



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

General

This Management's Discussion and Analysis ("MD&A") is prepared as of December 11th, 2017 and should be read in conjunction with the audited annual financial statements of Argo Gold Inc. ("Argo" or "the Company") for the year ended December 31, 2016 and December 31, 2015, , which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward- looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Additional information, including the Annual Information Form can be found on SEDAR, www.sedar.com. All amounts are in Canadian dollars.

Overview

Argo Gold Inc. (the "Company" or "Argo Gold") (formerly Arbitrage Resources Inc.) is a development stage enterprise incorporated under the laws of Ontario on December 9, 1995. The Company is listed on the Canadian Stock Exchange ("CSE"), having the symbol ARQ and is in the process of exploring its mineral properties. Effective September 19, 2016, the Company changed its name to Argo Gold Inc. The address of the Company's corporate office and principal place of business is 365 Bay Street, Suite 400 Toronto, Ontario, M5H 2V1, Canada.

Results of Operations

During the quarter, The Company continued exploration activity at its Wawa area and Woco gold projects. Both gold projects are 100 per cent owned by Argo Gold subject to a 2-per-cent net smelter royalty. Exploration activity includes re-establishing access, sampling, geological and structural mapping, and prospecting in conjunction with the compilation and review of historical geological and geophysical data; as well as planning for follow-up drilling.

In the previous quarter the Company raised an aggregate of \$650,000 (net \$602,855) through the issuance of 2,450,000 hard dollar units at a price of \$0.20 per unit for gross proceeds of \$490,000 and 640,000 flow-through shares at a price of \$0.25 per flow-through share for aggregate gross proceeds of \$160,000. Each hard dollar unit consists of one common share and one-half (1/2) common share purchase warrant. In connection with the offering, the company paid cash commissions of \$47,145 cash and issued an aggregate of 89,250 broker warrants. Each broker warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.30 per common share for a period of 24 months from the date of issuance.



Revenue

The Company did not earn any revenue during the three and nine-month period ended September 30, 2017.

Expenses (recovery) for the three months ended September 30, 2017

	Three Months Ended		Nine Months Ended	
	September 30, 2017	2016	September 30, 2017	2016
Depreciation	\$ 1,532	\$ 75	\$ 1,651	\$ 224
Administrative expenses	(41,514)	49,534	174,947	20,496
Professional fees	4,284	Nil-	8,165	8,675
Management fees	15,000	4,593	121,742	37,500
Listing fees	2,400		8,668	11,250
Rent and occupancy				8,000
Share-based compensation	62,057	58,082	154,065	58,082
Interest expense		1,158		3,473
Consulting fees	34,150		86,259	31,306
Exploration and evaluation			38,639	
Gain on settlement of accounts payable and accrued liabilities			(23,900)	
Flow-through share premium recovery			(25,672)	
Net loss for the period	\$(77,909)	\$(113,442)	\$(544,564)	\$(179,006)

Three months ending September 30, 2017

Administration expenses decreased by \$91,048 due to the reallocation of expense accounts adopting the current period's reporting format.

Nine months ending September 30, 2017

Administration expenses increased by \$154,451 due to the increased activity of the Company compared to the nine months ending September 30, 2016



Summary of Results

Selected Quarterly Financial Information

Quarterly Financial Information (unaudited)								
	2017	2017	2017	2016	2016	2016	2016	2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
(a) Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ (77,909)	\$ (254,584)	\$ (188,565)	\$ (126,083)	\$ (113,442)	\$ (55,073)	\$ (10,491)	\$ (76,581)
(c) Net Income (loss) per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.01)

The following table sets forth selected financial information for Argo Gold Inc. for the three and nine months ended September 30, 2017. This information has been derived from Company's financial statements for the period and should be read in conjunction with financial statement and the notes thereto.

	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
Revenue	\$Nil	\$Nil
Expenses	\$544,564	\$179,006
(Loss) for the year	\$(544,564)	\$(179,006)
Loss per share	\$(0.01)	\$(0.01)
Total assets	\$1,354,272	\$756,479
Total Liabilities	\$81,672	\$309,318
Working capital (deficit)	\$178,443	\$(39,819)

Liquidity and Capital Resources

As at September 30, 2017 there was cash of \$152,637 compared to cash of \$249,099 as at December 31, 2016, prepaid expenses of \$20,474 (December 31, 2016 - \$Nil) and HST receivable of \$87,004 (December 31, 2016 - \$8,400) The Company's September 30, 2017 short-term obligations consist of accounts payable of \$81,672 (December 31, 2016 - \$255,574). The Company has a long-term obligation of \$Nil as at September 30, 2017 (December 31, 2016 - \$53,519).

The Company's working capital at September 30, 2017 was a surplus of \$178,443 compared to a deficit of \$39,819 at December 31, 2016. The Company continues to, and has taken steps to minimize administrative expenses. The Company has been successful in accessing the equity market in the past and while there is no guarantee that this will be continue to be available, management has no reason to expect that this capability will diminish in the near term.

Outstanding Share Data

Shares, warrants and options outstanding are:

- Shares - As at September 30, 2017, the Company had outstanding and issued 28,385,628 common shares. During the quarter the Company raised an aggregate of \$650,000 (net \$602,855) through the issuance of 2,450,000 units for gross proceeds of \$490,000 and 640,000 flow-through shares aggregate gross proceeds of \$160,000.
- Warrants – As at September 30, 2017, the Company had 2,612,495 warrants outstanding. During the quarter the Company raised an aggregate of \$650,000. Related to this financing was the issuance of 1,225,000 warrants entitling the holder thereof to purchase one common share at an exercise price of \$0.30 for a period of 24 months from the date of closing. In connection with this offering, the company issued broker warrants in an aggregate of 89,250 warrants. Each broker warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.30 per common share for a period of 24 months from the date of issuance.
- Stock Options - The Company has established a stock option plan (the "Plan") to encourage ownership of the Company by its key officers, directors, employees and consultants. The maximum number of common shares that can be issued under the Plan at any time is a maximum of 10% of the issued and outstanding shares of the company. As at September 30, 2017, there are 2,800,000 options outstanding.

Related Party Transactions

The following related party transactions occurred and were reflected in the financial statements during the three months ended September 30, 2017 and 2016 as follows:

	September 30, 2017	June 30, 2016
Management fees and consulting fees expense:		
Management fees were charged by the CFO for corporate administrative and financial management services (note b)	\$ 7,500	\$7,500
Consulting fees were charged by the CEO for corporate administration (note b)	\$ 5,000	\$
Share-based compensation	<u>62,057</u>	<u>58,082</u>
	\$ 74,557	\$65,582
Professional fees expense:		
Legal fees were charged by an officer/director for legal and corporate secretarial services	\$ 30,598	\$2,772

a) Included in accounts payable and accrued liabilities are management fees of \$Nil (December 31, 2016 - \$93,451) to a company controlled by the CEO and CFO in common with the Company and legal fees of \$6,846 (December 31, 2016 - \$71,018) due to a company controlled by a director in common with the Company.

b) Key management compensation was incurred of \$12,500 (September 30, 2016 - \$7,500) in salaries.

Subsequent Events

Subsequent to quarter end, the company announced exploration work at the Woco and Macassa Creek projects and staked an additional 48 claim units totaling 768 hectares adjacent to the McVicar Lake Gold Project. Drill results were released on the South Wawa Gold Project.

Future accounting pronouncements

IFRS 9 was issued in July 2014 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement ("IAS 39") for debt instruments with a new mixed measurement model having only two categories; amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in comprehensive income indefinitely. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. IFRS 9 will be effective as at January 1, 2018. The Company is in the process of assessing the impact of this pronouncement. The extent of impact has not yet been determined.

IFRS 15 was issued by IASB in May 2014 and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2017. The Company is in the process of analyzing IFRS 15 and determining the effect on its financial statements as a result of adopting this standard.

New Accounting Standards Adopted During the Year

IAS 24, Related Party Disclosures (“IAS 24”) The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The Company is in the process of assessing the impact of this pronouncement.

Off-Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements, other than previously disclosed, that has, or is reasonably likely to have, an impact on the current or future results of operations or the financial condition of our company.

Commitments

The Company has no commitments, other than previously disclosed that has, or is reasonably likely to have, an impact on the current or future results of operations or the financial condition of our company. See note 10 to the financial statements.

Management’s evaluation of disclosure controls

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company’s certifying officers. The Company’s Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company’s disclosure controls and procedures as at September 30, 2017 and have concluded that these controls and procedures are effective.

Internal Control over Financial Reporting:

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at September 30, 2017.

Risks and Uncertainties

The Company’s business of exploring and developing mineral properties is highly uncertain and risky by its very nature. In addition, the ability to raise funding in the future to maintain the Company’s exploration and development activities is dependant on financial markets, which often fail to provide necessary capital.



Regulatory standards continue to change making the review process longer, more complex and more costly. Even if an apparently mineable deposit is developed, there is no assurance that it will ever reach production or be profitable, as its potential economics are influenced by many key factors such as commodity prices, foreign exchange rates, equity markets and political interference, which can not be controlled by management. As a result, the Company's future business, operations, and financial condition could differ materially from the forward-looking information contained in this MD&A's and described in the Forward-Looking Statements section below.

Forward Looking Statements

This report may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, delays or failure in obtaining governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors which affect this information, except as required by law.