

Aton Resources Inc.

Management's Discussion and Analysis
Nine Months Ended September 30, 2018



ATON RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NINE MONTHS ENDED SEPTEMBER 30, 2018

Aton Resources Inc.

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of financial condition and results of operations of Aton Resources Inc. and its subsidiaries (the "Company") provides an analysis of the Company's results of operations and financial condition for the nine months ended September 30, 2018. This MD&A supplements but does not form part of the condensed consolidated interim financial statements for the nine months ended September 30, 2018 or the annual audited consolidated financial statements for the year ended December 31, 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated. Additional information related to the Company is available on SEDAR at www.sedar.com and on the Company's website www.atonresources.com. This MD&A contains information up to and including November 26, 2018.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed herein under the heading "Risks and Uncertainties" and "Risk Factors". Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding gold prices, business and operating strategies, and the Company's ability to operate on a profitable basis.

NOTE TO U.S. INVESTORS CONCERNING ESTIMATES INFERRED RESOURCES

The term "Inferred" Resources is used herein. United States investors are advised that while such a term is recognized and required by Canadian regulations, the United States Securities and Exchange Commission do not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of a Mineral Resource is economically or legally mineable.

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Qualified Person

The technical information contained in this Management Discussion and Analysis was prepared by Javier Orduña MSc MCSM MAIG DIC SEG(M) FGS, Exploration Manager for Aton Resources Inc. Mr. Orduña is a qualified person (QP) under National Instrument 43-101 Standards of Disclosure for Mineral Projects.

HIGHLIGHTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018 AND SUBSEQUENT

- Continued the surface channel profile sampling along road cuttings at Rodruin, which returned mineralized intersections including 65.3m @ 2.84 g/t Au and 5.26% Zn (profile ROC-009), 50.3m @ 1.37 g/t Au (profile ROC-017, at the Spiral Pit), and 26.3m @ 2.29 g/t Au (profile ROC-019, on the Central Buttress zone). Construction of drill access roads and drill pads continued during the period.
- Commenced a reverse circulation percussion ("RC") drilling program at Rodruin, with a total of 36 holes completed (ROP-001 to ROP-036), either to target depths, or abandoned early due to encountering voids, for a total of 3,123m to date. Almost every hole has intersected gold mineralization to date.
- Drill intercepts from these first 36 holes include 36m @ 12.47 g/t Au, from 5m depth (hole ROP-003), 163m @ 0.90 g/t Au and 2.54% Zn, from surface (hole ROP-017), and 38m @ 1.84 g/t Au, from surface (hole ROP-004).
- A surface sampling program was completed at the Semna East area, which is associated with extensive both ancient and recent alluvial wadi workings. The sample results indicated significant Au-W-As-Sb anomalism in the area, which requires further follow-up, and is suggestive of potential blind RIRG or Sukari-style mineralization.
- In March 2018, the Ministry of Petroleum, under the direction of President El Sisi, engaged the Global Resources Consulting firm Wood Mackenzie to look into why the mining industry had not developed in Egypt and to present a report on the causes for this lack of development and to put forward recommendations and a implementation plan to encourage much needed investment in exploration for non-hydrocarbon minerals in Egypt. As of November 2018, this work has been completed by Wood Mackenzie and the recommendations have been approved by the Cabinet and have been sent to Parliament for discussion. The Government of Egypt have stated that they intend to enact these historic amendments to the Mineral Resources Law within three months.
- Entered into a bridge loan facility with Ou Moonrider ("Moonrider"), a shareholder of the Company. The Company will borrow \$1,000,000 from Moonrider payable at the earlier of 6 months from closing, on the occurrence of various standard events of default, or on the closing of any debt or equity financing by the Company in an amount in excess of \$1,500,000. In addition, the proceeds of the exercise of any outstanding share purchase warrants will be applied to the repayment of the loan. The loan will bear interest at a rate of 10% per annum. In consideration of the loan, the Company will issue 18,181,818 share purchase warrants exercisable at a price of \$0.055 per warrant expiring in 12 months.

CORPORATE OVERVIEW

The Company is a Canadian mineral exploration company committed to identifying and advancing gold and base metal projects in the Eastern Desert of Egypt. Since October 5, 2010, the common shares have been listed for trading on the TSX Venture Exchange (the "TSX-V") under the symbol "AAN". Through the Company's wholly owned subsidiaries, Aton Resources Inc. and Aton Mining Inc, the Company holds two exploration concessions in Egypt, Abu Marawat and Fatiri, which cover areas of 738 km² and 1,745 km², respectively.

The Company is actively exploring the Abu Marawat Concession, which contains the Company's two main deposits that are the Company's material projects: the Hamama West gold-silver deposit, which has been the main focus of exploration and drilling since 2012, and the Abu Marawat gold-silver-copper-zinc vein deposit. Both deposits have mineral resource estimates prepared in accordance with National Instrument 43-101 – *Standards for Disclosure for Mineral Projects* ("NI 43-101"). The historical gold and copper mining district in which the Company operates contains numerous small workings, including ancient small-scale mining at Abu

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Marawat, Hamama, and numerous other sites in the Concession, and three past-producing modern era mines (Semna, Sir Bakis and Abu Garida), which were in operation during the 20th Century. The two main projects are located near excellent regional infrastructure. They are 40 kilometers apart, are within 35 kilometers of a four-lane highway, water pipeline, and high-capacity electricity grid, and are near the major cities of Qena, on the Nile River, and Safaga, on the Red Sea. The Company has not yet determined whether these properties and geological targets contain ore reserves.

MINERAL PROPERTIES

Hamama Project in the Abu Marawat Concession

In 2007, the Company negotiated an exploration and mining agreement, the "Concession Agreement – Abu Marawat" ("CAAM"), with the Egyptian Mineral Resources Authority ("EMRA") and the Egyptian Government, to have the sole right to explore and exploit gold and associated minerals in the Abu Marawat Exploration Concession. The CAAM was declared into Law 96 of 2007 and the Effective Date is September 27, 2008.

The Abu Marawat Concession is an exploration license and exploitation lease that the Company can, not considering extensions related to force majeure, explore by law for a period of five years from the effective date, at which time a commercial discovery is required. Additional areas may be retained with two possible extensions; each for two more years, at the end of Phase II-B provided the Company declares a commercial discovery. At the end of each of Phase I and Phase II-A of exploration, the original concession area must be reduced by 25%. At the end of Phase II-B, a prospective area is required to be defined that has characteristics of a viable deposit but needs further definition, i.e., a commercial deposit.

In July 2016, the Company received a 2-year extension until July 2018. On November 20, 2017 the Company notified the Egyptian Mineral Resource Authority of its intention to issue a declaration of commerciality at the Hamama project within its Abu Marawat Concession area, with a goal of building Egypt's second operating gold mine on or before the end of 2019. The Company submitted its study in support of its commercial discovery at Hamama West on May 31, 2018. The proposed Hamama project will encompass an open-pit heap leach mining operation, with production commencing from the gold oxide cap at Hamama West. The Company has received official written notice from EMRA accepting its study in support of its declaration of commerciality. Accordingly, as per the terms of its Concession Agreement, EMRA and Aton have been automatically granted an extension to their exploration license. The Company plans to continue its regional exploration program over the highly prospective Abu Marawat Concession, with the primary focus being on the Rodruin prospect.

During the period ended September 30, 2018, the Company continued the exploration program on the Abu Marawat Concession. A summary of the Hamama Project follows:

Hamama Gold-Silver Project

- Hamama is interpreted as a structurally modified gold-silver-zinc bearing, hybrid epithermal-VMS deposit.
- Mineralization is found primarily at and stratigraphically below the overturned contact between the stratigraphic footwall consisting of andesitic and felsic volcanic rocks, and the stratigraphic hanging wall consisting of volcanic rocks and volcanogenic sediments (predominantly bedded tuffs and argillites).
- Mineralization is primarily hosted in a silica-carbonate-barite rock (SCBR) unit which constitutes the Main Horizon at Hamama, and outcrops over a strike length of approximately 3,000 meters. The Main Horizon is sub-divided into the Western Carbonate, Hamama West, Hamama Central and Hamama East zones.
- The Main Zone at Hamama West is capped by a 650 meter long Gold-Oxide Cap, which extends to an average of 35-40 meters depth. The Gold-Oxide Cap has a surface area of between 30,000sq meters and 40,000sq meters and has been thoroughly trenched at ~50 meter spacing.

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- Hamama Central is 640 meters long and contains gold-silver, zinc and copper mineralization, as indicated in part by rock chip sampling of the Main Horizon. This returned 6 metres at 0.80 g/t gold, 49 g/t silver, 0.95% copper and 1.6% zinc. Drilling and surface trenching indicates a continuous mineralized sulphide zone, which, where tested so far, is 8-14 m thick. The deepest hole (AHA-020) intersected 8.5 meters of 1.28 g/t gold, 83 g/t silver, 0.24% copper and 6.87% zinc. Surface grab samples from Hamama Central returned assays of up to 15.2 g/t Au, 123 g/t Ag, 0.16 % Cu, and 10.1 % Zn.
- Hamama East has a 500-metre-long oxide horizon with extensive ancient workings for copper-zinc-rich oxide material, which may reflect significant mineralization at depth. Surface grab samples from ancient workings from Hamama East returned assays of up to 1.17 g/t Au, 5.0 g/t Ag, 1.00% Cu, and 31.4% Zn. Recent trenching has indicated the potential development of a zone of surface high grade zinc oxide-gold-silver mineralization at Hamama East.
- To date AAN drilled a total of 109 diamond drill holes at Hamama, for a total of 11,827m. Mineralization has been intersected to true depths of up to 200 meters below surface at Hamama West and is open along strike and at depth.
- Cube Consulting have completed a maiden mineral resource estimate of the Hamama West Deposit. The accompanying NI 43-101 independent technical report was filed during the period ended September 30, 2017. The mineral resource estimate is presented below in Tables 1 and 2.
- Cube Consulting have re-assessed the oxide and transitional mineral resource, and this resource is planned to be the focus for the development of a starter open pit mining project at Hamama West, with processing of ore using heap leach technology. This resource forms the basis of the preliminary technical and economic study, completed by Wardell Armstrong international Ltd, which was submitted to EMRA on May 31, 2018. This resource has not been reported, to date.

For additional disclosure regarding the Hamama West Deposit, see the Company's press releases as listed for download on the Aton Resources website, www.atonresources.com or filed under the Company's profile on SEDAR at www.sedar.com.

Classification	Domain	Density	Tonnes	Grade			Contained Metal		
		(g/cm ³)	(t)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (koz.)	Ag (koz.)	AuEq (koz.)
Indicated	FRESH	3.0	3,805,000	0.72	27.6	1.12	88	3,376	137
	TOTAL	3.0	3,805,000	0.72	27.6	1.12	88	3,376	137

Table 1: Indicated Mineral Resource by Domain: Above 0.5g/t gold equivalent (AuEq) cut-off

Classification	Domain	Density	Tonnes	Grade			Contained Metal		
		(g/cm ³)	(t)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (koz.)	Ag (koz.)	AuEq (koz.)
Inferred	OXIDE (surface)	2.4	220,000	1.63	19.9	1.92	12	141	14
	OXIDE	2.57	2,630,000	0.80	28.9	1.22	61	2,193	93
	FRESH	3.0	5,360,000	0.87	30.4	1.30	157	5,503	235
	TOTAL	2.85	8,210,000	0.87	29.7	1.29	230	7,836	341

Table 2: Inferred Mineral Resource by Domain: Above 0.5g/t gold equivalent (AuEq) cut-off

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Recent Abu Marawat Concession Highlights

- The main focus of exploration during Q3-2018 has been at the Rodruin prospect, with the access road having been completed to site, and the construction of drill access roads and pads well advanced, ahead of the ongoing RC drilling. Channel sampling of drill access road cuttings has continued at Rodruin, and returned surface mineralized intercepts including 65.3m @ 2.84 g/t Au and 5.26% Zn (profile ROC-009), 50.3m @ 1.37 g/t Au (profile ROC-017, at the Spiral Pit), and 26.3m @ 2.29 g/t Au (profile ROC-019, on the Central Buttress zone).
- The RC drilling program at Rodruin was started with 36 holes completed, for a total of 3,123m, by 22/11/18. Drill intercepts from these first 11 holes include 36m @ 12.47 g/t Au, from 5m depth (hole ROP-003), 163m @ 0.90 g/t Au and 2.54% Zn, from surface (hole ROP-017), 38m @ 1.84 g/t Au, from surface (hole ROP-004), 26m @ 1.82 g/t Au, from 15m (hole ROP-012), 34m @ 1.28 g/t Au, from 17m (hole ROP-014), and 59m @ 0.90 g/t Au, from surface (hole ROP-002). Almost every hole has intersected gold mineralization to date.
- Geological mapping is continuing at Rodruin, leading to a deeper understanding of the geological model, and continues to aid the planning and interpretation of the RC drilling. The Rodruin area is structurally very complex, and the geological model remains a work in progress.

Fatiri Concession

The Company notified EMRA that it wishes to relinquish the Fatiri Concession to focus on the Abu Marawat Concession in September 2016. On May 9, 2017, EMRA accepted on the basis that the Company pay US\$11,243 in training fees (no other liabilities related to Fatiri have been recorded). As of the date of the report, the Company has not made the payment and therefore has not relinquished Fatiri.

RESULTS OF OPERATIONS

Results of operations for the nine months ended September 30, 2018 as compared with 2017

The net loss for the period decreased by \$1,305,517 to \$2,299,822 (2017 – \$3,605,339). Individual items explaining this decrease in net loss are as follows:

- Exploration and evaluation expenditures decreased by \$574,103 to \$1,959,646 (2017 - \$2,533,749) as the Company completed less drilling at the Abu Marawat Concession during the period as it identified drill ready targets and constructed drill pads to prepare for the drilling program that commenced in late August 2018.
- Management and consulting fees decreased by \$93,956 to \$82,222 (2017 - \$176,178) as the Company focused on cost reduction during the period.
- Investor relations decreased by \$70,370 to \$80,140 (2017 - \$150,510) primarily due to the Company contracting investor relations as needed as compared to prior period where the Company employed a full time employee.
- Professional fees decreased by \$79,652 to \$63,696 (2017 - \$143,348) primarily due to reduced activity/litigation related to Note 11 to the notes of the condensed consolidated interim financial statements.
- The Company signed a financing package with Sandstorm Gold Ltd. ("Sandstorm") which included the sale of a 1% net smelter royalty ("NSR") covering the Abu Marawat concessions for \$300,000 (2017 - \$Nil).

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Cash Flows for the nine months ended September 30, 2018 compared to 2017

Cash outflows from operating activities decreased by \$268,493 to \$2,732,913 (2017 – \$3,001,406). The Company spent \$1,959,646 (2017 - \$2,533,749) on exploration and evaluation expenditures which while significant, was a decrease from the prior period. Overall cash outflows were comparable to the prior year as the Company focused on paying accounts payable and accrued liabilities that had built up in the previous quarter.

Net cash outflows from investing activities of \$Nil (2017 - \$18,598) as the Company purchased no equipment during the nine months ended September 30, 2018.

Net cash inflow from financing activities of \$3,045,295 (2017 – \$Nil) as the Company completed the financing previously announced less subscriptions of \$500,000 received during the year ended December 31, 2017.

SUMMARY OF QUARTERLY RESULTS

	2018	2018	2018	2017	2017	2017	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	997,433	391,678	910,711	851,786	729,126	1,196,564	1,679,649	959,926
Basic and diluted net loss per share	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.00

Results of operations for the three months ended September 30, 2018 as compared with 2017

The net loss for the period increased by \$268,307 to \$997,433 (2017 – \$729,126). Individual items explaining this increase in net loss are as follows:

- Exploration and evaluation expenditures increased by \$408,795 to \$719,573 (2017 - \$310,778) as the Company ramped up its drill program at the Abu Marawat Concession during the period.
- Share-based payments increased by \$49,809 to \$190,100 (2017 - \$140,291) as the Company granted 11,400,000 stock options at an exercise price of \$0.05 during the period.

LIQUIDITY AND CAPITAL RESOURCES

The Company, an exploration-stage company, has sustained operating losses during recent fiscal years and currently has negative cash flow. The Company had working capital deficit of \$149,640 as at September 30, 2018 (December 31, 2017 - \$1,250,383).

The Company's operations to date have been financed by issuing common shares and convertible debentures. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. The current working capital position casts significant doubt as to its ability to continue as a going concern. The Company has limited financial resources, limited sources of operating cash flow and no assurance that additional financing will be available for further development of its projects. During the period ended September 30, 2018, the Company successfully raised gross proceeds of \$3,583,289 through the issuance of common shares as well as \$300,000 through the sale of a royalty; however, there is no assurance that the Company will succeed in arranging all necessary financing in the future or on terms satisfactory to the Company.

Based on the cash position on hand as at the date of this MD&A and expected cash flow requirements of the Company for the next twelve months, management believes that the Company will require additional funds to meet its present operational commitments and working capital needs.

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SUBSEQUENT EVENT

Subsequent to September 30, 2018, the Company entered into a bridge loan facility with Moonrider, a shareholder of the Company. The Company will borrow \$1,000,000 from Moonrider payable at the earlier of 6 months from closing, on the occurrence of various standard events of default, or on the closing of any debt or equity financing by the Company in an amount in excess of \$1,500,000. In addition, the proceeds of the exercise of any outstanding share purchase warrants will be applied to the repayment of the loan. The loan will bear interest at a rate of 10% per annum. In consideration of the loan, the Company will issue 18,181,818 share purchase warrants exercisable at a price of \$0.055 per warrant expiring in 12 months.

PROPOSED TRANSACTIONS

There are no unannounced proposed transactions at the date of this report.

OUTSTANDING SHARE DATA

At the date of this report the Company has 267,783,223 issued and outstanding common shares, 26,775,000 outstanding stock options, and 155,163,552 outstanding warrants.

TRANSACTIONS WITH RELATED PARTY AND BALANCES

The following entities are classified as related parties due to the following:

Related party	Relationship
Mark Campbell	Director and CEO
Bill Koutsouras	Director
Giles Baynham	Director
Anthony Clements	Director
David Laing	Director
Tonno Vahk	Director
Kouts Capital	Consulting company for Bill Koutsouras
Justin Blanchet	CFO
Red Fern Consulting Ltd.	Consulting company for Justin Blanchet

a) Key management personnel compensation

The remuneration of directors and management including the CEO and CFO were as follows:

For the nine months ended September 30			
		2018	2017
Short-term employee benefits – management compensation	\$	138,750	\$ 138,750
Short-term employee benefits – directors' fees		56,250	52,661
Share-based payments – management compensation		86,467	34,939
Share-based payments – directors' fees		143,899	79,271
	\$	425,366	\$ 305,621

b) Related party balances and transactions

The balances due to the Company's current directors and officer included in accounts payables and accrued liabilities were \$14,608 as at September 30, 2018 (December 31, 2017 – \$55,448). These amounts are unsecured, non-interest bearing and payable on demand.

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COMMITMENTS AND CONTINGENCIES

As at the date of this MD&A, the Company has no undisclosed commitments or contingencies.

A former director and CEO of the Company commenced litigation against the Company alleging wrongful dismissal and claiming damages of US\$500,000 for severance and unpaid wages of \$236,798 plus interest and costs related. The Company is defending the cases and believes they are without merit. No liability other than unpaid fees for services amounting to \$253,386 has been recorded in relation to these legal proceedings.

Former employees of the Company commenced litigation against the Company in Egypt alleging wrongful dismissal and claiming damages up to US\$350,000. The Company is defending the cases and believes they are without merit. No contingent liability has been recorded in relation to these legal proceedings.

In the ordinary course of business, the Company is from time to time involved in legal proceedings and litigation. Presently, there are no legal proceedings and litigations that recently have had, or to the Company's knowledge, are reasonably possible to have, a material impact on the Company's financial positions, results of operations or cash flows. The Company did not accrue any loss contingencies in this respect as of September 30, 2018 and December 31, 2017, as the Company did not consider an unfavorable outcome in any material respects in these legal proceedings and litigations to be probable.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities. The fair value of the Company's other receivables, accounts payable and accrued liabilities, and convertible debentures approximate their carrying value, which is the amount disclosed on the balance sheet dates due to their short-term maturities or ability of prompt liquidation. The Company's other financial instrument, cash, under the fair-value hierarchy, is based on level-one quoted prices in active markets for identical assets or liabilities.

Strategic and operational risks are risks that arise if the Company fails to identify opportunities and/or threats arising from changes in the markets in which the Company operates. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory developments and competitor actions. These risk factors are discussed in the "Risks and Uncertainties" section of this MD&A.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. The Company's current other receivable balance consists of amounts outstanding on Input Tax Credits from Canada Revenue Agency. The Company's exposure to credit risk is minimal.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2018, the Company had a cash balance of \$346,495 (December 31, 2017 - \$34,113) to settle current liabilities of \$843,815 (December 31, 2017 - \$1,338,106). All accounts payable and accrued liabilities fall due within the next 12 months.

The Company does not have sufficient working capital to meet its short-term business requirements. See "Liquidity and Capital Resources" section for a further commentary on the Company's liquidity risks. Interest risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's operations are in Canada and Egypt. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currencies, including Egyptian Pounds, and US Dollars. The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

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Market risk is the risk that the fair values or future cash flows of the Company will fluctuate because of changes in market commodity rates. The Company's efforts are focused on the exploration and, if warranted, development of mineral resources. As such, the Company's future cash flows and valuation of its future mineral assets will be exposed to market risk on the price fluctuations of the commodity rates of these minerals.

OUTLOOK

The Company notified EMRA of its intention to make a declaration of commerciality at its Hamama project and its intention to move toward its goal of construction of a producing mine on or before the end of year 2019. Wardell Armstrong International Ltd. completed a preliminary technical and economic study on the Hamama West oxide gold deposit specifically for EMRA in support of its declaration of Commerciality and which was submitted to EMRA in support of this declaration of commerciality at Hamama on May 31, 2018. This study was approved, and an extension to the exploration license was granted by EMRA in accordance with the terms of the CAAM. The Company will also be focusing exploration efforts at the Rodruin prospect.

The Company plans to continue its regional exploration program over the highly prospective Abu Marawat Concession, with a primary focus on the Rodruin prospect. In this regard and in recognition of the work being carried out to begin mining at Hamama, EMRA has offered to grant Aton a two-year extension until July 31, 2020, of the Company's exploration license covering the balance of the Abu Marawat Concession area not covered by the Hamama exploitation license in recognition of this accelerated intention to declare commerciality.

In addition, we anticipate the Government of Egypt will enact historic changes to the Mineral Resources Law within three months, based on the recommendations of Wood Mackenzie. We expect these proposed changes to result in increased investor interest in the Egyptian mining sector.

RISKS AND UNCERTAINTIES

In addition to the fact that all current and proposed exploration and mining activities of the Company are situated in Egypt (refer to the *Corporate Overview* section in this MD&A for discussion of foreign and political risk) and the usual risks associated with an investment in a mineral exploration and development company, the directors of the Company believe that, in particular, the risk factors set out below should be considered. It should be noted that this list is not exhaustive and that other risk factors may apply. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors of the Company are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment. An investment in the Company may not be suitable for all investors.

The market price of the Common Shares may be volatile

The market price of the Common Shares may experience significant volatility. Numerous factors, including many over which the Company has no control, may have a significant impact on the market price of the Common Shares, including, among other things:

- results of exploration programs;
- the Company's financial condition and ability or perceived ability to raise funds in the future;
- price fluctuations in gold and other commodities;
- political unrest in Egypt and more broadly, Africa;
- changes in investor sentiment towards the Company or towards the junior mining sector;
- changes in estimates, recommendations, or other material comments by securities analysts relating to the Company, its competitors or the industry in general;
- announcements by other companies in the industry relating to their operations, strategic initiatives, financial condition or financial performance or to the industry in general;
- announcements of acquisitions or consolidations involving industry competitors or industry suppliers;

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- addition or departure of the Company's executive officers;
- sales or perceived sales of additional Common Shares; and
- market response to the work stoppages and unrest at properties near to or adjacent to the Company's mineral assets.

In addition, the stock market in recent years has experienced extreme price and trading volume fluctuations, many of which have been unrelated or disproportionate to the operating performance of individual companies. These broad market fluctuations may adversely affect the price of the Common Shares, regardless of the Company's operating performance.

Need for additional financing

The Company will require additional financing, including through the sale of assets and/or the issue and sale of equity or debt securities if various events alone or in combination occur. No assurance is given that the Company will be able to obtain necessary financing in a timely manner or on acceptable terms, if at all.

The Company will require significant capital in order to develop its concessions and to fund its operating costs. The Company currently has no revenues from operations and is currently wholly reliant upon external financing to fund all of its capital requirements. The Company will require additional financing from external sources to meet such requirements. No assurance is given that such financing will be available to the Company or, if it is, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities of the Company, the interests of shareholders in the net assets of the Company may be diluted. Any failure of the Company to obtain required financing on acceptable terms could have a material adverse effect on the Company's financial condition, results of operations, and liquidity, and could require the Company to cancel or postpone planned capital investments.

Limited operating history

The Company has a limited history of operations, is in the early stage of exploration and must be considered a start-up company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. No assurance is given that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in the light of its early stage of operations. The Company has no history of mining operations, and gives no assurance that it will successfully produce gold, generate revenue, operate profitably or provide a return on investment in the future. Other factors maintained in this section may also prevent the Company from successfully operating a mine.

Future issuances of Common Shares or equity-related securities may depress the trading price of the Common Shares

Any issuance of equity securities could dilute the interests of existing shareholders and could substantially decrease the trading price of the Common Shares. The Company may issue equity securities in the future for a number of reasons, including to finance its exploration program and operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions) and to satisfy the Company's obligations upon the exercise of outstanding warrants or options or for other reasons. Sales of a substantial number of Common Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Common Shares, and impair the Company's ability to raise capital through the sale of additional equity securities. The Company cannot predict the effect that future sales of the Common Shares or other equity-related securities would have on the market price of the Common Shares.

Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions

The Company conducts its mining, development and exploration activities in Egypt. The Company's foreign mining investments are subject to the risks normally associated with the conduct of business in foreign

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countries. The occurrence of one or more of these risks could have a material and adverse effect on the Company's profitability or the viability of its affected foreign operations, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Risks may include, among others, labour disputes, invalidation of governmental orders and permits, corruption, uncertain political and economic environments, sovereign risk, war (including in neighbouring states), civil disturbances and terrorist actions, arbitrary changes in laws or policies of particular countries, the failure of foreign parties to honour contractual relations, corruption, foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold or ore concentrate exports, instability due to economic under-development, inadequate infrastructure and increased financing costs. In addition, the enforcement by the Company of its legal rights to exploit its properties may not be recognized by the government of Egypt or by its court system. These risks may limit or disrupt the Company's operations, restrict the movement of funds or result in the deprivation of contractual rights, revocation of mineral rights, or the taking of property by nationalization or expropriation without fair compensation.

The economy and political system of Egypt is currently stable but should be considered by investors to be less predictable than those in countries in which the majority of investors are likely to be resident. The possibility that the current, or a future, government may adopt substantially different policies, take arbitrary action which might restrict or halt exploration activities, halt production (if commenced), extend to the re-nationalization of private assets or the cancellation of contracts, the cancellation of mining and exploration rights and/or changes in taxation treatment cannot be ruled out, the happening of any of which could result in a material and adverse effect on the Company's results of operations and financial condition.

External perceptions of Egypt with respect to political and economic instability and civil unrest may have an adverse effect on the market value of the Company's shares or the ability of the Company to attract suppliers, contractors and skilled workers to its operations in Egypt, which could have an adverse impact on capital projects and on-going operations, which in turn could have a material and adverse effect on the Company's business, results of operations, financial performance and prospects.

The Company depends on two mineral projects without a known body of commercial ore or reserves

The Abu Marawat deposit and the Hamama deposit in the Abu Marawat Concession are currently the Company's only material properties, both of which are in the exploration stage without a known body of commercial ore or reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of these mineral deposits will result in discovery of commercial quantities of ore. Any adverse development affecting the progress of the Abu Marawat Concession or rights of the Company to develop the mining concession may have a material adverse effect on the Company's objectives, financial condition and results of operations.

The Company's title to mineral rights could be challenged

The acquisition and retention of title to mineral rights is a detailed and time consuming process. Title to, and the area of, mineral interests may be disputed or challenged. The Company's right to explore for, mine, produce and sell gold from the Abu Marawat Concession is based on the Abu Marawat Concession Agreement which was declared into law on June 28, 2007 (the "Abu Marawat Concession Agreement"). Should the Company's rights under the Abu Marawat Concession Agreement not be honoured or be unenforceable for any reason, or if any material term of the Abu Marawat Concession Agreement is unilaterally changed or not honoured, including the boundaries, the Company's ability to explore and produce gold or associated minerals in the future would be materially and adversely affected, and this would have a material and adverse effect on the Company's financial performance and results of operations.

The Company's right to explore, develop, mine and sell gold and associated minerals under the Abu Marawat Concession Agreement may be terminated if the Egyptian government determines that the Company has submitted material false statements to the Egyptian government; that the Company has assigned any interest to any unrelated party without the written consent of the Egyptian government; that the Company has not complied with any final decisions reached as a result of provisions in the Abu Marawat Concession Agreement with respect to disputes and arbitration; that the Company has intentionally extracted any mineral other than

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gold and associated minerals authorized by the Abu Marawat Concession Agreement without the approval of the Egyptian government; or that the Company has committed any material breach of the Abu Marawat Concession Agreement. The Company cannot guarantee that the Egyptian government will not deem any of the above events to have happened, arbitrarily or not. Any claim of such events occurring could result in termination of the Abu Marawat Concession Agreement.

Under the Abu Marawat Concession Agreement, all land in the Abu Marawat Concession may become the property of the Egyptian Mineral Resources Authority ("EMRA"). Title to the fixed and movable assets are also required to be transferred by the Company to EMRA as soon as their costs are recovered by the Company. Should the relationship between EMRA and the Company break down, the Company will not have legal title to the land at the Abu Marawat Concession nor the fixed or movable assets, which could result in removal of Corporation personnel from the concession area and/or prevention from using the fixed and moveable assets, which could result in delays of operations.

Precious and base metal exploration projects may not be successful and are highly speculative in nature

The exploration for and development of precious and base metals involves significant risks which even a combination of careful evaluation, experience and knowledge cannot eliminate. While the discovery of a precious and base metal deposit may result in substantial rewards, few properties, which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral resources or reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a precious and base metal deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to the reduction or the elimination of diesel, fuel and energy subsidies, water access, prices, taxes, royalties, land tenure, land use, importing and exporting of precious metals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the Company towards the search and evaluation of precious and base metal deposits will result in discoveries of commercial quantities of such metals.

Mining operations generally involve a high degree of risk

Mining exploration activities and operations are subject to all the hazards and risks normally encountered in the exploration for and development and production of precious metals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, variations in grade, deposit size, density and other geological problems, hydrological conditions, metallurgical and other processing problems, mechanical equipment performance problems, the unavailability of materials and equipment including fuel, labour force disruptions, unanticipated transportation costs, unanticipated regulatory changes, unanticipated or significant changes in the costs of supplies including, but not limited to, petroleum, and adverse weather conditions and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Should any of these risks and hazards affect any of the Company's proposed exploration activities it would have a material and adverse effect on the financial condition, results of operation, and cash flows of the Company.

The Company may experience regulatory, consent or permitting delays

The business of mineral exploration, project development, mining and processing is subject to various national and local laws and plans relating to: permitting and maintenance of title; environmental consents; taxation; employee relations; heritage / historic matters; health and safety; royalties; land acquisition; and other matters. There is a risk that the necessary permits, consents, authorizations and agreements to implement planned exploration, project development, or mining may not be obtained under conditions or within time frames that

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make such plans economic, that applicable laws, regulations or the governing authorities will change or that such changes will result in additional material expenditures or time delays.

The Company is an exploration-stage company without any current mineral resources or mineral reserves. Should the Company be successful in its exploration programs in identifying mineral resources or mineral resources and reserves, feasibility studies may be used to determine the economic viability of a deposit. Many factors are involved in the determination of the economic viability of a deposit including the achievement of satisfactory mineral reserve estimates (of which the Company currently has none), the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future gold prices. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the metals from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties and as a result the Company cannot give assurance that its development or exploration projects will become operating mines. If a mine is developed, actual operating results may differ from those anticipated, thereby impacting on the economic viability of the project.

The Company's properties are subject to environmental risks

Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. The Company cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect the Company's profitability, results of operations and financial condition.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required.

The Company relies on its management team and outside contractors, and the loss of one or more of these persons may adversely affect the Company

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management and outside contractors. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors. The Company does not have in place formal programs for succession of management and training of management, nor does it hold key person insurance on these individuals. The loss of one or more of these key employees or contractors, if not replaced, could adversely affect the Company's operations and financial condition.

The Company's insurance coverage does not cover all of its potential losses, liabilities and damages related to its business and certain risks are uninsured or uninsurable

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes or slowdowns, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment or laws, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover certain risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and

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production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Volatility in precious and base metal prices may affect the future production, profitability, financial position and financial condition of the Company

The development and success of the Abu Marawat Concession will be dependent on the future price of precious and base metals. These prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world. The prices of precious and base metals have fluctuated widely in recent years, and future serious price declines could cause continued development of, and commercial production from, the Company's properties to be impracticable or uneconomic. Depending on the prices of precious and base metals, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue development and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent on prices of precious and base metals that are adequate to make these properties economically viable.

Substantial expenditures are required to establish mineral reserves

Substantial expenditures are required to establish mineral reserves. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The discovery of mineral deposits is dependent upon a number of factors. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which relate to particular attributes of the deposit, such as size, grade and proximity to infrastructure, and some of which are more general factors such as metal prices and government regulations, including environmental protection. Many of these factors are beyond the control of the Company. In addition, because of these risks, there is no certainty that the expenditures to be made by the Company on the exploration of the properties as described herein will result in the discovery of commercial quantities of ore.

Currency fluctuations may affect the costs that the Company incurs in its operations

The revenue from financing activities will be received in Canadian dollars while a significant portion of its operating expenses will be incurred in United States dollars, Egyptian pounds and other foreign currencies. From time to time, the Company will incur capital expenditures that are denominated in foreign currency. The depreciation of the Canadian currency as against the currencies that the Company operates with could materially and adversely affect the Company's profitability, results of operation and financial position.

Conflicts of interest may affect certain directors and officers of the Company.

Senior officers and directors of the Company own or control approximately 10% of the outstanding Common Shares. Certain conflicts may arise between such individuals' interests as members of the management team and their interests as shareholders. Such conflicts could arise, for example, with respect to the payment of salaries and bonuses and similar matters. The Company's directors and officers are subject to fiduciary obligations to act in the best interest of the Company.

Any of the risks and uncertainties described above and in the above-noted documents could have a material adverse effect on the Company's business and financial condition and accordingly, should be carefully considered in evaluating the Company's business.

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OFF-BALANCE SHEET ARRANGEMENTS

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

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com