UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2018 and 2017

ATLANTIC GOLD CORPORATION

Atlantic Gold Corporation

Condensed Consolidated Interim Balance Sheet
(Unaudited)
As at
(Expressed in Canadian Dollars)

	Notes	June 30, 2018	December 31, 2017
Assets			
Current			
Cash and cash equivalents	6a	**$ 16,075,980**	$ 22,093,914
Prepaid expenses and deposits		**615,593**	1,001,356
Receivables	7	**1,905,872**	2,222,708
Inventory	8	**10,359,283**	8,562,014
Due from related party	20	**23,271**	49,168
		28,979,999	33,929,159
Property, plant and equipment	9	**169,776,816**	178,712,023
Exploration and evaluation assets	10	**40,516,519**	32,928,658
Restricted cash	11	**17,040,432**	10,593,432
Other non-current assets	12	**8,515,062**	2,402,089
		$ 264,828,828	$ 258,565,362
Liabilities			
Current			
Accounts payable and accrued liabilities		**$ 13,682,379**	$ 22,807,073
Due to related parties	20b	**21,866**	750,805
Current portion of long-term debt	13	**47,278,643**	32,210,417
Other liability	15b	**910,367**	2,164,290
		61,893,255	**57,932,584**
Reclamation provision	14	**4,513,241**	4,066,465
Long-term debt	13	**71,150,511**	105,617,533
Deferred income tax liability		**868,101**	-
		138,425,108	**167,616,582**
Shareholders' equity			
Share capital	15a,b	**145,519,485**	124,455,438
Contributed surplus	15c	**17,361,687**	15,294,216
Convertible debenture - equity component	13b	**-**	277,917
Deficit		**(36,477,452)**	(49,078,792)
Total Shareholders' Equity		**126,403,720**	90,948,778
		$ 264,828,828	$ 258,565,362

Subsequent events (Note 22)

Approved by the Board of Directors:

"Donald Siemens" Director

"Robert Atkinson" Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Atlantic Gold Corporation

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited)
For the three and six months ended June 30
(Expressed in Canadian Dollars)

	Notes	**Three months ended *June 30, 2018***	*Three months ended* June 30, 2017	***Six months ended June 30, 2018***	*Six months ended June 30, 2017*
Revenue	16	**35,888,640**	-	**48,770,102**	-
Cost of goods sold	17	**(13,196,922)**	-	**(17,554,085)**	-
Depreciation and depletion		**(7,208,292)**	-	**(9,842,848)**	-
Mine operating earnings		**15,483,426**	-	**21,373,169**	-
General & Administration	18	**(2,407,082)**	(1,531,862)	**(4,834,747)**	(3,193,595)
Operating earnings		**13,076,344**	(1,531,862)	**16,538,422**	(3,193,595)
Other income / (expense)					
Finance costs	19	**(2,953,404)**	(253,874)	**(3,942,191)**	(518,948)
Interest and other income		**99,180**	73,256	**193,324**	135,297
Net earnings (loss) before income taxes		**10,222,120**	(1,712,480)	**12,789,555**	(3,577,246)
Deferred income tax recovery (loss)		**(1,879,389)**	719,854	**(1,136,269)**	1,122,217
Net earnings (loss) and comprehensive earnings (loss)		**$ 8,342,731**	$ (992,626)	**$ 11,653,286**	$ (2,455,029)
Weighted average number of shares outstanding					
Basic		**203,654,310**	175,717,014	**203,271,679**	174,574,202
Diluted		**223,632,542**	175,717,014	**222,933,081**	174,574,202
Earnings (loss) per share					
Basic		**$ 0.04**	$ (0.01)	**$ 0.06**	$ (0.01)
Diluted		**$ 0.04**	$ (0.01)	**$ 0.05**	$ (0.01)

Atlantic Gold Corporation

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited)
For the six months ended June 30
(Expressed in Canadian Dollars)

	Notes	Shares	Share Capital	Contributed Surplus	Convertible Debenture	Deficit	Total equity
Balance - January 1, 2018		**192,280,630**	**$ 124,455,438**	**$ 15,294,216**	**$ 277,917**	**$ (49,078,792)**	**$ 90,948,779**
IFRS 9 Transitional Adjustment	12	-	-	-	-	948,054	948,054
Share-based payments		-	-	2,900,798	-	-	2,900,798
Settlement of convertible debentures		21,927,360	13,228,803	-	(277,917)	-	12,950,886
Exercise of stock options	14c	2,745,000	1,589,858	(628,658)	-	-	961,200
Exercise of share purchase warrants	14d	7,384,370	5,001,213	(482,586)	-	-	4,518,627
Deferred income tax		-	1,522,091	-	-	-	1,522,091
Net income and comprehensive income for the period		-	-	-	-	11,653,286	11,653,286
Balance - June 30, 2018		**224,337,360**	**$ 145,797,402**	**$ 17,083,770**	**$ -**	**$ (36,477,452)**	**$ 126,403,720**
Balance - January 1, 2017		**173,331,713**	**$ 103,973,121**	**$ 13,289,077**	**$ 277,917**	**$ (44,154,335)**	**$ 73,385,780**
Share-based payments		-	-	1,704,260	-	-	1,704,260
Exercise of stock options	14c	1,525,000	853,938	(220,453)	-	-	633,485
Exercise of share purchase warrants	14d	1,678,736	1,114,681	(107,439)	-	-	1,007,242
Net loss and comprehensive loss for the period	14b	-	-	-	-	(2,455,029)	(2,455,029)
Balance - June 30, 2017		**176,535,449**	**$ 105,941,740**	**$ 14,665,445**	**$ 277,917**	**$ (46,609,364)**	**$ 74,275,738**

Atlantic Gold Corporation

Condensed Consolidated InterimStatements of Cash Flows
(Unaudited)
For the six months ended June 30
(Expressed in Canadian Dollars)

	Notes		**Three months ended June 30, 2018**		*Three months ended* June 30, 2017		***Six months ended* June 30, 2018**		*Six months ended* June 30, 2017
Cash from (used) in operating activities									
Net earnings (loss) and comrehensive earnings (loss) for the period		**$**	**8,342,731**	$	(992,626)	**$**	**11,653,286**	$	(2,455,029)
Deferred income tax loss (recovery)	15		**1,879,389**		(719,854)		**1,136,269**		(1,122,217)
Accretion of reclamation obligation	14		**18,021**		13,506		**35,983**		26,118
Amortization			**7,236,108**		24,372		**9,896,671**		48,673
Share-based payments	15c		**1,387,468**		505,498		**2,604,122**		1,287,082
Interest and other income			**323,046**		(73,256)		**228,902**		(135,297)
Interest expense and transaction costs			**2,192,913**		-		**3,163,739**		-
Net changes in non-cash working capital	6b		**(1,986,645)**		141,657		**(5,111,509)**		(721,392)
Net cash provided (used) in operating activities			**19,393,031**		(1,100,703)		**23,607,463**		(3,072,061)
Cash from (used) in investing activities									
Capitalized pre-commercial production mine operating costs and capital expenditures	9		**(5,360,442)**		(25,417,126)		**(20,686,066)**		(55,993,812)
Capitalized revenue	9		**-**		-		**14,909,663**		-
Exploration and evaluation expenditures	10		**(3,998,010)**		(3,616,770)		**(10,896,906)**		(5,909,067)
Restricted cash - Surety Bond, letter of credit	11		**553,000**		342,999		**553,000**		342,999
Interest received			**86,435**		76,519		**166,117**		110,813
Net cash used in investing activities			**(8,719,017)**		(28,614,378)		**(15,954,192)**		(61,449,067)
Cash from (used) in financing activities									
Proceeds from stock option exercise	15c		**895,200**		233,485		**961,200**		633,485
Proceeds from exercise of share purchase warrants	15d		**3,740,686**		997,500		**4,518,628**		1,007,242
Proceeds from (payments against) long-term debt:									
Project Loan Facility	13		**(4,250,000)**		30,901,000		**(4,250,000)**		63,401,000
Interest and finance payments:									
Project Loan Facility	13		**(2,501,934)**		(1,367,215)		**(6,372,871)**		(1,942,064)
Convertible debenture	13		**-**		(552,500)		**-**		(552,500)
Finance lease payments, including interest	13		**(764,081)**		(710,926)		**(1,528,162)**		(1,347,420)
Restricted cash - DSRA	11		**(7,000,000)**		(55,674)		**(7,000,000)**		(55,674)
Proceeds receieved on sale lease back			**-**		482,185		**-**		482,185
Net cash provided (used) in financing activities			**(9,880,129)**		29,927,855		**(13,671,205)**		61,626,253
Change in cash and cash equivalents during the period			**793,885**		212,774		**(6,017,934)**		(2,894,874)
Cash and cash equivalents, beginning of period			**15,282,095**		11,289,339		**22,093,914**		14,396,987
Cash and cash equivalents, end of period		**$**	**16,075,980**	$	11,502,113	**$**	**16,075,980**	$	11,502,113
Restricted cash, end of period	11	**$**	**17,040,432**	$	9,050,021	**$**	**17,040,432**	$	9,050,021
Total Cash, end of period		**$**	**33,116,412**	$	20,552,134	**$**	**33,116,412**	$	20,552,134

Supplemental cash flow information (Note 6)

1. NATURE OF OPERATIONS

Atlantic Gold Corporation (the "Company") is listed on the TSX Venture Exchange with a registered office at Suite 3083, Three Bentall Centre, 595 Burrard Street, Vancouver, B.C. Canada. The Company's registered/records office is located at 10th Floor - 595 Howe Street, Vancouver, B.C., Canada.

The Company continues to focus on operations of its Moose River Consolidated ("MRC") phase one open pit gold mine (which is comprised of the Touquoy and Beaver Dam deposits), as well as advancing development of its two Life of Mine Expansion which includes the deposits at Fifteen Mile Stream and Cochrane Hill. The infrastructure for the MRC Mine is on the Touquoy property and a significant portion of it will be used for all deposits. Deposits other than Touquoy may require some modifications to the infrastructure to accommodate the ore processing and tailings of other deposits. Commercial production of the MRC Mine began on March 1, 2018.

2. BASIS OF PREPARATION

These unaudited condensed interim financial statements for the three and six months ended June 30, 2018 (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting ("IAS 34"). These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited annual financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB").

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the Company's 2017 annual consolidated financial statements, except for the adoption of IFRS 9 which is discussed in Note 3.

These consolidated financial statements were approved by the board of directors on August 14, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

During the period, the Company adopted IFRS 9, Financial Instruments ("IFRS 9"), which addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") that relates to the classification and measurement of financial instruments.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that were recognized at the date of application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date, other than the Company's available-for-sale asset, discussed in more detail below.

The following is the Company's new accounting policy for financial instruments under IFRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The Company determines the classification of the financial assets at initial recognition. The basis of classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change for liabilities is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income (loss) rather than in net earnings. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as fair value through other comprehensive income.

The Company has assessed the classification and measurement of its financial assets and financial liabilities under IFRS 9 and have summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

	Measurement Category	
	Original (IAS 39)	**New (IFRS 9)**
Financial assets		
Cash and cash equivalents	Amortized costs	**Amortized costs**
Due from related parties	Amortized costs	**Amortized costs**
Receivables	Amortized costs	**Amortized costs**
Restricted cash	Amortized costs	**Amortized costs**
Investment in a private company	Available-for-sale	**Fair value through other comprehensive income**
Financial liabilities		
Accounts payable and accrued liabilities	Amortized costs	**Amortized costs**
PLF	Amortized costs	**Amortized costs**
Equipment facility	Amortized costs	**Amortized costs**
Due to related parties	Amortized costs	**Amortized costs**

The investment in a private company held by the Company (see Note 12) is comprised of shares in a Company that owns a 40% interest in the Touquoy project and does not have a quoted price in an active market. Under IAS 39, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity was precluded from measuring the instrument at fair value. This concept was not carried forward into IFRS 9 and as such the Company was required to assign a fair value to the available-for-sale asset upon the adoption of IFRS 9. As the Company is not restating prior periods, it has recognized the effects of retrospective application to shareholder's equity at the beginning of the 2018 annual reporting period. Therefore, the adoption of IFRS 9 resulted in a decrease to opening accumulated deficit on January 1, 2018 of $948,054. There have been no other changes in the carrying value of the Company's financial instruments or to previously reported figures as a result of changes to the measurement categories in the table noted above.

4. CHANGES IN ACCOUNTING STANDARDS NOT YET EFFECTIVE

Leases

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16") which replaces IAS 17, Leases ("IAS 17") and its associated interpretive guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 will result in an increase in assets and liabilities as fewer leases will be expensed as payments are made. Management expects an increase in depreciation expenses and also an increase in cash flow from operating activities as these lease payments will be recorded as financing outflows in the cash flow statement.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Commercial production

The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of significant judgment which will impact when the Company recognizes revenue, operating costs and depreciation and depletion in the statement of profit and loss. In making this determination, management considered whether (a) the major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended was complete; (b) ramping up to nameplate design capacity has been achieved for the operations; (c) the mill was meeting performance design criteria such as hourly throughput and process recovery; and (d) a saleable product could be produced. Effective March 1, 2018, management declared commercial production at the MRC Mine.

Fair Value of Investments through Other Comprehensive Income

Management judgment is used when determining the fair value of the Company's investment in a private company as a result of the adoption of IFRS 9. Assumptions are used in preparing the valuation models used to determine the fair value of the asset, including gold prices, reserves and resources, discount for minority interest, foreign exchange, mine plans, operating costs, capital expenditures, and discount rates.

Information about other significant areas of estimation uncertainty considered by management in preparing the financial statements are set out in Note 5 to the audited financial statements for the year ended December 31, 2017 and have been consistently followed in preparation of these Interim Financial Statements.

(Expressed in Canadian Dollars)

6. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Cash is comprised of:

		June 30, 2018		December 31, 2017
Cash	$	16,017,805	$	22,035,739
Guaranteed Investment Certificates		58,175		58,175
Restricted cash		17,040,432		9,050,021
	$	33,116,412	$	31,143,935

(b) Changes in non-cash working capital is comprised of:

	Six months ended June 30			
		2018		2017
Net changes in non-cash working capital:				
Receivables	$	(321,669)	$	40,615
Inventory		(1,473,512)		199
Other assets		(2,896,082)		-
Due from related parties		25,896		(24,826)
Prepaid expenses and deposits		385,762		470,368
Accounts payable and accrued liabilities		(102,964)		(620,293)
Due to related parties		(728,940)		(587,454)
	$	(5,111,509)	$	(721,391)

(c) Non-cash investing and financing activities include:

	Six months ended June 30			
		2018		2017
Settlement of convertible debenture	$	(13,228,803)	$	-
	$	(13,228,803)	$	-

(Expressed in Canadian Dollars)

7. RECEIVABLES

	June 30, 2018	December 31, 2017
Input tax credits	$ 1,356,993	$ 1,999,172
NSDNR security for settlement of expropriated properties	206,698	206,698
Interest and other receivables	342,181	16,838
	$ 1,905,872	$ 2,222,708

The receivable from the Nova Scotia Department of Natural Resources ("NSDNR") relates to security held by the NSDNR in respect of certain expropriated properties acquired in order to facilitate mining activities by the Company. The security will be refunded once payment for the expropriated lands by the Company has been made. The Company remains in discussions with one remaining previous land owner in respect of a negotiated settlement payment. The Company has estimated and accrued an amount it believes will be required to settle the negotiations with the remaining expropriated property landowners within accounts payable and accrued liabilities.

8. INVENTORY

	June 30, 2018	December 31, 2017
Ore in stockpile	$ 1,031,974	$ 1,472,341
In-circuit metal	7,349,865	6,312,662
Finished metal	542,869	141,270
Total mineral inventory	8,924,708	7,926,273
Materials and supplies	1,434,575	635,741
Total inventory	$ 10,359,283	$ 8,562,014

Depreciation included in inventory at June 30, 2018 was $3,359,973 (December 31, 2017 - $3,036,223).

(Expressed in Canadian Dollars)

9. PROPERTY, PLANT AND EQUIPMENT

	Notes	Mineral properties and development costs	Equipment	Plant and infrastructure	Total
Costs					
At January 1, 2017		**$ 83,882,098**	**$ 12,904,136**	**$ -**	**$ 96,786,234**
Reclamation	14	**2,436,676**	**-**	**-**	2,436,676
Borrowing costs	13	**8,929,522**	**-**	**-**	8,929,522
Capitalized revenue		**(12,429,542)**	**-**	**-**	(12,429,542)
Additions		**86,767,679**	**3,206,391**	**-**	89,974,070
Reallocation of development costs		**(97,592,257)**	**-**	**97,592,257**	-
At December 31, 2017		**$ 71,994,176**	**$ 16,110,527**	**$ 97,592,257**	**$ 185,696,960**
Reclamation	14	**410,793**	**-**	**-**	410,793
Borrowing costs	13	**1,903,914**	**-**	**-**	1,903,914
Capitalized revenue		**(14,909,663)**	**-**	**-**	(14,909,663)
Pre-production cost of sales		**5,319,564**	**-**	**-**	5,319,564
Additions (Other)		**9,948,357**	**254,250**	**801,157**	11,003,764
At June 30, 2018		**$ 74,667,141**	**$ 16,364,777**	**$ 98,393,414**	**$ 189,425,332**
Accumulated depreciation					
At January 1, 2017		**$ -**	**$ (980,965)**	**$ -**	**$ (980,965)**
Depreciation		(2,337,475)	(2,612,351)	(1,054,146)	(6,003,972)
At December 31, 2017		**$ (2,337,475)**	**$ (3,593,316)**	**$ (1,054,146)**	**$ (6,984,937)**
Depreciation		(6,710,066)	(1,485,034)	(4,468,479)	(12,663,579)
At June 30, 2018		**$ (9,047,541)**	**$ (5,078,350)**	**$ (5,522,625)**	**$ (19,648,516)**
Net book value					
At December 31, 2017		$ 69,656,701	$ 12,517,211	$ 96,538,111	$ 178,712,023
At June 30, 2018		**$ 65,619,600**	**$ 11,286,427**	**$ 92,870,789**	**$ 169,776,816**

(Expressed in Canadian Dollars)

9. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company's effective ownership interest in Touquoy is 63.3%. The Company is entitled to recover all operational, overhead, financing and sunk costs prior to any distributions to its partner, in Touquoy. The Company has an option to purchase the interest in Touquoy from this partner at fair market value after the later of a) 18 months of commercial production at Touquoy, and b) the point where 3,000,000 tonnes of Touquoy ore has been processed, provided that at the date of notice to commence the option process, the 30-day average spot price of gold is at least CAD $1,400/oz. The fair market value will be determined by a valuation completed by a mutually appointed independent valuator.

Royalties

A net smelter return ("NSR") royalty of 3% is payable to a third party in respect of Touquoy, two-thirds of which can be purchased for $2.5 million. During Q1 2018, the Company fulfilled the buyback of the first 1% and provide notice to the royalty holder of such buyback. Touquoy is also subject to a 1% NSR royalty payable to the government of Nova Scotia, a requirement for all operating mines in the province.

10. EXPLORATION AND EVALUATION ASSETS

The Company has 100% ownership in its Beaver Dam, Cochrane Hill and Fifteen Mile Stream deposits.

	Beaver Dam	Cochrane Hill	Fifteen Mile Stream	Other	Total
Acquisition Costs, December 31, 2017	**$ 1,134,791**	**$ 2,278,597**	**$ 4,149,388**	**$ 2,172,496**	**$ 9,735,272**
Additions	-	-	250,000	-	250,000
Acquisition Costs, June 30, 2018	**$ 1,134,791**	**$ 2,278,597**	**$ 4,399,388**	**$ 2,172,496**	**$ 9,985,272**
Deferred costs, January 1, 2018	**$ 5,154,425**	**$ 7,499,743**	**$ 8,542,868**	**$ 1,996,350**	**$ 23,193,386**
Compensation	32,812	282,711	899,592	374,938	1,590,053
Environmental	462,952	716,120	241,950	54,946	1,475,968
Permitting and claims	51,531	-	139,750	133,452	324,733
Assays and metallurgy	27,324	167,654	637,391	120,238	952,607
Travel and accommodation	235	10,946	47,721	20,712	79,614
Drilling and fieldwork	-	306,836	1,758,637	379,565	2,445,038
Equipment and supplies	18,131	49,099	212,278	190,340	469,848
Expenditures for the period	592,985	1,533,366	3,937,319	1,274,191	7,337,861
Deferred costs, June 30, 2018	**$ 5,747,410**	**$ 9,033,110**	**$ 12,480,187**	**$ 3,270,540**	**$ 30,531,247**
Exploration and evaluation assets, June 30, 2018	**$ 6,882,201**	**$ 11,311,707**	**$16,879,575**	**$5,443,036**	**$40,516,519**

(Expressed in Canadian Dollars)

10. EXPLORATION AND EVALUATION ASSETS (continued)

	Beaver Dam	Cochrane Hill	Fifteen Mile Stream	Other	Total
Acquisition Costs, December 31, 2017	**$ 1,134,791**	**$ 2,278,597**	**$ 4,149,388**	**$ 2,172,496**	**$ 9,735,272**
Deferred costs, January 1, 2017	**$ 4,789,912**	**$ 2,152,741**	**$ 282,590**	**$ 789,216**	**$ 8,014,459**
Compensation	1,373	797,893	851,950	299,142	1,950,358
Environmental	336,746	212,305	282,272	-	831,323
Permitting and claims	24,600	21,773	124857	150,868	322,098
Assays and metallurgy	-	829,851	1,901,578	76,378	2,807,807
Travel and accommodation	-	43,573	59,402	18,929	121,904
Drilling and fieldwork	-	3,082,954	4,527,492	644,095	8,254,541
Equipment and supplies	1,794	358,653	512,727	17,722	890,896
Expenditures for the period	364,513	5,347,002	8,260,278	1,207,134	15,178,927
Deferred costs, December 31, 2017	**$ 5,154,425**	**$ 7,499,743**	**$ 8,542,868**	**$ 1,996,350**	**$ 23,193,386**
Exploration and evaluation assets, December 31, 2017	**$ 6,289,216**	**$ 9,778,340**	**$12,692,256**	**$4,168,846**	**$32,928,658**

11. RESTRICTED CASH

	Notes	June 30, 2018	December 31, 2017
PLF proceeds account	a	**$ 6,000,000**	$ 6,000,000
GIC	b	**3,318,000**	3,871,000
DSRA – Equipment Facility	c	**722,432**	722,432
DSRA – Project Loan Facility	d	**7,000,000**	-
		$ 17,040,432	$ 10,593,432

(a) Under the Company's Project Loan Facility ("PLF") (see Note 13), the Company is required to maintain a minimum balance of $6,000,000 in a bank account until the PLF is repaid.

(b) The guaranteed investment certificate ("GIC") of $3,318,000 (2017 - $3,871,000), is a restricted GIC that supports a line of credit that the Bank of Montreal ("BMO") provides to a surety provider that in turn provides a Surety Bond related to the reclamation performance bond. The GIC represents 60% of the $5,530,000 reclamation performance bond posted with the province of Nova Scotia. The restricted GIC has a maturity date of August 18, 2018 and earns interest at 0.6% per annum.

The $5.53 million reclamation performance bond represents installments of the $10,400,000 phased reclamation security in respect the MRC Mine. The phased approach ensures that adequate security is in place before each phase of disturbance, construction and operation at MRC Mine. The total $10,400,000 financial security is to be posted in full by December 31, 2019.

(Expressed in Canadian Dollars)

11. RESTRICTED CASH (continued)

(c) The Debt Service Reserve Account ("DSRA") is required under the Equipment Facility (as defined below in 13c), whereby the Company is required to maintain an amount equal to 100% of one quarterly payment in respect of all leases under the Equipment Facility. The DSRA – Equipment Facility, is to be maintained up to and including three months after Project Completion (as defined below in 13a).

(d) The $7,000,000 DSRA is required under the Project Loan Facility (as defined below in 13a), whereby the Company is required to maintain an amount equal to any principal and interest payment owing in the immediate following three-month period.

12. OTHER NON-CURRENT ASSETS

		June 30, 2018		December 31, 2017
Reclamation bonds (a)	$	200,000	$	200,000
Investment in a private company (b)		1,196,134		248,078
Ore in stockpile inventory (c)		7,118,928		1,954,011
	$	8,515,062	$	2,402,089

(a) The reclamation bonds are held by the Nova Scotia Department of Natural Resources over various mining tenements for its Cochrane Hill deposit and will be refundable to the Company once mining is completed and the land has been restored to its economically usable state.

(b) The Company holds an investment in a privately held company which holds a carried interest of 40% in the tenements of the Company's Touquoy deposit. The fair value of the Company's investment in the privately held company is considered a management estimate whereby significant judgment is applied. Further, the valuation techniques use significant inputs that are not based on observable market data and is therefore classified as a Level 3 financial instrument.

(c) Depreciation included in ore in long term stockpile inventory at June 30, 2018 was $3,114,449 (December 31, 2017 - $845,612). The change of ore in stockpile inventory in cost of sales and depreciation expense in the three and six months ended June 30, 2018 was ($1,606,845) and ($1,961,769), respectively (2017 – nil) and ($1,086,979) and ($1,418,742), respectively (2017 – nil).

(Expressed in Canadian Dollars)

13. LONG-TERM DEBT

	Project Loan Facility (a)	Convertible debentures (b)	Equipment Facility (c)	Total
Long-term debt at January 1, 2017	32,829,623	12,455,917	9,798,540	55,084,080
Additions	81,000,000	-	2,837,086	83,837,086
Principal repayment	-	-	(2,226,309)	(2,226,309)
Interest expense and accretion[(1)]	5,586,530	780,161	650,162	7,016,853
Interest payment	(2,767,189)	(1,105,000)	(650,162)	(4,522,351)
Transaction costs	(3,274,078)	-	-	(3,274,078)
Amortization of transaction costs[(1)]	1,736,860	175,809	-	1,912,669
Long-term debt at December 31, 2017	**115,111,746**	**12,306,887**	**10,409,317**	**137,827,950**
Principal repayment	**(4,250,000)**	**(13,000,000)**	**(1,211,775)**	**(18,461,775)**
Interest expense and accretion [(1)]	**3,799,289**	**399,288**	**316,276**	**4,514,853**
Interest payments	**(6,122,871)**	**(486,479)**	**(316,276)**	**(6,925,626)**
Amortization of transaction costs[(1)]	**693,448**	**244,710**	**-**	**938,158**
Settlement of convertible debenture charged to equity	**-**	**535,594**	**-**	**535,594**
	109,231,612	**-**	**9,197,542**	**118,429,154**
Less Current portion	**(44,222,319)**	**-**	**(3,056,324)**	**(47,278,643)**
Long-term debt at June 30, 2018	**$ 65,009,293**	**$ -**	**$ 6,141,218**	**$ 71,150,511**

(1) Interest expense, accretion and amortization of transaction costs were capitalized to the mineral properties prior to the start of commercial production.

(a) Project Loan Facility

The PLF was entered into on May 6, 2016 and carries an interest rate of the Canadian Dealer Offered Rate ("CDOR") plus a 5% margin pre-Project Completion, reducing to a margin of 4.5% post-Project Completion. Project Completion is when, among other things, physical construction of all project facilities has been completed in accordance with the terms of the PLF, and the Company has achieved continuous production at Touquoy whereby the plant throughput reaches an average of 5,400 tonnes per day for 90 consecutive days. The PLF is repayable in quarterly installments over three years. The Company may prepay all or part of the principal balance outstanding at any time without penalty.

The PLF is secured through guarantees and a first ranking charge on all assets of the Company and each of its material subsidiaries. The Company's PLF contains certain project covenants including a minimum working capital ratio, calculated quarterly. The definition of the current ratio within the PLF denotes that the calculation excludes i) liabilities in respect of unrealized losses under the Hedging Facility, ii) principal payments under the PLF, iii) convertible debenture liability, iv) any non-cash flow through financing liabilities and v) when calculating the current ratio for the unconsolidated financial statements of the Company's operating subsidiary, Atlantic Mining NS Corp. ("AMNS"), excluding amounts payable by AMNS in respect of subordinated inter-corporate debt. At June 30, 2018, the Company was in compliance with all debt covenants.

Subsequent to June 30, 2018, the Company executed a commitment letter for a $150,000,000 senior secured revolving credit facility (the "Revolving Credit Facility" or "RCF") to be used to repay the existing PLF, as well as for general working capital purposes, with National Bank of Canada ("NB"). The balance of the existing PLF of $110,750,000 and any accrued and unpaid interest will be repaid by partial drawdown of the new RCF.

13. LONG-TERM DEBT (continued)

(b) Convertible Debentures

On May 10, 2016, the Company issued convertible debentures (the “Debentures”) of $13 million, including $8 million to a company owned by a director of the Company (see Note 20b). The Debentures carry an interest rate of 8.5%, with the principal payment due on the later of (a) May 10, 2021 and (b) the date that is the earlier of (i) six months after the final maturity date of the Company’s $115 million PLF and (ii) May 30, 2022. The principal amount of the Debentures is convertible at the subscriber’s option into common shares of the Company at a conversion price of $0.60 per share, representing a 20% premium to the closing trading price of the common shares of the Company, prior to the date the financing was originally announced. Accrued interest is also convertible at the subscriber’s option into common shares of the Company but at the market price of the shares at the time of conversion.

The Company may prepay, with notice, all of the principal amount of the Debentures and all accrued and unpaid interest thereon at any time following May 10, 2018. The Debentures are convertible at any time, at the subscriber’s option, and are secured by way of a charge against all existing assets of the Company and its material subsidiaries, subordinated to the lenders of the PLF. For accounting purposes, repayment of the Debentures was assumed to occur on May 10, 2021. On April 11, 2018, the Company provided notice to all holders of the Company’s Convertible Debentures that the Company intends on prepaying the entire principal amount of the Debentures on May 11, 2018 (the “Prepayment Date”). The holders maintain their conversion right to convert at any time up until the Prepayment Date.

On May 3, 2018, all of the $13,000,000 Debentures and $486,479 of unpaid/ accrued interest owing to the date of conversion, was converted into 21,927,360 common shares of the Company.

As at the date of conversion, the Debenture liability had not been fully accreted up to the face value of $13,000,000. Given the early prepayment option was exercised by the Company, but the holders of the Debentures retained the right to convert the Debentures into shares up to the Prepayment Date, the accounting treatment is dependant on the Company’s analysis of the economic substance of the transaction. As the Company expected that all holders would convert the Debentures into common shares of the Company upon receiving notification of the intended prepayment, the transaction was a forced conversion in substance. Accordingly, the amount recognised in equity in respect of the shares issued was equal to the amount at which the liability for the debt was carried at as at the date of conversion plus the equity component of the convertible debt, which was reclassified to share capital.

(c) Equipment Facility

To date, the Company has entered into a total of 23 equipment lease contracts under the Company’s Equipment Facility. Nineteen of the equipment lease contracts were accounted for as finance leasing contracts and as a result, the Company recognized $10,409,317 as a finance lease obligation, which was included as a non-cash addition to equipment within property, plant and equipment. Direct transaction costs of $560,722 were added to the cost base of the leased assets.

The term of the leases is 4 - 5 years from delivery. Lease payments under the Equipment Facility are payable on a quarterly basis and comprise principal payments and interest, interest being CDOR plus 5.35%. The Equipment Facility is secured by the Company’s mining fleet.

(Expressed in Canadian Dollars)

14. RECLAMATION PROVISION

The reclamation provision is comprised of:

	June 30, 2018	December 31, 2017
Opening balance	$ 4,066,465	$ 1,581,624
Additions	410,793	2,436,676
Accretion expense	35,983	48,165
Ending balance	$ 4,513,241	$ 4,066,465

The Company has recorded a liability for reclamation of current and past disturbances associated with the exploration and development activities at the MRC Mine. The reclamation costs have been calculated to reflect the amount of expected cash flows for the disturbances incurred as at June 30, 2018. The Company applied a discount rate of 1.61% (the risk-free rate) and an inflation rate of 2.0% in calculating the estimated obligation. The liability for reclamation in nominal dollars, undiscounted is $4,764,077. Cash expenditures are expected to occur at the end of the mine life of the MRC Mine, estimated in the years 2026 to 2027.

15. EQUITY

(a) Authorized share capital

Unlimited number of common shares without par value. Unlimited number of preferred shares without par value, issuable in series and with special rights and restrictions to be determined on issuance.

(b) Issued and fully paid common shares

During the six months ended June 30, 2018, all Debentures and unpaid accrued interest owing to the Debenture holders were converted into 21,927,360 common shares of the Company (note 13b).

Other than shares issued due to the conversion of the Debentures, exercise of stock options and warrants, there were no additional shares issued during the six months ended June 30, 2018.

In the year December 31, 2017, the following private placements were completed:

Date issued	Shares issued	Unit price	Gross Proceeds	Issue costs	Net Proceeds
September 20, 2017	2,304,000	$ 1.40	$ 3,225,600	$ (54,041)	$ 3,171,559
September 20, 2017(i)	305,700	$ 1.80	550,260	(9,184)	541,076
October 5, 2017(i)	3,825,500	$ 1.83	7,000,665	(461,208)	6,539,457
October 5, 2017	2,858,000	$ 1.40	4,001,200	(344,544)	3,656,656
October 5, 2017(i)	2,777,000	$ 1.80	4,998,600	(334,779)	4,663,821
October 24, 2017(i)	835,000	$ 1.80	1,503,000	(13,529)	1,489,471
	12,905,200		$ 21,279,325	$ (1,217,285)	$ 20,062,040

(Expressed in Canadian Dollars)

15. EQUITY (continued)

(b) Issued and fully paid common shares

(i) From time to time, the Company may raise funds through the issuance of flow-through shares. Based on Canadian tax law, the Company is required to spend this amount on qualifying exploration expenditures by December 31 of the year after the year the shares are issued. The Company uses the residual method to record the premium of the flow-through share which is recorded as other liability on the consolidated balance sheet. The liability balance is decreased as a result of the Company incurring a portion of the qualifying expenditures, therefore fulfilling part of its obligation with the offset being recognized as a deferred income tax recovery on the statement of loss and comprehensive loss. The other liability is comprised of:

	June 30, 2018	December 31, 2017
Opening balance	**$ 2,164,290**	$ 1,165,091
Additions on issue of flow-through shares	**-**	3,212,046
Settlement of liability on expenditures made	**(1,253,923)**	(2,212,847)
Ending balance	**$ 910,367**	$ 2,164,290

(c) Stock options

The Company has a rolling stock option plan pursuant to which the directors of the Company are authorized to grant options to directors, officers, employees and consultants of the Company and its subsidiaries of up to a maximum of 10% of the issued and outstanding common shares at the time of granting of an option. Every option granted, unless sooner terminated, has a term not exceeding 10 years after the date of grant.

A summary of the changes in stock options is as follows:

	Number of Options outstanding	**Weighted-average exercise price ($)**
Outstanding - January 1, 2017	12,808,700	0.39
Granted	4,385,000	1.01
Forfeited	(241,250)	1.02
Exercised	(3,657,450)	0.44
Outstanding - December 31, 2017	13,295,000	0.58
Granted	**4,335,000**	**1.63**
Exercised	**(2,745,000)**	**0.53**
Outstanding – June 30, 2018	**14,885,000**	**0.82**
Exercisable – June 30, 2018	**10,496,250**	**0.56**

(Expressed in Canadian Dollars)

15. EQUITY (continued)

(c) Stock options (continued)

Total share-based payments recognized during the three and six months ended June 30, 2018 was $1,442,409 and $2,900,798, respectively (2017: $688,151 and $1,704,260, respectively), with $1,387,467 and $2,604,122 recognized in the consolidated statement of loss and comprehensive loss (2017: $505,498 and $1,287,082), $191,919 capitalized to property, plant and equipment during the three and six months ended June 30, 2018 (2017: $163,137 and $397,661), and $54,942 and $104,757, respectively, capitalized to exploration and evaluation assets (2017: $19,517 and $19,517, respectively).

Stock options outstanding and exercisable at June 30, 2018 were as follows:

	Options outstanding					Options exercisable				
	Number of Options		Weighted average exercise price	Weighted average remaining life (years)		Number of Options		Weighted average exercise price	Weighted average remaining life (years)
$0.26 – 0.34	3,420,000	$	0.28	2.8		3,420,000	$	0.28	2.8
$0.40 – 0.42	1,795,000	$	0.42	4.3		1,795,000	$	0.42	4.3
$0.63 – 0.86	1,550,000	$	0.75	4.8		1,500,000	$	0.75	4.8
$0.96 – 1.02	3,475,000	$	0.96	5.4		2,575,000	$	0.96	5.4
$1.50 – 1.58	460,000	$	1.56	6.0		191,250	$	1.55	5.9
$1.60 – 1.63	3,935,000	$	1.63	6.4		983,750	$	1.63	6.4
$1.74 – 1.92	250,000	$	1.85	6.6		31,250	$	1.85	6.6
	14,885,000	$	0.93	4.9		10,496,250	$	0.69	4.4

The Company uses the Black Scholes option pricing model to determine the fair value of stock options granted. The vesting period for options is 12.5% immediately with 12.5% each quarter over the following seven quarters. The weighted average fair value of the stock options granted during the six months ended June 30, 2018 was $1.09 (2017 - $0.66). The following assumptions were used in the valuation of the stock options granted in the six months ended June 30, 2018:

Risk-free interest rate	2.08% - 2.24%
Expected life	6.75 years
Annualized volatility	70%
Dividend rate	0.00%
Forfeiture rate	0.00%

The risk-free rate for periods within the contractual term of the option is based on the Bank of Canada administered interest rates in effect at the time of the grant. The expected life of the options granted represents the period of time that the options granted are expected to be outstanding. Expected volatilities are based on historical volatilities of stock prices of comparable companies given the limited life of the Company as an exploration and development company. Expected forfeiture rates are based on historical forfeitures of stock options of the Company.

(Expressed in Canadian Dollars)

15. EQUITY (continued)

(d) Share Purchase Warrants

The share purchase warrants expire on August 20, 2018. A summary of the changes in share purchase warrants is as follows:

	Number of outstanding warrants	Weighted-average exercise price (in $)
Balance - January 1, 2017	23,118,384	0.60
Exercised	(2,386,267)	0.60
Balance - December 31, 2017	20,732,117	0.60
Exercised	(7,384,370)	**0.60**
Balance – June 30, 2018	**13,347,747**	**0.60**

16. REVENUE

Revenue for the three and six months ended June 30, comprised the following:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Gold revenue - Hedge facility	$ 26,263,040	$ -	$ 29,691,862	$ -
Gold revenue - Spot sales	9,704,585	-	19,173,135	-
Less refining costs	(78,985)	-	(94,895)	-
	$ 35,888,640	$ -	$ 48,770,102	$ -

In order to mitigate gold price risk and as a condition of the PLF, the Company was required to enter into margin free gold forward sales contracts of 215,000 ounces at a minimum Canadian dollar forward price of $1,500 (the “Hedge Facility”). The average sale price for the gold forward sales during the three and six months ended June 30, 2018 was $1,546 per ounce. The remaining commitment is 189,473 ounces between July 2018 and February 2021.

For accounting purposes, management has determined that the Hedge Facility meets the requirements of ‘own use’, and thereby is thereby exempt from the requirements of IAS 39. As a result, the Hedge Facility is not considered a derivative and is not marked to market at each reporting period, and recognition is deferred until settlement and delivery of the gold.

(Expressed in Canadian Dollars)

17. COST OF SALES

Cost of sales for the three and six months ended June 30, comprised the following:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Salaries and benefits, and consultants	$ 6,429,631	$ -	$ 8,659,686	$ -
Supplies and consumables	4,425,908	-	6,099,458	-
Royalties	359,122	-	487,906	-
Energy	994,601	-	1,323,984	-
Site administrative costs	778,079	-	854,352	-
Rentals	488,595	-	651,345	-
Environmental	419,308	-	507,026	-
Site share-based payments	337,725	-	433,684	-
Production costs	(14,232,969)	-	(19,017,441)	-
Change in inventory	1,036,047	-	1,463,356	-
	$ (13,196,922)	$ -	$ (17,554,085)	$ -

18. GENERAL AND ADMINISTRATIVE COSTS

General and administrative costs for the three and six months ended June 30, were comprised of:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Amortization	$ 27,816	$ 24,372	$ 53,823	$ 48,673
Corporate Development and investor relations	45,517	151,389	169,345	300,326
Director fees	71,875	58,125	147,875	135,750
Management Fees, salaries and benefits	757,208	390,828	1,510,912	794,438
Office and general	57,827	73,075	115,899	120,555
Professional fees	254,351	239,652	387,639	328,390
Rent	50,547	49,610	101,044	99,221
Share-based payments	1,049,743	505,498	2,170,438	1,287,082
Transfer agent and filing fees	76,187	11,811	111,735	47,012
Travel, meals and entertainment	16,011	27,502	66,037	32,148
	$ 2,407,082	$ 1,531,862	$ 4,834,747	$ 3,193,595

(Expressed in Canadian Dollars)

19. INTEREST AND FINANCING COSTS

Interest and financing costs for the three and six months ended June 30, were comprised of:

	Three months ended June 30, 2018	*Three months ended June 30, 2017*	***Six months ended June 30, 2018***	*Six months ended June 30, 2017*
Interest on the PLF	**$ (1,871,013)**	$ -	**$ (2,526,350)**	$ -
Amortization of transaction costs on the PLF	**(484,191)**	-	**(637,277)**	-
Interest and accretion of convertible debt	**(311,339)**	-	**(422,226)**	-
Financing fees on capital leases	**(168,840)**	-	**(220,355)**	-
Reclamation accretion expense	**(18,021)**	(13,506)	**(35,983)**	(26,118)
Other financing charges	**(100,000)**	(240,368)	**(100,000)**	(492,830)
	$ (2,953,404)	$ (253,874)	**$ (3,942,191)**	$ (518,948)

Prior to the start of commercial production on March 1, 2018, interest and financing costs, other than stand-by fees were capitalized to Property, plant and equipment.

20. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

(a) Key management compensation

Key management includes the Company's directors, Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. Compensation awarded to key management for the three and six months ended June 30 is as follows:

	Three months ended June 30, 2018	Three months ended June 30, 2017	**Six months ended June 30, 2018**	Six months ended June 30, 2017
Salaries and benefits	**$ 151,706**	$ 138,949	**$ 315,167**	$ 258,282
Consulting fees	**178,916**	178,236	**368,154**	367,850
Director fees	**78,125**	58,125	**133,291**	135,750
Share-based payments	**607,114**	455,035	**1,509,482**	1,159,068
	$ 1,015,861	$ 830,345	**$ 2,326,094**	$ 1,920,950

(Expressed in Canadian Dollars)

20. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

(b) Amount due to related parties

Amounts due to related parties at of June 30 are as follows:

	June 30, 2018	December 31, 2017
Beedie Investments Limited[1]	$ -	$ 7,573,469
Sirocco Adivsory Services[2,4]	-	428,246
Metallica Consulting Services[3,4]	5,000	14,000
Directors[4]	16,250	15,500
Officers[4]	616	293,059
	$ 21,866	$ 8,324,274

(1) In May 2016, the Company issued $8 million of Debentures to Beedie Investment Limited, a company controlled by a director of the Company. On April 23, 2018, all Debentures and unpaid accrued interest owing to Beedie Investment Limited was converted into 13,491,738 common shares of the Company.
(2) Sirocco Advisory Services, is a company controlled by a director and officer of the Company.
(3) Metallica Consulting Services is a company controlled by a director of the Company.
(4) Amounts due to related parties are unsecured, non-interest bearing and due on demand.

(c) Amount due from related parties

The Company charges office lease and administrative expenditures to Oceanic Iron Ore Corp. (“Oceanic”), a Company with officers and directors in common. During the three and six months ended June 30, 2018, office lease and administrative expenditures billed to Oceanic amounted to $23,271 and $42,876, respectively (2017: $23,881 and $44,095, respectively). As at June 30, 2018, the Company was due $23,271 from Oceanic (December 31, 2017: $49,168).

(Expressed in Canadian Dollars)

21. FINANCIAL INSTRUMENTS

Fair value measurements

Financial instruments of the Company as at June 30, 2018 and December 31, 2017 are summarized as follows:

	June 30, 2018		December 31, 2017	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	**$ 16,075,980**	**$ 16,075,980**	$ 22,093,914	$ 22,093,914
Due from related parties	**23,271**	**23,271**	49,168	49,168
Receivables	**548,879**	**548,879**	223,539	223,539
Restricted cash	**17,040,432**	**17,040,432**	10,593,432	10,593,432
Investment in a private company	**1,196,134**	**1,196,134**	248,077	N/A
Financial liabilities				
Accounts payable and accrued liabilities	**$ 13,682,379**	**$ 13,682,379**	$ 22,807,073	$ 22,807,073
PLF	**109,231,724**	**107,404,000**	115,111,746	113.789.000
Equipment facility	**9,197,430**	**8,758,022**	10,409,317	9,859,000
Due to related parties	**21,866**	**21,866**	750,805	750,805

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk.

All financial instruments for which fair value is recognised or disclosed are categorized within a fair value hierarchy based on the lowest level input that is significant to the fair value measurement as whole. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The Company's investment in a private company is categorized as Level 3 on the fair value hierarchy as observable market data for this investment is not available.

22. SUBSEQUENT EVENTS

Subsequent to June 30, 2018, the Company executed a commitment letter for a $150,000,000 revolving credit facility to be used to repay the existing PLF, as well as for working capital purposes. The Credit Facility will have a 3 year term from the Closing date with a customary annual extension mechanism and has no mandatory amortisation typical of a revolving facility. The interest rate charged will vary depending on the type of borrowing and the Company's total leverage ratio at the appropriate time. The Company will maintain its gold forward sales contracts with the lenders. The completion of the facility will be subject to completion of project finance documentation and typical conditions precedent for a financing of this nature. Closing is scheduled to occur in the coming weeks.

Subsequent to June 30, 2018, 9,052,927 share purchase warrants and 50,000 stock options were exercised for gross proceeds of $5,431,756 and $20,000, respectively.