

# **Atlantic Gold Corporation**

(formerly Spur Ventures Inc.)

**Unaudited Condensed Interim Financial Statements**  
**For the three and six months ended June 30, 2014 and 2013**  
(Stated in Canadian dollars)



## Auditor's Independence Declaration

As lead auditor for the review of Atlantic Gold Corporation (formerly Spur Ventures Inc.) for the three and six-month periods ended 30 June 2014, I declare that to the best of my knowledge and belief, I am independent in accordance with the requirements of The Code of Ethics for Professional Accountants issued by the International Federation of Accountants in relation to the review.

This declaration is in respect of Atlantic Gold Corporation and the entities it controlled during the period.

*PricewaterhouseCoopers LLP*

Lana Kirk  
Partner  
PricewaterhouseCoopers LLP

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\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



## Report on Review of Interim Financial Information

To the Shareholders of Atlantic Gold Corporation (formerly Spur Ventures Inc.)

### *Introduction*

We have reviewed the interim condensed statement of financial position of Atlantic Gold Corporation as at 30 June 2014 and the interim condensed statements of loss and comprehensive loss, changes in equity and cash flows for the three and six-month periods then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2014, and of its financial performance and its cash flows for the three and six-month periods then ended in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, *Interim Financial Reporting*.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Vancouver  
27 August 2014

**Atlantic Gold Corporation** (formerly Spur Ventures Inc.)  
**Condensed Interim Statements of Financial Position (unaudited)**

	June 30, 2014	December 31, 2013
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 27,943,814	\$ 28,922,649
Prepaid expenses	37,902	43,633
Receivables	93,343	113,545
Due from related parties (Note 6)	69,778	63,046
<b>Total Current Assets</b>	<b>28,144,837</b>	<b>29,142,873</b>
Deferred acquisition costs (Note 10)	\$ 933,649	-
Office equipment and furniture	11,110	14,757
<b>TOTAL ASSETS</b>	<b>\$ 29,089,596</b>	<b>\$ 29,157,630</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 664,734	\$ 61,545
Due to related parties (Note 6)	77	10,235
<b>TOTAL LIABILITIES</b>	<b>664,811</b>	<b>71,780</b>
<b>Shareholders' equity</b>		
Share capital (Note 5a)	53,258,507	53,258,507
Contributed surplus	10,345,967	10,227,578
Deficit	(35,179,689)	(34,400,235)
<b>Total Shareholders' Equity</b>	<b>28,424,785</b>	<b>29,085,850</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 29,089,596</b>	<b>\$ 29,157,630</b>

Commitments (Note 8)  
Subsequent events (Notes 5(b), Note 10)

Approved by the Board:

"Donald Siemens"	Director
"Robert Atkinson"	Director

**Atlantic Gold Corporation** (formerly Spur Ventures Inc.)  
**Condensed Interim Statements of Loss and Comprehensive Loss** (unaudited)

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
<b>Expenses</b>				
Amortization	\$ 1,826	\$ 2,510	\$ 3,646	\$ 4,889
Corporate Development (Note 7)	105,968	112,631	386,015	318,370
Director fees	18,750	20,000	35,417	40,000
Management Fees, salaries and benefits	103,423	115,502	216,695	263,228
Office and general	24,780	15,875	42,463	32,602
Professional fees	37,026	20,816	52,653	31,316
Rent	25,602	23,866	50,955	47,637
Share-based payments (Note 5b)	107,548	80,388	118,389	139,637
Transfer agent and filing fees	73,634	1,712	82,143	18,705
Travel, meals and entertainment	1,048	3,249	1,163	4,434
<b>Net loss from operations</b>	<b>(499,605)</b>	<b>(396,549)</b>	<b>(989,539)</b>	<b>(900,818)</b>
<b>Other income</b>				
Interest income	105,500	108,930	210,085	215,621
<b>Net loss and other comprehensive loss for the period</b>	<b>\$ (394,105)</b>	<b>\$ (287,619)</b>	<b>\$ (779,454)</b>	<b>\$ (685,197)</b>
<b>Basic weighted average number of shares outstanding</b>				
	60,407,187	60,407,187	60,407,187	60,407,187
<b>Loss per share, basic</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Diluted weighted average number of shares outstanding</b>				
	60,707,187	60,707,187	60,707,187	60,707,187
<b>Loss per share, diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>

# Atlantic Gold Corporation (formerly Spur Ventures Inc.)

## Condensed Interim Statements of Changes in Equity

For the periods ended June 30, 2014 and 2013 (unaudited)

	Share capital				
	Number of shares	Amount	Contributed surplus	Deficit	Total equity
<b>Balance - January 1, 2014</b>	<b>60,407,187</b>	<b>\$ 53,258,507</b>	<b>\$ 10,227,578</b>	<b>\$ (34,400,235)</b>	<b>\$ 29,085,850</b>
Share-based payments	-	-	118,389	-	118,389
Net loss for the period	-	-	-	(779,454)	(779,454)
<b>Balance - June 30, 2014</b>	<b>60,407,187</b>	<b>\$ 53,258,507</b>	<b>\$ 10,345,967</b>	<b>\$ (35,179,689)</b>	<b>\$ 28,424,785</b>

	Share capital				
	Number of shares	Amount	Contributed surplus	Deficit	Total equity
<b>Balance - January 1, 2013</b>	<b>60,407,187</b>	<b>\$ 53,258,507</b>	<b>\$ 10,043,841</b>	<b>\$ (33,168,429)</b>	<b>\$ 30,133,919</b>
Share-based payments	-	-	139,637	-	139,637
Net loss for the period	-	-	-	(685,197)	(685,197)
<b>Balance - June 30, 2013</b>	<b>60,407,187</b>	<b>\$ 53,258,507</b>	<b>\$ 10,183,478</b>	<b>\$ (33,853,626)</b>	<b>\$ 29,588,360</b>

**Atlantic Gold Corporation** (formerly Spur Ventures Inc.)  
**Condensed Interim Statements of Cash Flows (unaudited)**

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
<b>Cash used in operating activities</b>				
Net loss for the period	\$ (394,105)	\$ (287,619)	\$ (779,454)	\$ (685,197)
Adjustments for:				
Amortization	1,826	2,510	3,646	4,889
Share-based payments	107,548	80,388	118,389	139,637
Interest income	(105,500)	(108,930)	(210,085)	(215,621)
Net changes in non-cash working capital:				
Receivables	(104,627)	3,864	(31,902)	1,452
Due from related parties	(2,166)	5,537	(6,732)	(17,510)
Prepaid expenses	3,521	8,827	5,731	16,631
Accounts payable and accrued liabilities	(126,167)	(37,138)	12,375	1,016
Due to related parties	(18,337)	(12,945)	(10,157)	(7,868)
Net cash used in operating activities	(638,007)	(345,506)	(898,189)	(762,571)
<b>Investing activities</b>				
Deferred acquisition costs	(342,835)	-	(342,835)	-
Interest received	162,577	78,010	262,189	184,701
Net cash generated from investing activities	(180,258)	78,010	(80,646)	184,701
Change in cash and cash equivalents during the period	(818,265)	(267,496)	(978,835)	(577,870)
Cash and cash equivalents, beginning of period	28,762,079	29,784,392	28,922,649	30,094,766
<b>Cash and cash equivalents, end of period</b>	<b>\$ 27,943,814</b>	<b>\$ 29,516,896</b>	<b>\$ 27,943,814</b>	<b>\$ 29,516,896</b>
<b>Supplemental cash flow information</b>				
Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -

# Atlantic Gold Corporation (formerly Spur Ventures Inc.)

## Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2014 (unaudited)

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### 1 Nature of Operations

Atlantic Gold Corporation (the "Company") is a company listed on the TSX Venture Exchange and the Australian Stock Exchange ("ASX") with a registered office at Suite 3083, Three Bentall Centre, 595 Burrard Street, Vancouver, B.C. Canada.

The Company has been focused on pursuing acquisitions or other corporate transactions in gold, base metals or other mineral-related assets or businesses. Refer to note 10 with respect to the acquisition of Atlantic Gold NL ("Atlantic") effective August 20, 2014 (the "Implementation Date").

The Company was admitted to the ASX on August 8, 2014. The Company changed its name from Spur Ventures Inc. to Atlantic Gold Corporation on the Implementation Date.

### 2 Basis of preparation

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Auditing Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board. These condensed 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, 2013.

The accounting policies followed in these condensed interim financial statements are the same as those applied in note 3 of the Company's audited annual financial statements for the year ended December 31, 2013, except as described in note 3 below.

The Board of Directors approved these condensed interim financial statements on August 27, 2014.

### 3 Change in Accounting Policy

#### Change in presentation currency

Effective January 1, 2014, the Company changed its presentation currency from the U.S. dollar to the Canadian dollar. The change in presentation currency was effected to reflect the reporting currency based on the functional currency of the Company. The functional currency of the Company's previously owned subsidiary, Spur BVI, was U.S. dollars.

The change in presentation currency represents a change in accounting policy and thus it has been applied retrospectively from January 1, 2010, the transition date to IFRS, onwards. As the Company no longer had any subsidiaries at the effective date and its functional currency is the Canadian dollar, there are no longer any exchange differences due to the translation of foreign currency balances and transactions and as such, the company no longer presents a balance in accumulated other comprehensive income (loss).



# Atlantic Gold Corporation (formerly Spur Ventures Inc.)

## Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2014 (unaudited)

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### 3 Change in Accounting Policy (continued)

#### IFRIC 21, Levies ("IFRIC 21")

The Company adopted IFRIC 21 on January 1, 2014 with retrospective application. IFRIC 21 provides guidance on the accounting for a liability to pay a levy, if that liability is within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Levies are imposed by governments in accordance with legislation and do not include income taxes, which are accounted for under IAS 12, Income Taxes or fines or other penalties imposed for breaches of legislation.

The interpretation was issued to address diversity in practice around when the liability to pay a levy is recognized. An example of a common levy is property taxes. IFRIC 21 defines an obligating event as the activity that triggers the payment of the levy, as identified by legislation. A liability to pay a levy is recognized at the date of the obligating event, which may be at a point in time or over a period of time. The fact that an entity is economically compelled to continue to operate in the future, or prepares its financial statements on a going concern basis, does not create an obligation to pay a levy that will arise in a future period as a result of continuing to operate.

The adoption of IFRIC 21 did not affect the Company's financial statements or disclosures as the Company's analysis determined that no changes were required to existing accounting treatment of levies.

### 4 New Accounting Standards

#### Standards not yet effective

##### *IFRS 9 – Financial instruments*

In May 2011, the International Accounting Standards Board ("IASB") issued IFRS 9, Financial Instruments. The required adoption date for IFRS 9 has been deferred from the original adoption date of January 1, 2015 to all annual periods beginning on or after January 1, 2018. The Company has yet to commence assessing the impact of this new standard.

Further details of the new accounting Standard can be found in note 4 of the Company's audited annual financial statements for the year ended December 31, 2013.

### 5. Equity

#### a) Authorized share capital

Unlimited 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

# Atlantic Gold Corporation (formerly Spur Ventures Inc.)

## Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2014 (unaudited)

### 5. Equity (continued)

#### b) Stock options

The Company values the stock options granted using the indirect method because it cannot reliably estimate the value of the services received for the options granted. The Company uses the Black Scholes option pricing model to determine the fair value of options granted.

Options granted prior to 2011 vest over a three-year period, with one-third of the options vesting one year after the date of grant, one-third two years after the date of grant, and the remaining one-third three years after the date of grant. The vesting period for options granted after 2011 is 12.5% immediately with 12.5% each quarter over the following seven quarters.

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

	Options	Weighted average exercise price
Options outstanding - January 1, 2013	5,230,000 \$	0.46
Granted	50,000	0.40
Expired	(630,000)	0.90
<b>Options outstanding - December 31, 2013</b>	<b>4,650,000 \$</b>	<b>0.38</b>
Granted	2,050,000	0.32
<b>Options outstanding - June 30, 2014</b>	<b>6,700,000 \$</b>	<b>0.36</b>
<b>Options exercisable - June 30, 2014</b>	<b>4,725,000 \$</b>	<b>0.38</b>

During the six months ended June 30, 2014, the Company granted 2,050,000 (2013: Nil) stock options to officers, directors, employees and consultants at an exercise price of \$0.32 expiring on June 13, 2019.

The weighted average fair value of the options granted for the six months ended June 30, 2013 was \$0.15 per option (2013: \$Nil). The exercise price for all stock option grants during the six months ended June 30, 2014 was equal to the market price at the time of grant.

During the six months ended June 30, 2014, share-based payments of \$118,389 was recognized (2013: \$139,637). During the three months ended June 30, 2014, share-based payments of \$107,548 was recognized (2013: \$80,388).

The following assumptions were used in the valuation of the stock options granted during the six months ended June 30, 2014:

Risk-free interest rate	1.58%
Expected life	5 years
Annualized volatility	55%
Dividend rate	0.00%
Forfeiture rate	0.00%

# Atlantic Gold Corporation (formerly Spur Ventures Inc.)

## Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2014 (unaudited)

### 5. Equity (continued)

#### b) Stock options (continued)

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 company. Expected forfeiture rates are based on historical forfeitures of invested stock options of the Company.

The following table summarizes information about the options outstanding at June 30, 2014:

Number of Options	Exercise Price CAD	Expiry Date	Number Exercisable
300,000	0.28	July 28, 2014	300,000
1,950,000	0.37	August 12, 2016	1,950,000
1,000,000	0.40	April 10, 2017	1,000,000
100,000	0.37	May 10, 2017	100,000
1,250,000	0.40	November 1, 2017	1,093,750
50,000	0.40	July 26, 2018	25,000
2,050,000	0.32	June 13, 2019	256,250
6,700,000			4,725,000

On July 28, 2014, a total of 300,000 stock options with an exercise price of \$0.28 expired.

### 6. Related party transactions and key management compensation

#### a) Key management compensation

Key management includes the Company's directors, President and Chief Executive Officer, and Chief Financial Officer. Compensation awarded to key management is presented in the table below:

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Salaries and benefits	\$ 57,077	\$ 62,320	\$ 117,077	\$ 123,320
Director fees	18,750	20,000	35,417	40,000
Share-based payments	105,681	76,389	114,005	129,700
	\$ 181,508	\$ 158,709	\$ 266,499	\$ 293,020

#### b) Payments for services by related parties

During the three and six months ended June 30, 2014 and 2013, the Company incurred corporate consulting fees of \$21,420 and \$42,840 respectively to Sirocco Advisory Services Ltd. ("Sirocco"), a company controlled by a director and officer of the Company. As at June 30, 2014, the Company owed \$nil to Sirocco (December 31, 2013: \$4,452).

**Atlantic Gold Corporation** (formerly Spur Ventures Inc.)  
Notes to the Condensed Interim Financial Statements  
For the three and six months ended June 30, 2014 (unaudited)

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**6. Related party transactions and key management compensation (continued)**

b) Payments for services by related parties (continued)

During the three and six months ended June 30, 2014 and 2013, the Company incurred corporate consulting fees of \$15,300 and \$30,600 respectively to Shariff Advisory Services Ltd. ("Shariff"), a company controlled by an officer of the Company. As at June 30, 2014, the Company owed \$nil to Shariff (December 31, 2013: \$533).

During the three and six months ended June 30, 2014, the Company incurred corporate consulting fees of \$nil (2013: \$5,268 and \$57,948 respectively) to Keppoch Advisory Services Ltd. ("Keppoch"), a company controlled by a former director and officer of the Company. As at June 30, 2014, the Company owed \$nil to Keppoch (December 31, 2013: \$nil).

During the three and six months ended June 30, 2014, the Company incurred geological consulting fees of \$15,000 and \$20,000 (2013: \$nil) to Metallica Consulting Co. ("Metallica"), a company controlled by a director of the Company. As at June 30, 2014, the Company owed \$nil to Metallica (December 31, 2013: \$5,250).

c) Services provided to related parties

The Company charged office lease and administrative expenditures to Oceanic Iron Ore Corp. ("Oceanic"), a Company with an officer and a director in common. During the three and six months ended June 30, 2014, office lease and administrative expenditures billed to Oceanic amounted to \$35,851 and \$71,767 respectively (2013: \$33,479 and \$67,598). As at June 30, 2014, the Company was owed \$37,644 from Oceanic (December 31, 2013: \$35,676).

The Company charged office lease and administrative expenditures to Cassius Ventures Ltd. ("Cassius"), a Company with an officer and a director in common. During the three and six months ended June 30, 2014, office lease and administrative expenditures billed to Cassius amounted to \$2,162 and \$4,537 respectively (2013: \$4,276 and \$8,861 respectively). As at June 30, 2014, the Company was owed \$32,979 from Cassius (December 31, 2013: \$27,370).

As at June 30, 2014 the Company owed \$12,503 (December 31, 2013: \$nil) to key management personnel with respect to reimbursement of expenses. Amounts due to and from related parties are unsecured, non-interest bearing and due on demand.

**7. Corporate development**

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Consulting & engineering fees	\$ 78,404	\$ 60,187	\$ 174,046	\$ 193,778
Professional fees	3,081	16,819	139,403	38,270
Travel and other	24,483	35,625	72,566	86,322
	<b>\$ 105,968</b>	<b>\$ 112,631</b>	<b>\$ 386,015</b>	<b>\$ 318,370</b>

# Atlantic Gold Corporation (formerly Spur Ventures Inc.)

## Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2014 (unaudited)

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### 8. Commitments

As disclosed in note 6(c), the Company has a long-term office lease and shares office space and related costs with three other companies. A summary of the Company's commitments is set out below:

2014	\$	44,954
2015		67,431
	\$	112,385

### 9. Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, receivables, due from related parties, accounts payable, and due from related parties approximate their fair values due to their short term nature.

### 10. Subsequent Event

On August 20, 2014, the Company completed its acquisition of all the fully paid and partly paid ordinary shares on issue in Atlantic by way of a scheme of arrangement ("Scheme") under Part 5.1 of the Australian Corporations Act 2001 (Cth) between Atlantic and its shareholders. The Company accounted for the acquisition using the asset acquisition method of accounting. An accurate estimate of the financial effect of the acquisition could not be made as at the date these financial statements were published.

Atlantic shareholders holding fully paid ordinary shares received 0.05564 of a common share of the Company and 0.02782 of a share purchase warrant (each whole warrant a "Warrant") for each fully paid ordinary share of Atlantic held. Each Warrant is exercisable to acquire one common share of the Company for a period of four years following the Implementation Date at a price of \$0.60 per share. Atlantic shareholders holding partly paid ordinary shares received 10% of the consideration otherwise payable to a holder of fully paid ordinary shares held. As a result, a total of 46,275,272 common shares and 23,137,361 Warrants were issued to Atlantic shareholders.

Concurrently with the implementation of the Scheme, the Company changed its name from Spur Ventures Inc. to Atlantic Gold Corporation.