



Letter from The President - 2017

Adamera continues to be focused on the discovery of high-grade gold deposits in Washington State. 2017 was a milestone year for the development of high quality exploration targets. Through drilling we have clearly demonstrated the area's potential. This program is continuing today.

When Adamera initiated work in the district we were challenged by the diversity of deposit types and the scarcity of prior exploration data to follow up. We needed a broad scale exploration technique that would generate drill targets, regardless of the geological vagaries we were seeing. The use of airborne geophysics has proven to be the tool we needed for success, generating numerous targets for ground follow up and drilling.

Unfortunately, the fire season denied access for summer drilling and delayed progress on the Cooke Mountain gold project, limiting the number of targets drilled. During this time Adamera deployed its manpower to large scale geochemical and ground geophysical surveys. This new data was combined with mapping and sampling to greatly expand our understanding of the styles and controls to potential mineralization. In fact, that work not only reset our drilling priorities but defined several new targets for testing.

We start 2018 with a better defined set of targets and the access approvals necessary and are currently drilling early.

2017 Exploration Program

Gold mineralization at Cooke Mountain has historically been associated with massive magnetite and sulfides. Previous explorers focused almost exclusively on magnetic surveys to define drill targets. That work proved successful in the discovery of several deposits, although target identification was hindered by magnetically noisy background and the presence of magnetite in unmineralized rocks.

To improve targeting, Adamera sought to combine magnetic surveying with geophysical methods capable of detecting sulfides that would almost certainly be associated with gold mineralization. Electromagnetics (EM) was trialed and subsequently adopted for the project. To cover a large area, a helicopter (VTEM) survey combined with aeromagnetism was completed. This approach was spectacularly successful in detecting the known deposits in the area and defining new targets, some in close proximity to known deposits and others some distance away.

Detailed soil sampling, ground magnetic and EM surveying and geological mapping were completed to better define and prioritize new targets. Nearly 11,000 soil samples were collected and 700 kilometres of ground magnetic surveying was completed.

A total of 12 diamond drill holes on 8 targets were completed for 2300 metres. Targets tested include Overlook, Oversight, Oversight South, HLK-1, HLK-2 and Big Banana. Two shallow holes also tested targets west of Big Banana on the Goodfoot property.

Due to the large number of VTEM targets listed for ground follow up and drilling we have moved the drill rig from one site to another to get a preliminary rating of priorities. We intend to continue this approach during the Spring and then move to in-fill drilling on our best discoveries.

Highlights for 2017 exploration include the following:

- 1) **Discovery of high-grade gold (9.6 g/t gold over 10.9 metres and 9.9 g/t gold over 2.1 metres) northwest of the Overlook Deposit in a mineralized zone that lies below the main deposit mineralization.**
- 2) **Shallow high-grade gold (6.5 g/t gold over 2.8 metres) intersected at Oversight, southeast of the Overlook deposit. Importantly, a large area with similar potential was identified, the style of which was previously unrecognized.**
- 3) **The discovery of the Outlook Ridge prospect, a high-grade near surface target.**
- 4) **The high priority SE-01 target was identified – 2 holes have recently been drilled. Gold assays are pending.**
- 5) **Development of the Goodfoot property and definition of a number of Lamefoot gold mine style targets.**
- 6) **Several new targets in and around the former Key West and Key East gold mines defined.**
- 7) **Other early stage targets that will be developed through 2018.**

Please refer to detailed project overviews further below.

Company Strategy

Adamera is exploring for high-grade gold deposits in Northeast Washington State, an area with a production record of +6 million ounces of gold. Many former producers are documented dating back to the early 1900's.

High-grade deposits such as the Buckhorn Mine averaged approximately 12 g/t gold. Despite hauling ore 70 km from the Buckhorn Mine to the Kettle River treatment plant, Buckhorn was known as a low-cost producer with reported production costs ranging from about \$350/ oz. at the start of the mine in 2008 to around \$700/oz. in its final years. The Buckhorn Mine closed in 2017 leaving the Kettle River Mill idle.

Working in an area with a well-developed network of roads, an under utilized treatment plant and an experienced work force is highly advantageous for any company. It is anticipated that the existing treatment plant would lower mine development costs and significantly reduce permitting timelines.

Land and Permits

In 2017, Adamera significantly expanded its property holdings in the Cooke Mountain project area through staking and leasing initiatives.

Permitting for drilling in the area for 2017 was a challenge as we had to work with three separate agencies. Approval to drill on US Forest Service land was granted in late January 2018. Drilling of these targets is currently underway.

Due to the development of numerous new targets, additional permitting will be required on those targets.

Financing

In 2017, Adamera funded its entire exploration program in Washington State through the exercise of 30 million warrants. In December 2017 the Company announced a \$500,000 financing and due to a very positive response, increased the financing to over \$700,000. This financing is funding a Phase Two drill program in Q1 2018.

Marketing

As a Canadian company exploring for high-grade gold in Washington State, Adamera continues to build investor awareness in Canada and the USA. News releases, investor conferences, interviews, letter writers and media articles were the major marketing tools for Adamera. During the year we disseminated 28 news releases dealing with our activities. Newsletter writers including Eric Coffin, Greg McCoach, John Kaiser and Brien Lundin have been very receptive to the upside of Washington gold exploration and have brought that interest to a broad audience of investors.

Canadian based marketing conferences attended by the company in 2017 include the Metal Investors Forum, Cambridge House Conference and the Prospectors and Developers Association of Canada conference. In the US, Adamera attended the New Orleans Investment Conference and the American Exploration and Mining Association (AEMA) in Reno, Nevada where Adamera displayed recent drill core.

As Adamera's projects are US based, it made sense to make shares more accessible to US investors by obtaining a US listing. In 2017, Adamera obtained an OTC Listing under the previously established trade symbol DDNff.

Measuring effective marketing is generally difficult; however, as a result of our efforts, our trading volume has increased 120% from 2016. The resulting trading volume for Adamera prior to December 23, 2017 was approximately 113 million shares out of 117 million tradable shares. Average daily volume is approximately 291,000 shares per day. Since the US listing was initiated, Adamera has traded approximately 24,000,000 shares on the OTC.

In 2017, overall website visits and unique individual website visits were up 124% and 74% respectively from 2016.

Community

In 2017, the Buckhorn Gold Mine closed and the Kettle River gold mill was put on care and maintenance, resulting in a significant loss of employment for the surrounding communities. Adamera is committed to hiring locally and is striving to ultimately see gold treatment resume.

Over the course of the year, Adamera employed over 30 American workers on the Cooke Mountain project, 20 of whom were local. In addition, 28 local commercial vendors provided services to the operation. This commitment to employ local people is highly dependent on training and developing in-house expertise. In-house capabilities include various geophysical surveys such as ground geophysics, geochemistry and XRF and pH analyses. Adamera is determined to make a significant and positive impact in the community.

Project Overviews

Oversight / Overlook

At Oversight / Overlook, the VTEM survey completed by Adamera identifies a 900 metre long NW-SE trending conductor centered on the former Overlook mine which spanned 250 to 300 metres. The 250 metre extensions of the conductor beyond the Overlook deposit to the NW and SW, and the possibility of previously unknown mineralized horizons below the known Overlook workings represent significant exploration potential. Updated underground mine plans will assist in targeting to determine the best areas to explore for new mineralization.

Knowledge gained through drilling and our interpretation of soil geochemical and geophysical data suggests two styles of gold mineralization on the property: 1) a deep gold rich massive magnetite and sulfide zone detectable with magnetic and electromagnetic (EM) methods such as VTEM surveying and 2) a new shallow gold-silica zone not detectable with magnetics or EM.

Zones of gold rich massive magnetite and sulfide mineralization occur at the limestone-clastic rock contact, immediately below a thick Scatter Creek intrusive sill at a depth of around 195 metres. A similar zone occurs at 210 metres, below approximately 5 metres of unaltered limestone. In drill hole OS17-06,

remnants of the upper massive magnetite and sulfide zone assayed 9.9 g/t over 2 metres. The lower unit assayed 9.6 g/t gold over 10.8 metres. Drill holes OS-06 and OS-07 both intersected upper and lower mineralized zones northwest of the Overlook Mine.

A new zone of mineralization below the known Overlook mine workings is a real possibility and for obvious reasons is a high interest target for Adamera. Integration of the new underground plans and existing drill data should help determine if the lower zone in OS17-06 was undetected and unmined by Echo Bay, as presently seems to be the case.

Shallow high-grade gold associated with silica alteration and silica veining in high level clastic rocks stratigraphically above the massive magnetite / sulfide zone was intersected southeast of the Overlook mine in drill holes OS17-01 and OS17-03 at depths ranging from 20 to 60 metres. This shallow mineralization is not conductive or magnetic but the presence of gold in soils above these intersections suggests the zones are detectable with soil sampling. Testing this new style of gold mineralization will require drilling with shallow, relatively inexpensive holes.

Large gold anomalies in soil on the Oversight /Overlook property were thought to be related to gold glacially dispersed from the Overlook Mine. Specifically, areas with anomalous gold in soil not associated with coincident magnetic or EM anomalies. However, after the 2017 work program, Adamera has determined that the gold in soil has little relation to the deeper gold bearing magnetite zone at Overlook and appears to be entirely a response to shallow gold mineralization similar to gold intersections in drill holes OS17-01 and OS17-03. Large gold anomalies in soil on the property will be targeted for high-grade shallow gold mineralization.

Outlook Ridge

Late in 2017, a new high-grade gold occurrence called Outlook Ridge was identified between the Overlook and Key West gold mines.

Rock samples collected from outcrop assayed 64 g/t, 37 g/t, 30 g/t, 7.8 g/t and 2.1 g/t gold. The high-grade gold rocks are silicified and brecciated clastic sediments with quartz-sulfide veining. Clastic sediments are exposed in prospect pits immediately below a felsic sill, a flat lying intrusive body that extends across the property. Any underlying mineralization would obviously be concealed at surface.

Gold mineralization in the area is situated on northeast trending linear features that pass through both the Overlook and Key West deposits. The linear features are interpreted to be important mineralizing structures with +1000 metres of strike length.

As the sills are extensive in the area, denser soil sampling and magnetic surveying was completed to detect leakage of gold through faults cutting the intrusive sills and or erosional “windows” within the sills. The Company is planning an induced polarization (IP) survey to identify gold in association with silica flooding in the clastic rocks.

HLK Property – SE-01

Drilling at SE-01 is currently underway with results from two holes expected in mid March. Additional drilling on SE-01 will depend on assay results. SE-01 was initially identified by VTEM as a strong conductor with a coincident magnetic response. Development of this target advanced significantly through 2017. The target has a strike length of +700 metres.

The area surrounding SE-01 requires additional ground geophysics to resolve nearby geochemical anomalies. Those surveys will likely include ground EM and possibly IP.

Goodfoot Property

Goodfoot was acquired in late 2016 based on its proximity to the Lamefoot gold mine deposit located 2 kilometres to the north. Initial work on Goodfoot focussed on the Big Banana EM conductor that spanned the entire length of the property. A drill hole into the conductor encountered a graphitic sulfide-rich shear zone without encouraging assays.

Adamera shifted focus to the west side of the property where a modest number of soil samples had yielded anomalous gold values. Closer soil sampling and geophysical surveying has identified new targets with gold in soil related to several magnetic, EM, structural and lithological features. These targets will be followed up in 2018.

Overall the Goodfoot property delineates 5.2 kilometres of stratigraphy considered prospective for a Lamefoot style deposit.

Conclusion

2017 was a challenging yet successful year for the Company. The highlights of our program included the discovery of high-grade gold at the Oversight / Overlook project and the development of new exploration targets for later drilling. Adamera's first drill hole in 2018 intersected 120 metres of disseminated to near massive sulfides at SE-01, a new target area near the former Cooke Mountain gold mines. A second hole has now been completed on the target. Gold assays are pending.

Over the past couple of years, it has become apparent that Adamera has an incredibly sturdy shareholder composition. Investing in discovery-based exploration requires confidence, patience and perseverance. To the shareholders, I thank you for your support and highly constructive correspondence.

Moving into 2018 we have every reason to be optimistic that a significant discovery is possible. We have the combination of excellent geology and an innovative, systematic approach to exploration. Thank you to the Adamera team.

On behalf of the Board of Directors,

Mark Kolebaba
President & CEO