AFRICAN GOLD GROUP, INC.

Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(Expressed in U.S. Dollars)

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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, 2015 and December 31, 2014, and the consolidated statements of comprehensive loss, equity and cash flows for the years ended December 31, 2015 and December 31, 2014, 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 and fair presentation 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 overall 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, 2015 and December 31, 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014 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 the Company's has negative cash flows from operations of $689,153 and negative working capital of $1,244,378 excluding assets classified as held for sale. These conditions, along with other matters disclosed in Note 2 of the consolidated financial statement indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

(signed) BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

April 29, 2016
Toronto, Ontario

African Gold Group, Inc.
Consolidated Statements of Financial Position
(Expressed in U.S. Dollars)

December 31,		2015		2014
ASSETS				
Current assets				
Cash and cash equivalents	$	356,899	$	484,418
Receivables		86,531		69,206
Prepaid expenses		42,620		72,401
Assets classified as held for sale (notes 5 and 10)		1,118,836		-
Total Current assets		1,604,886		626,025
Mineral properties and deferred exploration expenditures (note 5)		22,117,587		20,745,452
Property and equipment (note 6)		17,640		41,675
Total Assets	$	23,740,113	$	21,413,152
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 7)	$	1,320,086	$	1,620,900
Liabilities classified as held for sale (note 10)		410,342		-
		1,730,428		1,620,900
SHAREHOLDERS' EQUITY				
Share capital (note 8)		51,132,921		47,627,220
Shares to be issued (note 8)		-		446,235
Reserve - share based payments (note 8)		6,663,277		6,504,918
Accumulated other comprehensive income		(8,037,049)		(3,176,566)
Accumulated deficit		(27,749,464)		(31,609,555)
Total Shareholders' Equity		22,009,685		19,792,252
Total Liabilities and Shareholders' Equity	$	23,740,113	$	21,413,152

The accompanying summary of significant accounting policies and 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,	2015	2014
Interest income	$ 1,996	$ 3,880
Expenses		
Administrative and general	1,195,267	1,087,513
Personnel costs	369,931	354,370
Amortization	13,137	45,288
Foreign exchange gain	(4,758,494)	(2,349,284)
Share based payments	130,147	409,515
Derecognition of financial liability (note 7)	-	(269,130)
Unrecoverable mineral property and exploration costs	-	2,654,286
	(3,050,012)	1,932,558
Net income (loss) from continuing operations	3,052,008	(1,928,678)
Income (loss) from discontinued operations (note 13)	808,083	(3,576,590)
Net income (loss) for the year	3,860,091	(5,505,268)
Other Comprehensive Income (Loss)		
Foreign currency translation differences	(4,860,483)	(2,378,543)
Comprehensive loss for the year	$ (1,000,392)	$ (7,883,811)
Average weighted shares outstanding	226,723,866	151,196,466
Basic and diluted income (loss) from continuing operations per share (note 9)	$ 0.01	$ (0.01)
Basic and diluted income (loss) per share (note 9)	$ 0.02	$ (0.04)

The accompanying summary of significant accounting policies and 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	Share Based Payments	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	#	$		$	$	$	$
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)	19,792,252
Private placement (note 8)	40,715,998	1,613,438	(446,235)	23,640	-	-	1,190,843
Private placement (note 8)	25,796,437	1,017,904	-	-	-	-	1,017,904
Private placement (note 8)	24,623,428	874,359	-	4,571	-	-	878,930
Share based payments (note 8)	-	-	-	130,147	-	-	130,147
Foreign currency translation differences	-	-	-	-	(4,860,483)	-	(4,860,483)
Net income for the year	-	-	-	-	-	3,860,091	3,860,091
Balance, December 31, 2015	250,477,600	51,132,921	-	6,663,276	(8,037,049)	(27,749,464)	22,009,684

The accompanying summary of significant accounting policies and 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,	2015	2014
Cash flows from operating activities		
Net income (loss) for the year	$ 3,860,091	$ (5,505,268)
Adjustments to reconcile income (loss) to net cash in operating activities		
Foreign exchange gain	(4,585,035)	(2,337,560)
Amortization	13,137	45,288
Interest income	(1,996)	(3,880)
Loss on disposal of assets	13,339	5,205
Share based payments	130,147	409,515
Derecognition of financial liability (note 7)	-	(269,130)
Unrecoverable (recoverable) mineral property and exploration costs (note 5)	(1,118,836)	5,983,701
	(1,689,153)	(1,672,129)
Changes in non-cash working capital		
Receivables and prepaid expenses	12,456	(52,034)
Accounts payable and accrued liabilities	(90,472)	212,192
Net cash used in operating activities	(1,767,169)	(1,511,971)
Cash flows from investing activities		
Interest received	1,996	3,880
Purchase of property and equipment	(2,439)	(22,515)
Deposit on anticipated sale of exploration asset (notes 10 and 13)	200,000	-
Investment in mineral properties and deferred exploration expenditures	(1,372,135)	(1,220,432)
Net cash used in investing activities	(1,172,578)	(1,239,067)
Cash flows from financing activities		
Proceeds on issuance of common shares, net of issuance costs $138,285 (2014 - $96,647)	2,724,297	2,077,402
Exercise of stock options	-	186,524
Exercise of broker compensation units	-	13,346
Shares to be issued	-	446,235
Net cash provided by financing activities	2,724,297	2,723,507
Effect of foreign currency translation on cash balances	87,931	13,453
Decrease in cash and cash equivalents	(127,519)	(14,078)
Cash and cash equivalents, beginning of year	484,418	498,496
Cash and cash equivalents, end of year	$ 356,899	$ 484,418
Cash and cash equivalents:		
Cash	$ 273,450	$ 484,099
High-interest savings account	83,449	319
	$ 356,899	$ 484,418
Non monetary transactions:		
Financial instruments satisfied through equity issuance	$ 335,169	$ -
Units and broker warrants issued in exchange for services (note 8)	363,380	29,495

The accompanying summary of significant accounting policies and 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (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, 2015.

The consolidated financial statements were authorized for issue by the Board of Directors on April 29, 2016.

2. GOING CONCERN

These consolidated financial statements have been prepared in accordance with 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 income of $3,860,091 in the year due to unrealized foreign exchange gains of $4,758,494 and negative cash flows from operations of $1,689,153. At December 31, 2015, the Company has negative working capital of $1,244,378 excluding assets classified as held for sale. There is uncertainty as to whether the Company will be able to meet its committed exploration expenditures for its mineral properties 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.

2. GOING CONCERN - continued

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 anticipating the sale of its mineral property 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 to continue as 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.

Principles of Consolidation

The consolidated financial statements of the Company 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. (inactive and 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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments - continued

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.

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.

Mineral Properties and Deferred Exploration Expenditures

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 mineral properties and deferred exploration expenditures. Deferred exploration 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 of deferred exploration 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 deferred exploration expenditures 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, deferred exploration 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 consolidated statement of comprehensive loss/income.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

The Company assesses deferred exploration expenditures 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.

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.

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

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'. Deferred exploration expenditures 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. Deferred exploration expenditures are classified as intangible assets.

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.

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
Vehicles	-	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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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 consolidated 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 equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated 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.

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. African Gold Group, Inc.'s (AGG) 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 AGG 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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Transactions in currencies other than the functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities 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 consolidated statement of comprehensive loss.

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.

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, 2015 or December 31, 2014.

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 and all additional common shares that would have been outstanding, if potentially dilutive instruments are converted during the year.

Asset Classified as Held For Sale

Assets and liabilities are classified as held for sale if they are expected to be recovered through a disposition rather than through continuing use. The assets or disposal groups are measured at the lower of their net book value and fair value less cost to sell and are not depreciated, depleted or amortized. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss.

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.

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.

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.

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:

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Estimates - continued

Impairment

Assets, including property and equipment, and deferred exploration expenditures, 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 deferred exploration expenditures 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.

Provisions and Contingencies

Provisions and contingencies arising in the course of operations, including provisions for income or other tax matters are subject to estimation uncertainty. Management uses all information available in assessing the recognition, measurement and disclosure of matters that may give rise to provisions or contingencies. The actual outcome of various provisional and contingent matters may vary, and may cause significant adjustments to the Company’s assets when the amounts are determined or additional information is acquired.

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.

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 (“IFRS 15”) establishes principals for recognizing revenues based on a five-step model which is to be applied with all contracts with customers. The Company plans to adopt the new standard for the year ended December 31, 2018.

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 consolidated 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, 2015 or December 31, 2014.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

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 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.

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. In January 2015, the option agreement was assigned to AGG (Ghana) Ltd. 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% interest to the Government of Ghana and a 3% net smelter royalty to Jelgom Mining Company Limited. 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.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Tropical License - continued

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 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% 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.

Mali Concessions

On June 28, 2005, the Company entered into an agreement with Compagnie Miniere d'Or ('Cominor') SA 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 August 9, 2015 and automatically renews for an additional two-year period.

(Expressed in U.S. Dollars)

5. MINERAL PROPERTIES AND EXPLORATION EXPENDITURES - continued

Mali Concessions - continued

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

	Twedee & Pekyi Licenses	Moseaso License	Nyankumasi Concession	Tropical License	Monso Atwere Licenses	Mali Concessions	Total
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
Exploration costs	-	-	-	-	-	1,372,135	1,372,135
Recovery of exploration costs	68,691	261,423	200,975	318,056	269,677	-	1,118,836
Reclassified to assets held for sale	(68,691)	(261,423)	(200,975)	(318,056)	(269,677)	-	(1,118,836)
Balance at December 31, 2015	$ -	$ -	$ -	$ -	$ -	$ 22,117,587	$ 22,117,587

5. EXPLORATION AND EVALUATION ASSETS - continued

Based on market conditions of the Ghana Licenses and Concessions in prior years, 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, 2015 of $Nil (2014 -$3,329,415). The impairment was recognized based on the difference between the carrying value of the assets and their recoverable amounts. The recoverable amount was the higher of fair value less costs to sell or value in use. 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.

In 2015, AGG signed a letter of intent to sell the shares of the Ghanian subsidiary as referenced in note 10. As a result of this transaction, management has estimated the net recoverable amount of the Ghana concessions to be approximately $1,119,000 and has adjusted the value of the Ghanian property assets accordingly. Pursuant to IFRS 5, the Company determined the Ghana business qualified as a discontinued operation and has reclassified the amounts attributed to Ghana to assets held for sale.

Due to events surrounding the illegal miners' confrontation on the Kobada property in July 2014, certain assets were damaged and deemed to be unrecoverable at December 31, 2014. The cumulative amount of $2,654,286 (2015 - $Nil) comprised of $2,010,055 (2015 - $Nil) of exploration and evaluation assets and $644,231 (2015 - $Nil) of exploration equipment (see note 6) was recognized as part of the unrecoverable exploration costs, property and equipment in the Consolidated Statement of Comprehensive Loss. The cumulative amount was recorded as an impairment loss for the year ended December 31, 2014.

(Expressed in U.S. Dollars)

6. PROPERTY AND EQUIPMENT

	Computers	Furniture and Fixtures	Vehicles	Leasehold Improvements	Exploration Equipment	Total
Cost						
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
Additions	2,439	-	-	-	-	2,439
Disposition	(4,330)	(66,451)	(64,042)	-	-	(134,823)
Cost at December 31, 2015	$ 74,578	$ 1,319	$ 236,903	$ -	$ -	$ 312,800
Accumulated Depreciation						
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
Additions	4,395	237	8,505	-	-	13,137
Disposition	(2,341)	(58,468)	(60,677)	-	-	(121,486)
Balance at December 31, 2015	$ 65,427	$ 1,319	$ 228,414	$ -	$ -	$ 295,160
Net book value at December 31, 2014	$ 13,096	$ 8,220	$ 20,359	$ -	$ -	$ 41,675
Net book value at December 31, 2015	$ 9,151	$ -	$ 8,489	$ -	$ -	$ 17,640

As a result of the events that transpired in Mali during 2014, the exploration equipment was charged to the Consolidated Statement of Comprehensive Loss as described in note 5.

(Expressed in U.S. Dollars)

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. In 2014, 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 prior year.

b) Legal fees of $131,128 (2014 - $138,604) were paid to a legal firm in which one of the partners is a director of the Company, of which $146,833 (2014 - $147,579) 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 $1,880 (2014 - $95,917). Unpaid fees owing to the geologist of $5,910 (2014 -$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:

	2015	2014
Remuneration	$ 655,600	$ 663,995
Share based payments	78,676	333,198
	$ 734,276	$ 997,193

The Company has entered into an arrangement with International Scout, whereby International Scout agreed to represent the Company with respect to the identification of a prospective joint venture partner or potential purchaser of the Company's Kobada, Mali Gold Project. The Company and International Scout clarified and confirmed the terms of this arrangement by entering into a letter agreement dated September 24, 2010 (the "**Letter Agreement**").

The Letter Agreement confirms International Scout's representation of the Company pursuant to the earlier arrangement and in consideration for such representation, International Scout shall be paid in the case of a sale of the Kobada, Mali Gold Project as an indirect consequence of the acquisition of all of the Company's issued and outstanding common shares by a third party (a "**Share Transaction**"), a fee equal to 1% of the enterprise value of such Share Transaction using the 5-day volume weighted average trading price of the Company's common shares on the TSX Venture Exchange during the 5 trading days immediately prior to the closing of the Share Transaction.

International Scout is controlled by Pierre Lalande, now a director of the Company. At the time of the original arrangement between the parties, Mr. Lalande was not a director, officer or an affiliate or associate of a director or officer of the Company.

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 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 for an upcoming private placement. 9,681,983 shares were issued as part of the private placement in January 2015.

In January 2015, the Company closed a private placement of 40,715,998 units at CDN$0.05 per unit for gross proceeds of CDN$1,518,146 (US$1,260,064). 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$0.075 for the first six months from the date of closing and $0.10 thereafter to expiration in January 2017. In connection with the private placement, the Company paid CDN$69,154 (US$57,896) in commission and other related issuance costs, and issued 500,992 commons shares in lieu of cash compensation and 1,626,992 broker compensation options. Each option entitles the holder to purchase one unit at a price of $0.05 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 11% of the private placement.

The value attributed to the broker compensation options was $23,640 using the Black-Scholes Option Pricing model. Significant assumptions used were as follows: dividend yield of 0%, expected volatility of 89%, risk free interest of 0.46% and an expected life of 1 year.

In March 2015, the Company closed a private placement of 25,796,437 units at CDN$0.05 per unit for gross proceeds of CDN$1,289,822 (US$1,026,053). 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 6 months at CDN$0.075 and $0.10 thereafter to expiration in March 2017. One director of AGG purchased approximately 2.0% of the private placement.

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

b) Transactions - continued

In September 2015, the Company closed on a private placement of 24,623,428 units at a price of $0.05 per unit for gross proceeds of CDN$1,231,171 (US$933,105). Each unit is comprised of one common share and one common share purchase warrant. Each Warrant entitles the holder to purchase one additional common share of AGG at a price of $0.06 per share for a period expiring on September 3, 2018. In connection with the private placement, the Company paid CDN$77,055 (US$58,400) in commission and other related issuance costs, and issued 479,000 broker compensation options. Each option entitles the holder to purchase one unit at a price of $0.05 for a period of 12 months under the same terms and conditions as the private placement units. Officers and directors of AGG purchased approximately 51% of the private placement.

The value attributed to the broker compensation options was $4,571 using the Black-Scholes Option Pricing model. Significant assumptions used were as follows: dividend yield of 0%, expected volatility of 99%, risk free interest of 0.47% and an expected life of 1 year.

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 25,047,760 (2014 – 15,917,031) 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.

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 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 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 of 5 years.

(Expressed in U.S. Dollars)

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

c) Stock Options - continued

During the first quarter of 2015, AGG granted 3,500,000 stock options to a director and employee of the Company at an exercise price of CDN$0.075 for a period of 3 years for 2,000,000 and 5 years for 1,500,000 from the date of issuance. The fair value attributed to the stock options granted was $116,345 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 92%, risk free rate of return of 0.53% and an expected life ranging from 3 to 5 years.

As at December 31, 2015, the Company had stock options outstanding as follows:

Date of Grant	Stock Options (#)	Exercise Price (CDN$)	Expiry Date
March 9, 2011	125,000	0.91	March 9, 2016
February 5, 2013	3,200,000	0.20	February 20, 2018
October 22, 2013	1,700,000	0.12	October 22, 2018
April 29, 2014	1,000,000	0.15	April 29, 2019
July 17, 2014	3,400,000	0.15	July 17, 2019
February 6, 2015	2,000,000	0.075	February 6, 2018
February 6, 2015	1,500,000	0.075	February 6, 2020
	12,925,000		

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

	Weighted Average Options	Weighted Average Exercise Price (CDN$)
Outstanding – 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
Granted	3,500,000	0.075
Expired	(3,235,000)	0.16
Outstanding – December 31, 2015	12,925,000	0.15
Vested – December 31, 2015	11,050,000	0.16

Subsequent to year end, the Company issued 5,800,000 stock options with an exercise price of $0.06 expiring February 28, 2021.

(Expressed in U.S. Dollars)

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

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
May 21, 2014	10,002,604	0.18	May 21, 2016
September 4, 2013	10,714,428	0.12	September 14, 2016
January 14, 2015	16,582,503	0.10	January 14, 2017
January 22, 2015	3,525,000	0.10	January 22, 2017
March 18, 2015	12,898,219	0.10	March 18, 2017
September 3, 2015	24,623,428	0.10	September 3, 2018
Outstanding December 31, 2015	**78,346,182**		

In August 2015, the Company agreed to extend the exercise date for 10,714,428 warrants that were due to expire September 14, 2015 to September 14, 2016.

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 $
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
Granted	2,105,992	0.05
Exercised	(1,306,426)	0.09
Outstanding – December 31, 2015	**2,105,992**	0.05

(Expressed in U.S. Dollars)

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. As the Company's share price was less than the exercise price on the stock options and warrants during 2015, there is no anti-dilutive impact on the current earnings per share calculation. For the 2014 period 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:.

	2015	2014
Options	12,925,000	12,660,000
Share purchase warrants	80,452,174	20,851,917
	93,377,174	33,511,917

10. ASSET CLASSIFIED AS HELD FOR SALE

On December 23, 2015, the Company signed a binding term sheet with the intention of disposing of the shares of AGG (Ghana) Limited to Star Goldfields Limited for $1,200,000 for which a non-refundable deposit of $200,000 was received in December 2015 and has been included in liabilities of assets held for sale. The sale is expected to close in the second quarter of 2016. As a result, the mineral property assets relating to the Ghana concession which previously had been valued at Nil has been written up to $1,118,836, being the estimate of its fair value less costs to dispose.

11. INCOME TAXES

The following table summarizes the differences from the Canadian statutory rate of approximately 26.5% (2014 – 26.5%), the primary area of taxation for the entity, to the Company's current tax provision recorded.

	2015	2014
Net income (loss) for the year	$ 3,860,092	$(5,505,268)
Expected income taxes (recovery) at statutory rates	1,022,925	(1,458,896)
Adjustments resulting from:		
Permanent differences and other	(317,416)	(438,060)
Difference in tax rates	(317,623)	(676,393)
Losses expired/changed	533,617	563,808
Change in unrecognized deferred tax asset	(921,503)	2,009,541
Provision for income taxes	$ -	$ -

(Expressed in U.S. Dollars)

11. INCOME TAXES - continued

The nature and effect of the temporary differences giving rise to the deferred income tax assets at December 31, 2015 and December 31, 2014 are as follows:

	2015	2014
Plant and equipment	$ 60,362	$ 57,533
Share issuance costs	57,637	43,324
Non-capital losses carried forward	6,021,220	5,998,828
Exploration and evaluation assets	4,128,317	4,903,426
Foreign exchange differences	(876,469)	(318,026)
	9,391,067	10,685,085
Unrecognized deferred tax assets	(9,391,067)	(10,685,085)
Deferred tax asset	$ -	$ -

As at December 31, 2015, the Company has available non-capital losses of approximately $22,181,000 that may be carried forward to reduce taxable income derived in future years. These tax losses will expire as follows:

Year Expires	Losses
2016	$ 551,000
2017	2,835,000
2018	547,000
2019	122,000
2020	345,000
2021	21,000
2026	1,203,000
2027	1,684,000
2028	1,189,000
2029	1,075,000
2030	1,832,000
2031	1,331,000
2032	1,328,000
2033	1,319,000
2034	2,514,000
2035	4,285,000
	$ 22,181,000

(Expressed in U.S. Dollars)

12. 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, 2015. 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.

13. DISCONTINUED OPERATIONS

In December 2015, the Company agreed to sell the shares of AGG (Ghana) Ltd. for cash consideration of $1,200,000. AGG received a non-refundable deposit of $200,000 prior to December 31, 2015 that has been included in Liabilities classified as held for sale. The transaction is expected to be completed during the second quarter of 2016.

The estimated post tax gain on disposal of the Ghanaian operations is determined as follows:

		2015
Cash consideration received to date	$	200,000
Balance of purchase price to be received		1,000,000
Total purchase price		1,200,000
Net assets disposed (other than cash):		
Mineral properties and deferred exploration expenditures	$	(1,118,836)
Accounts payable and accrued liabilities		210,342
	$	(908,494)
Estimated gain on disposal of Ghanaian operations	$	291,507

(Expressed in U.S. Dollars)

13. DISCONTINUED OPERATIONS - continued

Results of discontinued operations

	2015	2014
General and administrative expenses	$ 148,457	$ 235,451
Foreign exchange loss	173,460	11,724
Unrecoverable (recovered) mineral property and exploration costs	(1,130,000)	3,329,415
	(808,083)	3,576,590
Earnings (loss) per share from Ghanaian operations:		
Basic and diluted income (loss) per share	$ 0.00	$ (0.02)

Statement of cash flows

The statement of cash flows includes the following amounts relating to the discontinued operations:

	2015	2014
Operating activities	$ (225,457)	$ (105,226)
Investing activities	200,000	(124,917)
Financing activities	-	-
Net cash used in Ghanaian operations	$ (25,457)	$ (230,143)

As at December 31, 2015, accumulated other comprehensive income attributed to the Ghanaian operations was approximately $280,000.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

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.

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 2015, 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, excluding intercompany loans, the net loss would have increased or decreased by approximately $165,000 (2014 - $80,000). Included in cash and cash equivalents is $132,201 (2014 - $248,024), receivables is $81,456 (2014 - $62,661), and accounts payable and accrued liabilities is $513,561 (2014 - $558,127) 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 currently 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, 2015, AGG had a cash balance of $356,899 and current liabilities of $1,730,428. 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.

(Expressed in U.S. Dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - 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 and accrued liabilities	$ 1,320,086	$ -	$ -	$ -	$ 1,320,086
Liabilities classified as held for sale	410,342	-	-	-	410,342
	$ 1,730,428	$ -	$ -	$ -	$ 1,730,428

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 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.

15. 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

(Expressed in U.S. Dollars)

15. SEGMENTED INFORMATION - continued

	December 31, 2015			
	Canada	Ghana	Mali	Total
Exploration and evaluation assets	$ -	$ -	$ 22,117,587	$ 22,117,587
Assets classified as held for sale	-	1,118,836	-	1,118,836
Property and equipment	1,500	-	16,140	17,640
	$ 1,500	$ 1,118,836	$ 22,133,727	$ 23,254,063

16. COMMITMENTS AND CONTINGENCY

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. An obligation arising from this matter is not considered probable 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 as management is of the opinion that an obligation related to the matter is not probable and the Company has commenced the process of objecting to reverse/vacate the reassessments.

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