29,064
- Gold payments (notes 5(d))	**-**	(110,369)	**-**	(110,369)
Accretion of convertible debenture and senior secured notes (notes 5(a)(c)(d))	**155,657**	450,953	**400,311**	833,256
Foreign exchange	**(1,823,282)**	(2,625,904)	**(6,655,144)**	(2,818,353)
Net change in non-cash working capital	**(605,241)**	275,536	**(189,723)**	609,893
Net cash used in operating activities	**(143,608)**	39,711	**(544,416)**	(340,931)
Financing activities:				
Loans from shareholders	**-**	193,657	**77,083**	545,493
Proceeds from convertible loan	**-**	-	**-**	600,000
Proceeds from senior secured notes	**-**	-	**600,000**	-
Proceeds from convertible debenture	**412,139**	-	**412,139**	-
Net cash from financing activities	**412,139**	193,657	**1,089,222**	1,145,493
Investing activities:				
Exploration and evaluation asset	**(79,221)**	(354,693)	**(379,545)**	(986,679)
Payment of rehabilitation provisions	**-**	(1,688)	**-**	(168,168)
Property, plant and equipment	**(10,626)**	(106,670)	**21,610**	(364,396)
Net cash used in investing activities	**(89,847)**	(463,051)	**(357,935)**	(1,519,243)
Increase (Decrease) in cash and cash equivalents	**178,684**	(229,683)	**186,871**	(714,681)
Cash and cash equivalents, beginning of period	**32,541**	236,414	**24,354**	721,412
Cash and cash equivalents, end of period	**$ 211,225**	6,731	**$ 211,225**	$ 6,731
Interest paid	**$ 263**	476	**$ 997**	$ 16,900

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

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Cash Flow (continued)
(Unaudited - Expressed in U.S. Dollars)
Three and Nine Months Ended September 30, 2015 and 2014

	For the three months ended September 30, 2015	For the three months ended September 30, 2014	For the nine months ended September 30, 2015	For the nine months ended September 30, 2014
Net change in non-cash working capital items				
Recoverable taxes	**$ (1,350)**	$ 21,172	**$ (2,391)**	$ (499)
Prepaid expenses	**27,996**	18,169	**44,028**	36,008
Accounts payable and accrued liabilities	**(653,996)**	411,195	**(306,360)**	799,384
Penalty payable to U.S. Treasury	**75,000**	(175,000)	**75,000**	(225,000)
	$ (552,350)	275,536	**$ (189,723)**	$ 609,893
Significant non-cash financing and investing activities				
Capitalized depreciation (note 4)	**$ 225,558**	$ 114,119	**$ 338,337**	$ 339,127
Shares issued in satisfaction of senior secured notes interest (note 6(d))	**-**	413,150	-	413,150

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
(Unaudited - Expressed in U.S. Dollars, except for shares and per share amounts)
Three and Nine Months Ended September 30, 2015 and 2014

	Number of Shares (adjusted for share consolidation)	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance - January 1, 2014	25,704,157	$ 89,340,632	$ 910,205	$ 10,017,626	$(61,362,397)	$ (3,421,484)	$ 35,484,582
Shares issued in satisfaction of senior secured notes interest - at C$0.50 per consolidated common share	900,669	413,150	-	-	-	-	413,150
Issue of convertible loan with convertible option	-	-	-	314,528	-	-	314,528
Net loss for the period	-	-	-	-	1,115,578	-	1,115,578
Foreign currency translation adjustment	-	-	-	-	-	(2,714,845)	(2,714,845)
Balance - September 30, 2014	26,604,826	$ 89,753,782	$ 910,205	$ 10,332,154	$(60,246,819)	$ (6,136,329)	$ 34,612,993
Shares issued in satisfaction of senior secured notes interest - at C$0.50 per consolidated common share	-	(82,633)	-	-	-	-	(82,633)
Issue of convertible loan with convertible option	-	-	-	(314,528)	-	-	(314,528)
Warrants extension	-	-	89,904	(89,904)	-	-	-
Net income for the period	-	-	-	-	1,168,004	-	1,168,004
Foreign currency translation adjustment	-	-	-	-	-	(1,869,434)	(1,869,434)
Balance - December 31, 2014	26,604,826	$ 89,671,149	$ 1,000,109	$ 9,927,722	$(59,078,815)	$ (8,005,763)	$ 33,514,402

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)
(Unaudited - Expressed in U.S. Dollars, except for shares and per share amounts)
Three and Nine Months Ended September 30, 2015 and 2014

	Number of Shares (adjusted for share consolidation)	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance - January 1, 2015	26,604,826	$ 89,671,149	$ 1,000,109	$ 9,927,722	$(59,078,815)	$ (8,005,763)	$ 33,514,402
Compensation warrants issued on issuance of convertible debentures (notes 5(a) and 6(b))	-	-	17,560	-	-	-	17,560
Issue of convertible debenture with convertible option (note 5(a))	-	-	-	1,313,528	-	-	1,313,528
Net income for the period	-	-	-	-	5,704,671	-	5,704,671
Foreign currency translation adjustment	-	-	-	-	-	(6,618,970)	(6,618,970)
Balance - September 30, 2015	26,604,826	$ 89,671,149	$ 1,017,669	$ 11,241,250	$(53,374,144)	$(14,624,733)	$ 33,931,191

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 holds a five year lease on 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. The Company sold its Québec gold properties in November 2014. Other than completion of the second phase of a restoration program on a previously owned property of the Company located on Baffin Island which is expected to be completed in 2016, no further work is planned on the Quebec and Baffin Island properties and as a result, the carrying values had been previously written off.

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, 2015, the Company had a deficit of $53,374,144 and no source of operating cash flows. The Company's current liabilities exceeded its current assets by $7,610,629 as of September 30, 2015. The Company's wholly owned subsidiary, Atlanta Gold Corporation ("AGC"), failed to make partial environmental penalty payments due on March 31, 2015 and payments due on June 30, 2015 and September 30, 2015 on time. United States Attorney may potentially enforce proceedings against AGC for collection of the judgment. 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 immediate financing to settle its existing liabilities and to complete its planned exploration and evaluation program on Atlanta and the Neal Property, and will continue to explore financing alternatives to raise capital. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms or that the Company will achieve profitable operation.

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

(Unaudited - Expressed in U.S. Dollars)

2. Basis of preparation

(i) Basis of presentation and measurement

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

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2014 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, 2014.

These unaudited condensed interim consolidated financial statements were approved by the board of directors for issue on November 20, 2015.

(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, 2014.

3. Exploration and evaluation assets

Balance at January 1, 2014:	$ 44,274,702
Additions	1,325,807
Balance at September 30, 2014	45,600,509
Additions	221,454
Balance at December 31, 2014	45,821,963
Additions	834,139
Balance at September 30, 2015	**$ 46,656,102**

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.

3. Exploration and evaluation assets (Continued)

Atlanta Gold Property, Idaho, U.S.A. (Continued)
Atlanta consists of owned and leased patented and unpatented claims, as described below.

(a) Monarch Greenback LLC
In June 2011, AGC purchased 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, 2015, 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. The lease expires on April 18, 2016. Lease payments are currently $10,000 per year and are treated as minimum annual advance royalties. If these claims go into commercial production before expiry of the lease, then the annual minimum advance royalty will be $20,000. If this property is mined, F. C. Gardner will receive a 6% NSR, from which all advance royalty payments shall be deducted. As at September 30, 2015, advance royalty payments of $208,500 (December 31, 2014 - $208,500) 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. The lease has been extended to November 14, 2016. 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 September 30, 2015, advance royalty payments of $322,500 (December 31, 2014 - $312,500) had been paid and will be deducted from any future royalty payments to Hollenbeck.

Annual rental and advance royalty payments are required to keep lease agreements in good standing for the properties that collectively comprise Atlanta. Advance royalty payments to lessors are credited against future royalty payments payable on production. As at September 30, 2015, advance royalty payments totaling $2,031,000 (December 31, 2014 - $2,021,000) will be deducted from any future royalty payments to lessors / royalty holders.

Neal Property, Idaho, U.S.A.
AGC holds a five-year lease of 5 patented claims known as the Neal Property and 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 tonnage royalty and a 3% net smelter return royalty, with a minimum annual payment of $10,000. AGC has advanced $15,000 which payment will be deducted from future lease payments and/or production/royalty payments.

(Unaudited - Expressed in U.S. Dollars)

4. Property, plant and equipment

	Land	Building, Field Equipment and Other	Total
At January 1, 2014:			
Cost	$ 833,969	$ 3,252,904	$ 4,086,873
Accumulated depreciation	-	(2,300,958)	(2,300,958)
Opening Net Book Value at January 1, 2014	833,969	951,946	1,785,915
Year ended December 31, 2014:			
Opening Net Book Value at January 1, 2014	833,969	951,946	1,785,915
Additions	75,078	289,318	364,396
Depreciation	-	(339,127)	(339,127)
Closing Net Book Value at September 30, 2014	909,047	902,137	1,811,184
Additions	7,476	21,530	29,006
Disposals	-	(170,000)	(170,000)
Depreciation	-	(92,924)	(92,924)
Closing Net Book Value at December 31, 2014	$ 916,523	$ 660,743	$ 1,577,266
At January 1, 2015:			
Cost	$ 916,523	$ 3,393,752	$ 4,310,275
Accumulated depreciation	-	(2,733,009)	(2,733,009)
Opening Net Book Value at January 1, 2015	916,523	660,743	1,577,266
Nine months ended September 30, 2015:			
Opening Net Book Value at January 1, 2015	916,523	660,743	1,577,266
Additions	25,578	10,599	36,177
Disposals	-	(76,552)	(76,552)
Depreciation	-	(319,572)	(319,572)
Closing Net Book Value at September 30, 2015	$ 942,101	$ 275,218	$ 1,217,319
At September 30, 2015:			
Cost	$ 942,101	$ 3,327,799	$ 4,269,900
Accumulated depreciation	-	(3,052,581)	(3,052,581)
Closing Net Book Value at September 30, 2015	**$ 942,101**	**$ 275,218**	**$ 1,217,319**

4. Property, plant and equipment (continued)

All depreciation charges during the nine months ended September 30, 2015 and 2014 were capitalized to exploration and evaluation assets.

As of September 30, 2015, AGC's East Amity Road property located in Boise, Idaho, four generators located on the same property and an excavator have security interests against them (notes 8 and 10).

5. Convertible debenture, promissory note, senior secured notes and convertible loan

(a) Convertible debenture

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 5(c)). 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 (note 6(c)). 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$1,103,110 as of June 25, 2015 and classified as equity.

ii) The host debt of C$396,890 was recorded as non-current liability at its initial fair value at the date of inception as of June 25, 2015 and subsequently measured at amortized cost as of September 30, 2015. The accretion interest has been charged to statement of (income) loss and comprehensive loss.

5. Convertible debenture, promissory note, senior secured notes and convertible loan (continued)

(a) Convertible debenture (continued)
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

The Amended Debenture is subject to a 10% interest rate until the maturity date. The Refinancing was completed during the third quarter of 2015.

Concurrently with the completion of the Refinancing, on August 26, 2015, the Company completed a private placement for an additional C$550,000 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 will accrue 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 private placement of convertible 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$317,234 as of August 26, 2015 and classified as equity.
ii) The host debt of C$232,766 was recorded as non-current liability at its initial fair value at the date of inception as of August 26, 2015 and subsequently measured at amortized cost as of September 30, 2015. The accretion interest has been charged to statement of (income) 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

5. Convertible debenture, promissory note, senior secured notes and convertible loan (continued)

(b) Promissory note

On August 4, 2011, AGC financed the acquisition of the East Amity Road Property by a combination of cash, equity and a three year promissory note secured by a mortgage on the property in the amount of $425,000 bearing interest of 7% per annum until its maturity in 2014, with unpaid amounts following the maturity date bearing interest of 10% per annum. On March 5, 2014, the maturity date of the promissory note was extended to July 22, 2015 with all the other terms and conditions remaining the same. The promissory note was carried at its initial fair value which was subsequently measured at its amortized cost as of September 30, 2015. Interest is payable on a monthly basis. AGC is in discussions with 3N LLC in respect of a possible extension of the term of the loan and other alternatives. The Company is paying 10% of annual interest monthly during the negotiation period.

(c) Senior secured notes

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.

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.

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.

(Unaudited - Expressed in U.S. Dollars)

5. Convertible debenture, promissory note, senior secured notes and convertible loan (continued)

(c) 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 will vest on August 31, 2016, 35% on August 31, 2017 and 40% 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 $533,679 as at September 30, 2015 (December 31, 2014 - $584,366).

(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, 2015. The amortized costs of the host debt were $3,697,182 which was recorded as a current liability of $1,000,000 and a non-current liability of $2,697,182 as at September 30, 2015. (December 31, 2014 - host debt of $3,619,699 including current liability of $1,000,000 and non-current liability of $2,619,699)

Notes in the principal amount of $1,500,000 issued in connection with the Refinancing (note 5(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 $246,151 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 will vest on August 31, 2016, 35% on August 31, 2017 and 40% 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 $200,129 as at September 30, 2015 (December 31, 2014 - Nil).

(ii) The residual value of the host debt was $1,253,849 which was recorded as a non-current liability at its initial fair value at the date of inception as of April 1, 2015 and subsequently measured at amortized costs. The amortized costs of the host debt were $1,299,346 which was recorded as a current liability of $332,883 and a non-current liability of $966,463 as at September 30, 2015. (December 31, 2014 - Nil)

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"):

5. Convertible debenture, promissory note, senior secured notes and convertible loan (continued)

(c) Senior secured notes (continued)

(i) Gold options were originally valued at $132,787 in total at the Measurement date and subsequently valued at fair market value to reflect the gold options. 25% of the total gold options will vest on August 31, 2016, 35% on August 31, 2017 and 40% 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 $80,052 as at September 30, 2015 (December 31, 2014 - Nil).

(ii) The residual value of the host debt was $467,213 which was recorded as a non-current liability at its initial fair value at the date of inception as of May 11, 2015 and subsequently measured at amortized costs. The amortized costs of the host debt were $487,809 which was recorded as a current liability of $125,789 and a non-current liability of $362,020 as at September 30, 2015. (December 31, 2014 - Nil)

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

(d) Convertible loan

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

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

(i) The host debt at the measurement date was valued at $182,321. The value of the host debt at September 30, 2015 is $534,050 (December 31, 2014 is $336,203).

(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 values of the embedded derivatives at September 30, 2015 is $111,461 (December 31, 2014 is $111,461).

(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, 2015 is $203,937 (December 31, 2014 is $203,937).

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)

6. 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, 2014	5,973,333	910,205	1.20
Outstanding at September 30, 2014	5,973,333	910,205	1.20
Warrants extended for one year	-	89,904	-
Outstanding as at December 31, 2014	**5,973,333**	**1,000,109**	**1.20**
Compensation warrants issued on issuance of convertible debentures (note 5(a))	192,000	17,560	0.10
Outstanding as at September 30, 2015	**6,165,333**	**1,017,669**	**1.19**

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, 2015, in connection with the private placement 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. (note5(a))

The fair values of the warrants issued were estimated on the date of issuance using the Black Scholes option pricing model with the assumptions adopted at the measurement date.

Risk-free interest rate	0.68%
Expected life	1.58 years
Estimated volatility in the market price of the common shares	284.2%
Dividend yield	Nil

(Unaudited - Expressed in U.S. Dollars)

6. Share capital

(c) Stock options

The following table summarizes the stock option transactions during the nine months ended September 30, 2015 (as adjusted to reflect the one for ten share consolidation):

	Number of Shares Adjusted for the Consolidation	Weighted Average Exercise Price Adjusted for the Consolidation C$
Outstanding as at January 1, 2014	410,500	2.80
Options expired or cancelled	(282,000)	3.30
Outstanding as at September 30, 2014	128,500	1.70
Options expired or cancelled	(36,000)	1.20
Outstanding as at December 31, 2014	92,500	1.85
Options expired or cancelled	(92,500)	1.85
Outstanding at September 30, 2015	**-**	**-**

There are no stock options outstanding as of September 30, 2015. During the nine months ended September 30, 2015, 92,500 (September 30, 2014 – 282,000) stock options granted to consultants and employees expired unexercised. All of these options were granted when their exercise price equaled the fair value of the stock at grant date.

The Company did not grant any stock options during the nine months ended September 30, 2015 and 2014.

(d) Share consolidation

The Company completed a one-for ten consolidation of its common shares, following approval 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.

7. Income per share

Basic income per share
The calculation of basic income per share for the nine months ended September 30, 2015 was based on the income attributable to common shareholders of $5,704,671 (September 30, 2014 - $1,115,578), and a weighted average number of consolidated common shares outstanding of 26,604,826 (September 30, 2014 - 25,796,533 as adjusted for the consolidation).

Diluted income per share
The calculation of diluted income per share for the nine months ended September 30, 2015 was based on the income attributable to common shareholders of $5,704,671 (September 30, 2014 - $1,115,578), and a weighted average number of consolidated common shares outstanding of 33,281,624 (September 30, 2014 - 28,958,599 as adjusted for the consolidation).

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.

8. Related party transactions

The remuneration of key management personnel during the nine months ended September 30, 2015 was $298,011 (September 30, 2014 - $462,159), of which one-half of a senior officer's salary was unpaid and accrued at September 30, 2015. The Company had accrued $437,718 of a senior officer's salary including $403,846 of principal accrued for 2013, 2014 and the first nine months of 2015 and $33,873 of interest. At December 31, 2014, $314,029 was accrued for one-half of a senior officer's salary including $298,764 of principal accrued for 2013 and 2014 and $15,265 of interest. This amount is unsecured and has no fixed terms of repayment. The interest rate is 7% per annum on unpaid remuneration.

At September 30, 2015, Shareholders' loans of $1,042,480 (December 31, 2014 - $986,275) were payable to various directors and shareholders of the Company. Of the total amount, $308,688 (December 31, 2014 - $294,250) was owed to a director for the purchase of equipment and it was evidenced by demand promissory notes bearing interest of 7% per annum and was secured against the equipment purchased (note 4). The remaining shareholder loans of $733,792 (December 31, 2014 - $692,025) were from directors and shareholders. The loans bear interest of 8% per annum and are repayable on demand.

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

(Unaudited - Expressed in U.S. Dollars)

9. 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, 2014	$ 202,144	$ 1,324,000	$ 1,526,144
Change during the year			
Paid out	(152,528)	(54,718)	(207,246)
Change of estimate	10,724	(100,481)	(89,757)
Balance as at December 31, 2014	$ 60,340	$ 1,168,801	$ 1,229,141
Current	**$ 60,340**	**$ 203,801**	**$ 264,141**
Long-term	**$ -**	**$ 965,000**	**$ 965,000**
Balance as at January 1, 2015	$ 60,340	$ 1,168,801	$ 1,229,141
Change during the period			
Change of estimate and foreign exchange adjustment	(8,001)	-	(8,001)
Balance as at September 30, 2015	$ 52,339	$ 1,168,801	$ 1,221,140
Current	**$ 52,339**	**$ 203,801**	**$ 256,140**
Long-term	**$ -**	**$ 965,000**	**$ 965,000**

A provision is recognized for the present value of costs to be incurred for the restoration of the Baffin Island Property and the 900 adit at Atlanta. It is expected that $256,140 will be expended within one year and $965,000 in the year after. As at September 30, 2015, total expected costs to be incurred are $1,221,140 (December 31, 2014 - $1,229,141).

10. Commitments and contingencies

As at September 30, 2015, the Company had accrued current rehabilitation provisions of $256,140 (December 31, 2014 - $264,141) and accrued non-current rehabilitation provisions of $965,000 (December 31, 2014 - $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.

(Unaudited - Expressed in U.S. Dollars)

10. Commitments and contingencies (continued)

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 to be due September 30, 2018. AGC has made aggregate payments to date of $250,000 and payments of an additional $300,000 are to be made during 2015. As of the date hereof, AGC is $200,000 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 East Amity Road property located in Boise, Idaho and by a security interest, granted to the U.S. Attorney’s office, in four generators owned by AGC located on the East Amity property. (note 4)

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	25,000
Payments due in 2015 are past due	200,000
Payments due in 2015	100,000
Payments due in 2016	400,000
Payments due in 2017	400,000
Payments due in 2018	650,000
Total	$2,000,000