AFRICAN GOLD GROUP, INC.
Consolidated Financial Statements
For the years ended December 31, 2014 and 2013

(Expressed in U.S. Dollars)

BDO

Tel: 416 865 0200
Fax: 416 865 0887
www.bdo.ca

BDO Canada LLP
TD Bank Tower
66 Wellington Street West
Suite 3600, PO Box 131
Toronto ON M5K 1H1 Canada

Independent Auditor's Report

To the Shareholders of African Gold Group, Inc.

We have audited the accompanying consolidated financial statements of African Gold Group, Inc., which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated statements of comprehensive loss, consolidated statements of equity and consolidated statements of cash flows for the years ended December 31, 2014 and December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International financial reporting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of African Gold Group, Inc. as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the going concern assumption paragraph in Note 2 of the consolidated financial statements which indicates that there is uncertainty as to whether the Company will be able to meet its committed exploration expenditures for its exploration and evaluation assets and to meet its corporate administrative expenses for the next 12 months without additional financing. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

April 30, 2015
Toronto, Ontario

AFRICAN GOLD GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in U.S. Dollars)

December 31	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 484,418	$ 498,496
Receivables	69,206	53,553
Prepaid expenses	72,401	36,020
Total Current assets	626,025	588,069
Exploration and evaluation assets (note 5)	20,745,452	24,864,490
Property and equipment (note 6)	41,675	738,826
Total Assets	$ 21,413,152	$ 26,191,385
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	$ 1,620,900	$ 1,677,838
SHAREHOLDERS' EQUITY		
Share capital (note 8)	47,627,220	45,212,744
Shares to be issued (note 8)	446,235	-
Reserve - share based payments (note 8)	6,504,918	6,203,113
Accumulated other comprehensive income	(3,176,566)	(798,023)
Accumulated deficit	(31,609,555)	(26,104,287)
Total Shareholders' Equity	19,792,252	24,513,547
Total Liabilities and Shareholders' Equity	$ 21,413,152	$ 26,191,385

Commitments and Contingencies, note 14

On behalf of the Board:

______________________________ Director

______________________________ Director

The accompanying notes are an integral part of the consolidated financial statements

AFRICAN GOLD GROUP, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in U.S. Dollars)

For the years ended December 31	2014	2013
Interest income	$ 3,880	$ 8,190
Expenses		
Administrative and general	1,322,964	1,149,488
Personnel costs	354,370	450,649
Depreciation	45,288	59,783
Foreign exchange gain	(2,337,560)	(1,627,554)
Share based payments	409,515	472,088
Derecognition of financial liability (note 7)	(269,130)	-
Unrecoverable exploration costs, property and equipment (note 5)	5,983,701	2,037,419
	5,509,148	2,541,873
Net loss for the year	$ 5,505,268	$ 2,533,683
Other Comprehensive Income		
Foreign currency translation differences	2,378,543	1,786,565
Comprehensive loss for the year	$ 7,883,811	$ 4,320,248
Average weighted shares outstanding	151,196,466	122,501,463
Basic and diluted loss per share (note 9)	$ 0.04	$ 0.02

The accompanying notes are an integral part of the consolidated financial statements

AFRICAN GOLD GROUP, INC.
CONSOLIDATED STATEMENT OF EQUITY
(Expressed in U.S. Dollars)

	Shares	Share Capital	Shares to be issued	Reserve - Share Based Payments	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	#	$		$	$	$	$
Balance, December 31, 2012	115,564,988	43,933,108	-	5,650,655	988,542	(23,570,604)	27,001,701
Private placement (note 8)	21,428,856	1,271,905	-	83,631	-	-	1,355,536
Exercise of broker compensation units (note 8)	66,840	7,731	-	(3,261)	-	-	4,470
Share based payments (note 8)	-	-	-	472,088	-	-	472,088
Foreign currency translation differences	-	-	-	-	(1,786,565)	-	(1,786,565)
Net loss for the year	-	-	-	-	-	(2,533,683)	(2,533,683)
Balance, December 31, 2013	137,060,684	45,212,744	-	6,203,113	(798,023)	(26,104,287)	24,513,547
Exercise of stock options (note 8)	2,050,000	315,225	-	(128,701)	-	-	186,524
Exercise of broker compensation units (note 8)	202,929	13,346	-	-	-	-	13,346
Private placement (note 8)	20,028,124	2,085,905	-	20,991	-	-	2,106,896
Shares to be issued (note 8)	-	-	446,235	-	-	-	446,235
Share based payments (note 8)	-	-	-	409,515	-	-	409,515
Foreign currency translation differences	-	-	-	-	(2,378,543)	-	(2,378,543)
Net loss for the year	-	-	-	-	-	(5,505,268)	(5,505,268)
Balance, December 31, 2014	159,341,737	47,627,220	446,235	6,504,918	(3,176,566)	(31,609,555)	19,792,251

The accompanying notes are an integral part of the consolidated financial statements

AFRICAN GOLD GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

For the year ended December 31	2014	2013
Cash flow from operating activities		
Net loss for the year	$ (5,505,268)	$ (2,533,683)
Adjustments to reconcile loss to net cash used in operating activities		
Foreign exchange gain	(2,337,560)	(1,627,554)
Depreciation	45,288	59,783
Interest income	(3,880)	(8,190)
Loss on disposal of property and equipment	5,205	-
Share based payments	409,515	472,088
Derecognition of financial liability (note 7)	(269,130)	-
Unrecoverable exploration costs, property and equipment (note 5)	5,983,701	2,037,419
	(1,672,129)	(1,600,137)
Changes in non-cash working capital		
Receivables and prepaid expenses	(52,034)	78,422
Accounts payable and accrued liabilities	212,192	(796,815)
Net cash used in operating activities	(1,511,971)	(2,318,530)
Cash flow from investing activities		
Interest received	3,880	8,190
Purchase of property and equipment	(22,515)	(4,081)
Net proceeds from sale of exploration asset	-	2,205,000
Investment in exploration and evaluation assets	(1,220,432)	(1,401,721)
Net cash provided by (used in) investing activities	(1,239,067)	807,388
Cash flow from financing activities		
Issuance of common shares, net of issuance costs $96,647 (2013 - $75,483)	2,077,402	1,355,536
Exersice of stock options	186,524	-
Exercise of broker compensation units	13,346	4,470
Shares to be issued	446,235	-
Net cash provided by financing activities	2,723,507	1,360,006
Effect of foreign currency translation on cash balances	13,453	(159,011)
Decrease in cash and cash equivalents	(14,078)	(310,147)
Cash and cash equivalents, beginning of year	498,496	808,643
Cash and cash equivalents, end of year	$ 484,418	$ 498,496
Cash and cash equivalents:		
Cash	$ 484,099	$ 106,045
High-interest savings account	319	392,451
	$ 484,418	$ 498,496
Non monetary transactions:		
Units and broker warrants issued in exchange for services (note 8)	$ 29,495	$ -

The accompanying notes are an integral part of the consolidated financial statements

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

African Gold Group, Inc. (the "Company" or "AGG") was incorporated in Ontario, Canada on October 2, 2002 and carries on business in one segment, being the identification, acquisition and exploration of properties for mining of precious and base metals. The Company's principal assets are mining licenses located in Ghana and Mali, West Africa. The Company is listed on the TSX Venture Exchange, having the symbol AGG-V. The address of the Company's head office is 151 Yonge Street, Suite 1100, Toronto, Ontario, Canada M5C 2W7.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the achievement of the Company's ability to dispose of its interests on an advantageous basis. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements.

Statement of compliance

These financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the Company's reporting for the year ended December 31, 2014.

The consolidated financial statements were authorized for issue by the Board of Directors on April 30, 2015.

2. GOING CONCERN

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these consolidated financial statements

The Company reported net loss of $5,505,268 (2013 - $2,533,683) in the year and negative cash flows from operations of $1,511,971 (2013 - $2,318,530). At December 31, 2014, the Company has a deficit of $31,609,555 (2013 - $26,014,287). There is uncertainty as to whether the Company will be able to meet its committed exploration expenditures for its exploration and evaluation assets and to meet its corporate administrative expenses for the next 12 months without additional financing.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent on its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. The Company is also considering the sale of its exploration and evaluation assets in Ghana in order to obtain additional sources of financing.

These circumstances create material uncertainty that lends significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting principles followed in preparing these consolidated financial statements are as follows:

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in United States dollars unless otherwise indicated. The functional currency of the Company is the Canadian dollar.

Principles of Consolidation

The consolidated financial statements include the accounts of its wholly owned subsidiaries, AGG (Barbados) Limited (incorporated in Barbados), AGG (Ghana) Ltd. and Arziki Mining Ltd. ("Arziki") (both incorporated in Ghana, Africa) and AGG (Mali) S.A.R.L. and Kobada Development S.A.R.L (both incorporated in Mali, Africa) as well as a 95% interest in Foroko Explorations S.A.R.L. (incorporated in Mali, Africa). All inter-company transactions and resulting balances have been eliminated on consolidation.

Financial Instruments

Financial Assets

Financial assets are initially recorded at fair value and designated upon inception into one of the following categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss. Financial assets are recognized on the trade date at which the Company becomes party to the contractual provisions of the instrument.

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company's cash and cash equivalents and receivables are classified as loans and receivables.

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are initially recorded at fair value and designated upon inception as other financial liabilities. Accounts payable and accrued liabilities are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Accounts payable and accrued liabilities are classified as other financial liabilities. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid high-interest savings accounts convertible to known amounts of cash and subject to an insignificant risk of change in value.

Exploration and Evaluation Assets

Pre-exploration costs are expensed in the year in which they are incurred.

Once the legal right to explore a property has been acquired, all direct costs related to exploration and evaluation of mineral properties, net of incidental revenues, are capitalized under exploration and evaluation assets. Exploration and evaluation expenditures include such costs as the acquisition of rights to explore; sampling and surveying costs; costs related to topography, geology, geochemistry and geophysical studies; drilling costs and costs in relation to technical feasibility and commercial feasibility of extracting a mineral resource. These costs will be amortized against income using the unit-of-production method based on estimated recoverable reserves. The recorded amounts exploration and evaluation assets represent actual expenditures incurred and are not intended to reflect present or future values. Costs not directly attributable to exploration and evaluation activities, including general and administrative costs, are expensed in the year in which they occur.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development, and on future profitable production or proceeds from the disposition thereof, all of which are uncertain.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as ‘mines under construction’. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs. Mineral exploration and evaluation expenditures are classified as intangible assets.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in profit or loss over the estimated useful lives as follows:

Computers	-	30% diminishing balance
Furniture and fixtures	-	10% straight line
Truck	-	20% straight line
Leasehold improvements	-	Over the term of the lease
Exploration equipment	-	33 1/3% straight line

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of individual assets, the impairment test is carried out on the asset's cash-generation unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely dependent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of Non-Financial Assets - continued

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income/loss.

Income Taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to taxes payable with regards to previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized tax deferred assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share Based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Company’s estimate of options that will eventually vest. The number of forfeitures likely to occur is estimated on grant date.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Share Based Payments – continued

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in Reserve – Share based payments, until exercised. Upon exercise, the shares are issued from treasury and the amount reflected in Reserve – Share based payments is credited to share capital for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Comprehensive Income (Loss)

Comprehensive income includes net earnings (loss) and other comprehensive income (loss). Other comprehensive income includes holding gains on available for sale investments, gains and losses on certain derivative instruments and currency gains and losses relating to the translating financial statements of foreign operations.

Foreign Currency Transactions and Translation

The presentation currency is the U.S. dollar. The Company's functional currency is the Canadian dollar. The functional currency of the Company’s subsidiaries, AGG (Barbados) Limited, AGG (Ghana) Ltd., Arziki Mining Ltd. ("Arziki"), AGG (Mali) S.A.R.L., Kobada Development S.A.R.L. and Foroko Exploration S.A.R.L. is the U.S. dollar. References to CDN$ represent Canadian dollars.

Accordingly, the accounts of the Company are translated to U.S. dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Provisions

A provision is recognized in the consolidated statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognized as interest expense.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. At each consolidated statement of financial position reporting date, provisions are reviewed and adjusted to reflect the current best estimate of the expenditure required to settle the present obligation.

The Company has no material provisions as at December 31, 2014 or December 31, 2013.

Rehabilitation Provisions

A legal or constructive obligation to incur rehabilitation provisions may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market- based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company had no material rehabilitation obligations as at December 31, 2014 or December 31, 2013.

Loss per Share

Basic loss per share is calculated by dividing net loss applicable to common shares of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding. Additional common shares that would have been outstanding from the conversion of stock options was not included in the calculation because the calculation would be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going Concern

As is common with exploration companies, the Company's ability to continue its on-going and planned exploration activities and continue operations as a going concern, is dependent upon the recoverability of costs incurred to date on mineral properties, the existence of economically recoverable reserves, and the ability to obtain necessary equity financing from time to time. The factors considered by management are disclosed in Note 2.

Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

CGU Determination

Identification of an asset's cash-generating unit under IAS 36 involves judgment. If the recoverable amount cannot be determined for an individual asset, management identifies the lowest aggregation of assets that generate largely independent cash inflows. Management has determined that there are two CGUs for impairment testing purposes.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Critical Accounting Estimates and Judgments - continued

Functional Currency

The determination of an entity's functional currency is a key judgment based on the primary economy environment in which each entity of the Company operates. In determining the functional currency, management considers the currency that most faithfully represents the economic effects of events, conditions, future direction and investment opportunities.

Income taxes

The Company has not recognized a deferred tax asset as management believe it is not probable that taxable profit will be available against which a deductible temporary differences can be utilized.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment

Assets, including property and equipment, and exploration and evaluation assets, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts.

An impairment loss is recognized for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates the higher of fair value less costs to sell and value in use. Determining the recoverable amount of property and equipment and exploration and evaluation assets requires management to make assumptions about future events and circumstances and cash flows. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

Accounting standards adopted in the current year

The Company adopted IAS 36 Impairment of Assets which resulted in additional disclosure in the consolidated financial statements.

The Company adopted IFRIC 21 Levies with no significant impact on the consolidated financial statements.

Recent Accounting Pronouncements

The International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committees ("IFRIC") have issued a number of new or revised standards or interpretations that will become effective for future periods and have a potential implication for the Company.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Recent Accounting Pronouncements - continued

IFRS 9 Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 15 Revenue from Contracts with Customers (“IFRS 15) establishes principles for recognizing revenues based on a five-step model which is to be applied to all contracts with customers. The company plans to adopt the new standard for the year ended December 31, 2017.

The Company has not early adopted any of these standards or interpretations and is currently assessing the impact of the revised standards and interpretations on its financial statements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at banks and on hand earn interest at floating interest rates based on daily deposit rates. The Company had no cash equivalents at December 31, 2014 or December 31, 2013.

5. EXPLORATION AND EVALUATION ASSETS

The Company holds interests in the following mineral properties in Ghana and Mali:

Twedee License ("the Twedee License") (also known as the Arziki License)

The Company through its Ghanaian subsidiary, Arziki Mining Ltd., owns a 100% interest in the Twedee License which is subject to a 10% interest by the Government of Ghana. The Company is in the process of commuting the reconnaissance license held to a prospecting license which requires the dividing the existing property in two halves and individually applying for a prospecting license. The projects will be identified as Tweedee and Pekyi. AGG has paid the required fee of GHC 1,000 to the Ghana Minerals Commission and is awaiting ministerial approval on this matter.

Moseaso License ("the Moseaso License")

Pursuant to an Option Agreement dated May 30, 2003 entered into by the Company and Moseaso Mining Company Limited ("MMC"), the Company has the right to acquire 100% interest in the Moseaso License for a period up to May 30, 2008 subject to a 10% interest by the Government of Ghana and a 15% net profit interest by MMC with the option to pay $250,000 at the time of production and decrease the net profit interest due to MMC to 10%. All consideration required by the terms of the agreement has been satisfied to date.

5. EXPLORATION AND EVALUATION ASSETS - continued

Nyankumasi Concession

On October 1, 2004, CME Ghana Ltd, entered into an option agreement to acquire the Nyankumasi concession from Jelgom Mining Company Limited on behalf of the Company for a total consideration of $200,000. Under the terms of the agreement, the Company paid $5,000 on the signing of the agreement. In addition, the Company paid a one time quarterly fee of $15,000. Annual payments were required to be made over a period of 5 years or until production commences. All consideration required by the terms of the agreement has been satisfied to date and the property title transferred to a subsidiary of the Company.

The interest in the concession is subject to a 10% royalty interest to the Government of Ghana and a 3% net smelter royalty to Jelgom Mining Company. The Nyankumasi concession covers approximately 71 square kilometers and is situated in the northeastern section of the Ashanti gold belt, approximately 48 kilometers east of Anglo Gold Ashanti's Obuasi mine and approximately 30 kilometers south-southwest of Newmont Mining Corporation's Akyem Project.

Tropical License

Pursuant to an Option Agreement dated April 4, 2005 entered into by the Company and Tropical Minerals Co. Ltd ("Tropical"), the Company has the right to acquire 100% interest in the Tropical Prospecting License for a period up to April 30, 2009 subject to a 10% interest by the Government of Ghana and a 20% net profit interest by Tropical for a purchase price of $300,000. The Tropical License covers an area of 98.84 sq. km. and 36.91 sq. km. located in the Amansie West and Nkawie Districts respectively in the Ashanti Region.

The Company paid a signing fee of $3,000 and $145,000 towards the purchase of a 70% interest in the License as per the terms of the Agreement with the final payment of $15,000 being satisfied to date.

The Company is responsible for all exploration expenditures with a right of first refusal to purchase the 20% net profit interest of Tropical in the event Tropical decides to sell. The Company may at any time terminate the Agreement by providing one month's written notice without reimbursement.

As a result of an arbitration process completed on January 6, 2012 between the Company and Tropical, it was agreed that AGG would pay $500,000 to Tropical to have the deed of assignment transferred. Payment has been satisfied and the requisite documents were filed with the Ghana Minerals to transfer Tropical’s assignment.

Manso Atwere License

On September 12, 2007, the Company entered into an option agreement with Gyampo Mining Company Limited (“GMCL”) to acquire 100% interest in a prospecting license for the Manso Atwere concession located in Ghana, West Africa for a 5 year period through September 12, 2012 subject to a 10% equity interest by the Government of the Republic of Ghana and a 10% net profit interest to GMCL for a purchase price of $450,000. All consideration required by the terms of the agreement has been satisfied to date.

On March 23, 2011, the Company entered into an agreement with the Gyampo Mining Company Limited to purchase a 100% interest in a mineral license containing an area of approximately 6.8 square kilometres in the Amansic West District of the Ashanti Region in the Republic of Ghana for $120,000. All consideration required by the terms of the agreement has been satisfied to date.

5. EXPLORATION AND EVALUATION ASSETS - continued

Mali Concessions

On June 28, 2005, the Company entered into an agreement with Compagnie Miniere d'Or SA (”Cominor”) of France to acquire a 100% interest in three exploration permits for three separate mineral concessions located in the Republic of Mali, West Africa. The purchase price paid for these three concessions was 750,000 Euros.

The three exploration permits consist of:

(i) The Bagoe-West Concession, which comprises 183 sq. km of land located in the Sikasso Region,
(ii) The Bagoe-East Concession, which comprises 183 sq. km of land located in the Sikasso Region, and
(iii) The Kobada Concession, comprising 41 sq. km of land located in the Kangaba Region.

Included in the purchase price are data based reference material gathered from exploration and development activities performed by Cominor on each of the concessions, and a variety of ground transportation and exploration equipment.

In January 2008, the Company received notification from the Government of Mali Mines, Energy and Water Department that the application to explore the Foroko and Acoma concessions had been approved. The properties, representing approximately 216 square kilometres, are adjacent to the Kobada concession. In August 2012, all Mali permits were consolidated into one mining permit under the existing Acoma permit. The permit is valid to July 29, 2015 and automatically renews for an additional two-year period.

5. EXPLORATION AND EVALUATION ASSETS - continued

The following is a summary of the carrying amount of exploration and evaluation assets:

	Twedee & Pekyi Licenses	Moseaso License	Nyankumasi Concession	Tropical License	Gyampo Licenses	Mali Concessions	Total
Balance at December 31, 2012	$ 271,347	$ 1,041,061	$ 1,227,049	$ 1,308,701	$ 1,107,641	$ 20,515,150	$ 25,470,949
Exploration costs	12,694	102,145	57,826	61,635	51,818	1,144,842	1,430,960
Unrecoverable exploration costs	(155,026)	(435,474)	(508,875)	(461,376)	(476,668)	-	(2,037,419)
Balance at December 31, 2013	$ 129,015	$ 707,732	$ 776,000	$ 908,960	$ 682,791	$ 21,659,992	$ 24,864,490
Exploration costs	24,666	26,253	24,666	24,666	24,666	1,095,515	1,220,432
Unrecoverable exploration costs	(153,681)	(733,985)	(800,666)	(933,626)	(707,457)	(2,010,055)	(5,339,470)
Balance at December 31, 2014	$ -	$ -	$ -	$ -	$ -	$ 20,745,452	$ 20,745,452

Based on existing market conditions of the Ghana Licenses and Concessions, the Company determined that certain exploration expenditures would not be recoverable and as a result of a fair value analysis, recorded a write down of these assets at December 31, 2014 of $3,329,415 (2013 - $2,037,419) which reduces the carrying amount to $nil. Under IAS 36, the recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value-in-use. The fair value of the Ghana Licenses and Concessions is categorized as level 3 in the fair value hierarchy. The Company's mining properties are considered early stage exploration mineral properties without defined resources. In addition, the Company has determined that they will continue to use all their resources in their exploration efforts for the Mali Concessions and currently have no plans for the Ghana Licenses and Concessions, including any plans to perfect title to the properties. Thus, the Company has not budgeted or planned substantive expenditure on these assets. Subsequent to year end, the Company has closed their office in Ghana. Based on the above factors, the Company has written down the carrying amounts of the Ghana Licenses and Concessions to $nil. Management's estimate of fair value is subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Company's exploration and evaluation assets and may have a material effect on the Company's consolidated financial statements.

Due to events surrounding the artisan miners' confrontation on the Kobada property in July 2014, certain assets were damaged and deemed to be unrecoverable. The cumulative amount of $2,654,286 (2013 - $nil) comprised of $2,010,055 (2013 - $nil) of exploration and evaluation assets and $644,231 (2013 - $nil) of exploration equipment (see note 6) has been recognized as part of the unrecoverable exploration costs, property and equipment in the Consolidated Statement of Comprehensive Loss.

6. **PROPERTY AND EQUIPMENT**

	Computers	Furniture and Fixtures	Vehicles	Leasehold Improvements	Exploration Equipment	Total
Cost						
Cost at December 31, 2012	$ 76,469	$ 84,510	$ 300,945	$ 8,606	$ 659,612	$ 1,130,142
Additions	-	-	-	-	4,081	4,081
Cost at December 31, 2013	$ 76,469	$ 84,510	$ 300,945	$ 8,606	$ 663,693	$ 1,134,223
Additions	-	-	-	-	22,515	22,515
Disposition	-	(16,740)	-	(8,606)	(686,208)	(711,554)
Cost at December 31, 2014	$ 76,469	$ 67,770	$ 300,945	$ -	$ -	$ 445,184
Accumulated Depreciation						
Balance at December 31, 2012	$ 49,742	$ 62,012	$ 160,208	$ 8,606	$ 25,807	$ 306,375
Additions	8,018	2,250	60,189	-	18,565	89,022
Balance at December 31, 2013	$ 57,760	$ 64,262	$ 220,397	$ 8,606	$ 44,372	$ 395,397
Additions	5,613	1,472	60,189	-	-	67,274
Disposition	-	(6,184)	-	(8,606)	(44,372)	(59,162)
Balance at December 31, 2014	$ 63,373	$ 59,550	$ 280,586	$ -	$ -	$ 403,509
Net book value at December 31, 2013	$ 18,709	$ 20,248	$ 80,548	$ -	$ 619,321	$ 738,826
Net book value at December 31, 2014	$ 13,096	$ 8,220	$ 20,359	$ -	$ -	$ 41,675

Depreciation of $15,833 (2013 - $29,239) was included in the carrying amount of exploration and evaluation assets (note 5).

As a result of the events that transpired in Mali during the year, substantially all of the exploration equipment was charged to the Statement of Comprehensive Loss as described in note 5.

7. RELATED PARTY TRANSACTONS

a) The Company incurred project management and consulting fees to CME, a company that is wholly-owned by a former director of the Company in prior years who resigned from AGG in July 2008. During the year, the Company obtained a legal opinion indicating that unpaid amounts to CME are considered statute-barred. As a result, the Company has derecognized $269,130 of accounts payable and accrued liabilities payable to CME reducing expenses in the Consolidated Statement of Comprehensive Loss in the current year.

b) Legal fees of $138,604 (2013 - $113,325) were paid to a legal firm in which one of the partners is a director of the Company of which $147,579 (2013 - $80,470) was unpaid and included in accounts payable and accrued liabilities at year end.

c) Geological services were provided to the Company by one of its directors who charged $95,917 (2013 - $99,396). Unpaid fees owing to the geologist of $7,919 (2013 - $33,175) is included in accounts payable and accrued liabilities at year end.

d) In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key management of the Company was as follows for year ended December 31:

	2014	2013
Remuneration	$ 663,995	$ 682,862
Stock Compensation	333,198	367,844
Total	$ 997,193	$ 1,050,076

8. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS

a) Shares Authorized

The Company is authorized to issue an unlimited number of common shares with no par value. The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

b) Transactions

In September 2013, the Company closed a private placement of 21,428,856 units at CDN$0.07 per unit for gross proceeds of CDN$1,500,020. Each unit consists of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for a period of 24 months at CDN$0.12. In connection with the private placement, the Company paid CDN$131,785 in commission and other related issuance costs, and issued 1,017,446 broker compensation options. Each option entitles the holder to purchase one unit at a price of CDN$0.07 for a period of 24 months. Each unit was issued under the same terms and conditions as the private placement units. Three directors of AGG purchased approximately 5.36% of the private placement.

8. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS - continued

b) Transactions - continued

The value attributed to the broker compensation options was $50,241 using the Black-Scholes Option Pricing model. Significant assumptions used were as follows: dividend yield of 0%, expected volatility of 73%, risk free interest of 1.21% and an expected life of 2 years.

In November 2013, 66,840 broker compensation options were exercised for a total proceeds of CDN$4,679 and the Company issued 66,840 common shares and 33,420 warrants.

In May 2014, the Company closed a private placement of 20,005,208 units at CDN$0.12 per unit for gross proceeds of CDN$2,400,625 (US $2,203,543). Each unit consists of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for a period of 24 months at CDN$0.18. In connection with the private placement, the Company paid CDN$112,534 (US $96,647) in commission and other related issuance costs, and issued 22,916 units with terms and conditions consistent with the private placement and 558,749 broker compensation options. Each option entitles the holder to purchase one unit at a price of CDN$0.12 for a period of 12 months under the same terms and conditions as the private placement units. Three directors and an officer of AGG purchased approximately 8.4% of the private placement.

The value attributed to the broker compensation options was $20,992 using the Black-Scholes Option Pricing model. Significant assumptions used were as follows: dividend yield of 0%, expected volatility of 88%, risk free interest of 1.21% and an expected life of 1 year.

In 2014, the Company issued 2,050,000 common shares for cash consideration of CDN $205,000 (US $186,524) for options exercised in the year as described in note 8(c). 202,929 broker compensation options were also exercised for cash consideration of CDN $14,730 (US $13,346) for which 202,929 common shares and 104,465 warrants were issued as described in note 8(e).

In December 2014, the Company received $446,235 (2013 - $nil) for an upcoming private placement. 9,681,983 shares were issued as part of the private placement in January 2015.

In January and March 2015, the Company closed private placements of 66,512,435 units at CDN$0.05 per unit for gross proceeds of CDN$3,325,622 (US $2,702,404). Each unit consists of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for a period of 24 months at an exercise price of $0.075 for the first 6 months from the closing date and CDN$0.10 thereafter until expiry.

c) Stock Options

The Company has a Stock Option Plan (the "Plan") for its directors, officers, consultants and key employees under which the Company may grant options to acquire a maximum number of 15,917,031 (2013 – 11,556,000) common shares, representing approximately 10% of the total issued and outstanding common shares of the Company. These options are non-transferrable and are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant at the market price of the common shares, subject to all regulatory requirements. Expected volatility has been determined using the share price of the Company for the period equivalent to the life of the options prior to grant date.

8. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS - continued

c) Stock Options - continued

For options issued to employees, directors and officers, the fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

On February 20, 2013, AGG granted 3,580,000 stock options to directors, consultants and employees of the Company at an exercise price of CDN$0.20 for a period of 5 years from the date of issuance. The fair value attributed to the stock options granted was $356,409 using the Black-Scholes model for pricing options because the fair value of the services could not be determined by other methods. The following assumptions were used: dividend yield 0%, expected volatility of 115%, risk free rate of return of 1.25% and an expected life of 5 years.

On October 22, 2013, AGG granted 2,225,000 stock options to directors, consultants and employees of the Company at an exercise price of CDN$0.12 for a period of 5 years from the date of issuance. The fair value attributed to the stock options granted was $115,679 using the Black-Scholes model for pricing options because the fair value of the services could not be determined by other methods. The following assumptions were used: dividend yield 0%, expected volatility of 99%, risk free rate of return of 1.53% and an expected life ranging from 2 to 5 years.

On April 29, 2014, AGG granted 1,000,000 stock options to a director and consultant of the Company at an exercise price of CDN$0.15 for a period of 5 years from the date of issuance. 333,333 options vest at the grant date and the remaining options vest upon certain performance conditions. The fair value attributed to the stock options granted was $82,894 using the Black-Scholes model for pricing options because the fair value of the services could not be determined by other methods. The following assumptions were used: dividend yield 0%, expected volatility of 95%, risk free rate of return of 1.44% and an expected life ranging of 5 years.

On July 25, 2014, AGG granted 3,775,000 stock options to a directors, consultants and employees of the Company at an exercise price of CDN$0.15 for a period of 5 years from the date of issuance. 3,441,666 options vest at the grant date and the remaining options vest upon certain performance conditions. The fair value attributed to the stock options granted was $326,621 using the Black-Scholes model for pricing options because the fair value of the services could not be determined by other methods. The following assumptions were used: dividend yield 0%, expected volatility of 93%, risk free rate of return of 1.42% and an expected life ranging of 5 years.

8. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS - continued

c) Stock Options - continued

As at December 31, 2014, the Company had stock options outstanding as follows:

Date of Grant	Stock Options (#)	Exercise Price (CDN$)	Expiry Date
April 28, 2010	1,625,000	0.60	April 28, 2015
December 24, 2010	330,000	0.92	December 24, 2015
March 9, 2011	125,000	0.91	March 9, 2016
February 5, 2013	3,580,000	0.20	February 20, 2018
October 22, 2013	2,100,000	0.12	October 22, 2018
October 22, 2013	125,000	0.12	October 22, 2015
April 29, 2014	1,000,000	0.15	April 29, 2019
July 25, 2014	3,775,000	0.15	July 25, 2019
	12,660,000		

A summary of the Company's stock option activity during the year is as follows:

	Weighted Average Options	Weighted Average Exercise Price (CDN$)
Outstanding and exercisable– December 31, 2012	6,110,000	0.51
Expired	(975,000)	1.20
Granted	5,805,000	0.17
Outstanding – December 31, 2013	10,940,000	0.28
Exercised	(2,050,000)	0.10
Expired	(1,005,000)	0.42
Granted	4,775,000	0.15
Outstanding – December 31, 2014	12,660,000	0.24
Vested – December 31, 2014	11,660,000	0.24

Subsequent to year end, 3,500,000 options were issued with an exercise price of CDN$0.075, with 2,000,000 expiring February 6, 2018 and the remaining 1,500,000 options expiring February 6, 2020.

d) Warrants

As a result of the private placement and subsequent exercise of broker compensation options referred to in note 8(b), the Company has warrants outstanding entitling the holder to purchase one common stock with each warrant exercisable per the terms below:

Date of Issuance	Warrants (#)	Exercise Price (CDN$)	Expiry Date
September 4, 2013	10,747,848	0.12	September 4, 2015
January 29, 2014	15,750	0.12	September 4, 2015
May 21, 2014	10,002,604	0.18	May 21, 2016
September 9, 2014	85,715	0.12	September 4, 2015
Outstanding December 31, 2014	**20,851,917**		

8. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS - continued

e) Broker Compensation Warrants

The Company issued broker's compensation warrants with the terms and conditions as referred to in Note 8(b). A summary of the broker compensation options during the period is as follows:

	Options	Weighted Average Exercise Price
		CDN $
Granted	1,017,446	0.07
Exercised	(66,840)	0.07
Outstanding - December 31, 2013	950,606	0.07
Granted	558,749	0.12
Exercised	(202,929)	0.07
Outstanding – December 31, 2014	1,306,426	0.09

The broker compensation warrants expire September 4, 2015.

9. BASIC AND DILUTED LOSS PER SHARE

Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of outstanding stock options is the same as basic loss per share. For the 2014 and 2013 periods presented, the conversion of stock options was not included in the calculation because the calculation would be anti-dilutive. The potentially dilutive shares excluded from the loss per share calculation due to anti-dilution are as follows:

	2014	2013
Options	12,660,000	10,940,000
Share purchase warrants	20,851,917	11,698,454
	33,511,917	22,638,454

10. **INCOME TAXES**

The following table summarizes the differences from the Canadian statutory rate of approximately 26.5% (2013 – 26.5%), the primary area of taxation for the entity, to the Company's current tax provision recorded.

	2014	2013
Net loss for the year	$ (5,505,268)	$ (2,533,682)
Expected income recovery at statutory rates	(1,458,896)	(671,426)
Adjustments resulting from:		
Permanent differences and other	(438,060)	322,088
Difference in tax rates	(676,393)	(876,186)
Losses expired/changed	563,808	257,238
Foreign currency differences	-	375,716
Change in unrecognized deferred tax asset	2,009,541	592,570
Provision for income taxes	$ -	$ -

The nature and effect of the temporary differences giving rise to the deferred income tax assets at December 31, 2014 and December 31, 2013 are as follows:

	2014	2013
Plant and equipment	$ 57,533	$ 54,776
Share issuance costs	43,324	103,041
Non-capital losses carried forward	5,998,828	5,185,235
Exploration and evaluation assets	4,903,426	3,403,171
Foreign exchange differences	(318,026)	(86,774)
	10,685,085	8,659,449
Unrecognized deferred tax assets	(10,685,085)	(8,659,449)
Deferred tax asset	$ -	$ -

10. INCOME TAXES

As at December 31, 2014, the Company has available non-capital losses of approximately $22,072,000 that may be carried forward to reduce taxable income derived in future years. These tax losses will expire as follows:

Year Expires	Losses
2015	$ 2,286,000.00
2016	551,000
2017	2,835,000
2018	360,000
2019	122,000
2020	23,000
2021	21,000
2026	1,566,000
2027	2,131,000
2028	1,395,000
2029	1,399,000
2030	2,384,000
2031	1,732,000
2032	1,729,000
2033	1,777,000
2034	1,761,000
	$ 22,072,000

11. CAPITAL MANAGEMENT

AGG manages its shareholders' equity as capital, making adjustments based on available funds, to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties to which the Company currently has an interest are in the exploration stage and as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration as well as satisfy administrative costs, the Company will spend its existing working capital and raise additional funds as needed. AGG will continue to assess new properties should sufficient geological or economic potential be demonstrated and if the Company has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. There were no changes to its capital management approach during the year ended December 31, 2014. Neither AGG nor its subsidiaries are subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company has no external debt and is dependent on the capital markets to finance exploration and development activities.

12 SEGMENTED INFORMATION

The Company has one operating segment: the acquisition, exploration and development of precious and based metal mineral resources properties located in Ghana and Mali.

Geographic segmentation of property and equipment and exploration and evaluation assets is as follows:

	December 31, 2014			
	Canada	Ghana	Mali	Total
Exploration and evaluation assets	$ -	$ -	$ 20,745,452	$ 20,745,452
Property and equipment	1,191	37,897	2,587	41,675
	$ 1,191	$ 37,897	$ 20,748,039	$ 20,787,127

	December 31, 2013			
	Canada	Ghana	Mali	Total
Exploration and evaluation assets	$ -	$ 3,204,498	$ 21,659,992	$ 24,864,490
Property and equipment	11,598	42,168	685,060	738,826
	$ 11,598	$ 3,246,666	$ 22,345,052	$ 25,603,316

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Liquidity Risk
- Credit Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk and commodity price risk.

Foreign Currency Risk

Given the global nature of the Company's business, the Company's operating businesses, financial reporting results and cash flows are exposed to risks associated with foreign currency fluctuations. For 2014, management estimates that if the United States Dollar had weakened or strengthened by 10% against the Canadian dollar, Ghana Cedi and Mali CFA, assuming all other variables remained constant, the net loss would have increased or decreased by approximately $80,000 (2013 - $90,000). Included in cash and cash equivalents is $248,024 (2013 - $446,169), receivables is $62,661 (2013 - $48,279), and accounts payable and accrued liabilities is $558,127 ($2013 - $271,165) denominated in Canadian dollars.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. Sensitivity to a plus or minus 1% change in the interest rates could impact any renewals or extensions of term deposits which would have no significant impact on the net loss due to the immateriality of the interest earned.

Commodity Price Risk

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. Based on management's knowledge and expertise of the financial markets, the Company believes that commodity price risk is remote as the Company is not a producing entity.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

At December 31, 2014, AGG had a cash balance of $484,818 and current liabilities of $1,620,900. As outlined in Note 2, the Company will be required to obtain additional financing for working capital and continued exploration and development of its properties.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Liquidity Risk - continued

The following is a summary of the Company's material contractual obligations (representing undiscounted contractual cash flows):

Due within	1 Year	2 Years	3 Years	Over 4 Years	Total
Accounts payable	$ 1,620,900	$ -	$ -	$ -	$ 1,620,900
Operating lease	28,982	-	-	-	28,982
Transfer of Ghana licenses				200,000	200,000
	$ 1,649,882	$ -	$ -	$ 200,000	$ 1,849,882

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk in its cash and cash equivalents, short-term investments and receivables. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. Concentration of credit risk exists with respect to the Company's cash and cash equivalents as substantially the entire amount is held at a single major Canadian financial institution. Credit risk on cash and cash equivalents and short-term investments is minimized by depositing with only reputable financial institutions. Management has reviewed the receivable balances and determined that the balances are collectible; accordingly there has been no allowance for doubtful accounts recorded.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statements of financial position carrying amounts for cash and cash equivalents, short term investments, receivables, amounts due from related party and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

14. COMMITMENTS AND CONTINGENCIES

In 2005, the Company was named defendant in a lawsuit filed in the Federal Courts of Ghana. The defendants in the case were required to pay to the plaintiff the sum of $73,000 and GHC 3,000. As of the year end, these settlement amounts have been fully paid to the plaintiff. The plaintiff still claims that interest is due and payable on that sum, and has called on the Company as the garnishee to do so. This is not considered likely and therefore no amounts have been accrued in the consolidated financial statements.

The Company has received Notices of Assessment and Reassessment ("the assessments") from the Canada Revenue Agency relating to the taxation years from 2009 to 2013 totaling approximately CDN$1,110,000. The assessments relate to the harmonization of Ontario with the Canadian federal corporate tax system and the Minister of National Revenue's position that the Company has a transitional tax liability. Management does not believe that such a liability exists. The amounts from the assessments have not been recognized in the consolidated financial statements and the Company is commencing the process of objecting to reverse/vacate the reassessments.

The Company is required to pay $40,000 for each of the properties located in Ghana to affect the transfer of exploration licenses.

See note 5 for additional commitments and option payments on mineral properties.