ARGO GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2016

General

This Management's Discussion and Analysis ("MD&A) is prepared as of May 1, 2017 and should be read in conjunction with the audited annual financial statements of Argo Gold Inc. ("Argo" or "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") (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 year the Company acquired two properties;

June 2016, the Company staked 144 claim units totaling 2304 hectares in the McVicar Lake area and Stoughton Lake area located approximately 90 kilometres west of Pickle Lake. The claims are 100% owned by the Company.

November 2016, the Company entered into a mining claim acquisition agreement with Upper Canada Explorations Ltd. pursuant to which Argo Gold can acquire a 100 % interest in certain mineral claims located in the townships of Jacobson, Riggs, Abbie Lake area and David Lakes area near Wawa, Ont., in exchange for an aggregate of 1,739,833 common shares of the company and the grant of a 2% net smelter returns royalty on the property. The mineral claims include: the Rockstar property comprising of 16 mineral claims in Jacobson and Riggs townships, the Macassa Creek property comprising of two mineral claims in the David Lakes area, and the Abbie Lake property comprising of 24 mineral claims in the Abbie Lake area.

The Company also completed a series of private placements and a debt settlement:

(i) In May 2016, the Company completed a private placement of 1,404,500 units at a price of $0.05 per share for aggregate proceeds of $70,225. Each unit consist of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 per a common share for a period of 24 months from the date of issuance.

(ii) In June 2016, the Company completed the second tranche of a private placement of 649,000 units at a price of $0.05 per unit for aggregate proceeds of $32,450. Each unit consist of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 per common share for a period of 24 months from the date of issuance. In connection with this financing, the Company paid cash commissions of $500.

(iii) In May and June 2016, the Company settled an aggregate of $30,000 of indebtedness through the issuance of 600,000 units at a price of $0.05 per share. Each unit consist of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 per common share for a period of 24 months from the date of issuance.

(iv) In December 2016, the Company completed a private placement of 663,983 units at a price of $0.10 per unit for aggregate proceeds of $66,398 and 1,468,500 flow-through shares ata price of $0.12 per flow through share for aggregate proceeds of $176,220. In connection with this financing, the Company paid cash commissions of $11,439 and issued 98,245 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of $0.12 for a period of 2 years from the date of issuance.

Revenue

The Company did not earn any revenue during the year ended December 31, 2016.

Expenses

	December 31, 2016	December 31, 2015	December 31, 2014
Administrative expenses	$188,621	$70,319	$32,105
Professional fees	$37,395	$49,829	$46,884
Listing fees	$10,373	$23,260	$13,577
Forgiveness of loan payable and accounts payable	$nil	$(55,681)	$nil
Share-based compensation	$58,082	$nil	$nil

Administration expenses increased by $118,302 due to the increased activity of the current year. Professional fees were consistent. Listing fees decreased by $12,887 due to the one time transaction costs of listing on the CSE for the previous year.

Summary of Results

Quarterly Financial Information (unaudited)		2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1
(a)	Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b)	Net Income (loss)	$ (126,083)	$ (113,442)	$ (55,073)	$ (10,491)	$ (76,581)	$ (24,478)	$ (37,264)	$ 42,839
(c)	Net Income (loss) per share	$ (0.008)	$ (0.008)	$ (0.004)	$ (0.001)	$ (0.007)	$ (0.002)	$ (0.003)	$ 0.004

Selected Quarter Information

	Quarter ended December, 2016	2015
Revenues	$nil	$nil
Net Income (loss) and comprehensive loss	$(126,083)	$(76,581)
Net income (loss) per share basic and fully diluted	$(0.008)	$(0.007)
Total Assets	$756,479	$307,939
Non-current financial liabilities	$nil	$(43,195)

Liquidity and Capital Resources

As at December 31, 2016 there was cash of $249,099 compared to cash of $7,476 as at December 31, 2015 and HST receivable of $9,737 (December 31, 2015 – 8,970) The Company's December 31, 2016 short-term obligations consist of accounts payable of $255,574 (December 31, 2015 - $82,318), short-term debt of $53,519 (December 31, 2015 – $nil) and a due to related party of $225 (December 31, 2015 - $225). The Company has a long-term obligation of $nil as at December 31, 2016 (December 31, 2015 - $43,195).

The Company's working capital at December 31, 2016 was a deficit of $42,082 compared to a deficiency of $66,097 at December 31, 2015. It is clearly not sufficient for the general operations of the Company. 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.

During the year the Company completed a series of private placements and a debt settlement:

(i) In May 2016, the Company completed a private placement of 1,404,500 units at a price of $0.05 per share for aggregate proceeds of $70,225. Each unit consist of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 per a common share for a period of 24 months from the date of
issuance.

(ii) In June 2016, the Company completed the second tranche of a private placement of 649,000 units at a price of $0.05 per unit for aggregate proceeds of $32,450. Each unit consist of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 per common share for a period of 24 months from the date of issuance. In connection with this financing, the Company paid cash commissions of $500.

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(iv) In December 2016, the Company completed a private placement of 663,983 shares at a price of $0.10 per share for aggregate proceeds of $66,398 and 1,468,500 flow-through shares at a price of $0.12 per flow through share for aggregate proceeds of $176,220. In connection with this financing, the Company paid cash commissions of $11,439 and issued 98,245 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of $0.12 for a period of 2 years from the date of issuance.

Outstanding Share Data

Shares, warrants and options outstanding are:

- Shares - As at December 31, 2016, the Company had 19,598,128 (of which 24,000 is to be issued) common shares. During the year, the Company completed i) in May 2016, the Company completed a private placement of 1,404,500 units at a price of $0.05 per share for aggregate proceeds of $70,225. Each unit consist of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 per a common share for a period of 24 months from the date of issuance. (ii) In June 2016, the Company completed the second tranche of a private placement of 649,000 units at a price of $0.05 per unit for aggregate proceeds of $32,450. Each unit consist of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 per common share for a period of 24 months from the date of issuance. In connection with this financing, the Company paid cash commissions of $500. (iii) In May and June 2016, the Company settled an aggregate of $30,000 of indebtedness through the issuance of 600,000 units at a price of $0.05 per share. Each unit consist of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 per common share for a period of 24 months from the date of issuance. (iv) In December 2016, the Company completed a private placement of 663,983 units at a price of $0.10 per unit for aggregate proceeds of $66,398 and 1,468,500 flow-through shares at price of $0.12 per flow through share for aggregate proceeds of $176,220. In connection with this financing, the Company paid cash commissions of $11,439 and issued 98,245 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of $0.12 for a period of 2 years from the date of issuance.

- Warrants – As at December 31, 2016 the Company had 3,355,745 warrants outstanding. During the year there were 1,424,995 warrants issued.

- 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 which 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 December 31, 2016 there are 1,500,000 options outstanding.

Related Party Transactions

The following related party transactions occurred and were reflected in the financial statements during the period ended December 31, 2016 and 2015 as follows:

		December 31, 2016		December 31, 2015
Management fees and consulting fees expense:				
Management fees were charged by the CFO for corporate administrative and financial management services (note b)	$	30,000	$	22,500
Consulting fees were charged by the CEO for corporate administration (note b)	$	45,000	$	23,000
	$	75,000	$	45,500
Professional fees expense:				
Legal fees were charged by an officer/director for legal and corporate secretarial services	$	27,145	$	38,603
Rent fees expense:				
Rent fees (office premises) were charged by an officer/director	$	-	$	6,038

a) Included in accounts payable and accrued liabilities are management fees of $93,451 (December 31, 2015 - $22,700) to a company controlled by the CEO and CFO in common with the Company and legal fees of $71,018 (December 31, 2015 - $35,833) due to a company controlled by a director in common with the Company.

b) Key management compensation was incurred of $75,000 (December 31, 2015- $45,500) in salaries and $34,849 (December 31, 2015 - $nil) in stock based compensation..

c) Included in short-term debt is with a principal balance of $46,307 (carrying value $53,514) (December 31, 2015 - $48,780) due to a company controlled by an officer/director in common with the Company.

e) As at December 31, 2016, amounts due to related party consist of $225 December 31, 2015 - $225) to company controlled by an officer/director of the Company.

Subsequent Event

Subsequent to year end, the Company issued one million common shares as part of the agreement entered into during the year with Dollard mines.

Subsequent to year end, the Company entered into a mining claim acquisition agreement with 2362516 Ontario Inc., pursuant to which Argo Gold can acquire a 100% interest in certain mineral claims located in the Mishibishu Lake area and St. Germain township of the Sault Ste. Marie mining district in exchange for an aggregate of 250,000 common shares of the company. The acquisition of the mineral claims is subject to receipt of regulatory approval, and the common shares issuable thereunder will be subject to a statutory hold period of four months and one day from the date of issuance.

Subsequent to year end, the Company staked 265 strategic claim units, totalling 4,240 hectares, at its Hurdman silver-zinc project in Hurdman township, Ontario. The newly acquired strategic claims surround Argo Gold's 100% owned Hurdman silver-zinc project.

Subsequent to year end the Company has granted an aggregate of 400,000 options to purchase common shares of the company exercisable at a price of $0.18 per share and expiring on March 30, 2020, to consultants of the corporation. The common shares issuable upon exercise of the options are subject to a four-month hold period from the original date of grant.

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.

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

As at December 31, 2016, the Company has a commitment to spend $176,220 from amounts raised through flow-through financing on eligible Canadian exploration and development expenses. The Company has no other commitments, 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.

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 December 31, 2016 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 December 31, 2016.

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.

Signed
“Alex Falconer” CFO
May 1, 2017